

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

August 2021

The Central Government Debt increased by HUF 1,059.5 billion to HUF 37,743.8 billion in the first eight months of the year. Total net issuance was HUF 1,339.9 billion; out of which net HUF denominated issuance was HUF 1,812.4 billion and net foreign currency denominated issuance was HUF -472.5 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	August	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	31,049.7	82.3	1,812.4	6.2
Loans	1,161.6	3.2	1,156.8	3.1	-4.8	-0.4
Government bonds	18,245.8	49.7	19,710.3	52.2	1,464.5	8.0
Retail securities	9,171.7	25.0	9,638.7	25.5	467.0	5.1
Discount treasury bills	658.2	1.8	543.9	1.4	-114.2	-17.4
Foreign exchange denominated debt	7,318.2	19.9	6,534.0	17.3	-784.2	-10.7
Total	36,555.5	99.6	37,583.7	99.6	1,028.2	2.8
<i>Other obligations</i>	128.8	0.4	160.1	0.4	31.3	24.3
Total central government debt	36,684.3	100.0	37,743.8	100.0	1,059.5	2.9

The HUF denominated debt of the central government increased by HUF 1,812.4 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 1,464.5 billion and the decrease of discount Treasury bills by HUF 114.2 billion. The total amount of retail government securities further increased by HUF 467.0 billion. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The volume of HUF loans decreased by HUF 4.8 billion in 2021.

The foreign currency debt of the central government decreased by HUF 784.2 billion in 2021. The decrease was mainly due to the redemptions of foreign currency bond by HUF 527.7 billion, the domestic foreign currency bond repayments by HUF 31.8 billion and the foreign currency loan redemptions by HUF 90.3 billion. The exchange rate revaluations totalling HUF 311.7 billion decreased the Hungarian forint value of the foreign currency debt. The drawdown of foreign currency loans increased the foreign currency debt by HUF 157.7 billion and the issuance of domestic foreign currency bonds grew by HUF 19.6 billion. The total amount of other liabilities increased by HUF 31.3 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	30.07.2021	31.08.2021	Change in August basis point
3-month	0.28	0.64	0.87	23
6-month	0.33	0.73	0.96	23
1-year	0.39	0.87	1.13	26
3-year	0.70	1.84	2.11	27
5-year	1.36	2.04	2.38	34
10-year	2.08	2.86	2.93	7
15-year	2.25	3.14	3.33	19
20-year	2.47	3.28	3.43	15

Monthly OTC turnover of government securities decreased by 17% to HUF 5,476.0 billion in August. Primary dealers, who account for the decisive part of all secondary government securities trading, made 75% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 30.1 billion in August and amounted to HUF 4,665.0 billion at the end of August. This volume represented 15.6% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 348.48 on the last working day of August.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of August: BBB (Standard & Poor's); Baa3 (Moody's); BBB (Fitch).

GOVERNMENT SECURITIES MARKET

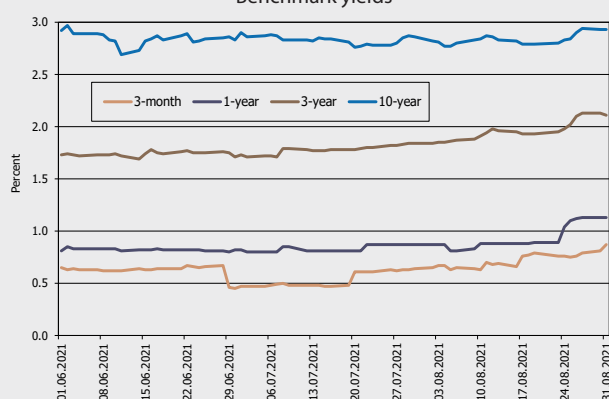
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

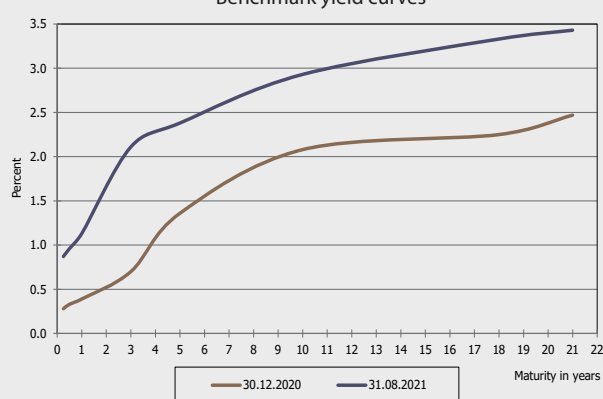
	2016	2017	2018	2019	2020	2021 June	2021 July	2021 August
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	30,664.6	30,945.5	31,049.7
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8	1,156.8
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	29,507.8	29,788.6	29,892.9
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	29,468.6	29,749.5	29,853.7
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	19,285.0	19,453.8	19,671.1
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	565.2	586.9	543.9
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,618.4	9,708.8	9,638.7
1.2.2. Private placements	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	6,256.5	5,782.5	5,724.8	5,121.2	7,318.2	6,611.2	6,735.4	6,534.0
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,328.3	1,364.3	1,298.1
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,328.3	1,364.3	1,298.1
2.1.2. Domestic loans	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	5,154.9	4,853.5	4,929.8	4,295.8	6,027.1	5,282.9	5,371.1	5,235.9
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	4,773.3	4,850.9	4,727.0
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	509.5	520.2	509.0
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	37,275.8	37,680.9	37,583.7
Other liabilities	742.70	274.20	167.40	203.7	128.8	139.5	155.7	160.1
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	37,415.3	37,836.5	37,743.8
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	12,498.0	12,845.5	14,112.6	14,075.0	18,904.0	19,889.4	20,079.9	20,254.2
Gross debt/GDP	70.3%	68.2%	66.2%	62.5%	76.8%			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.

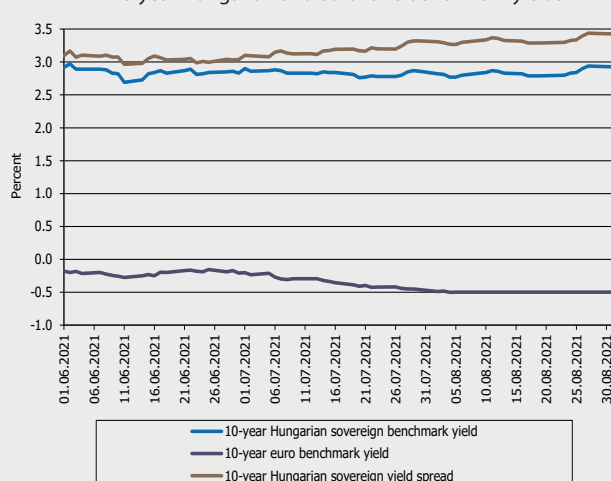
Benchmark yields



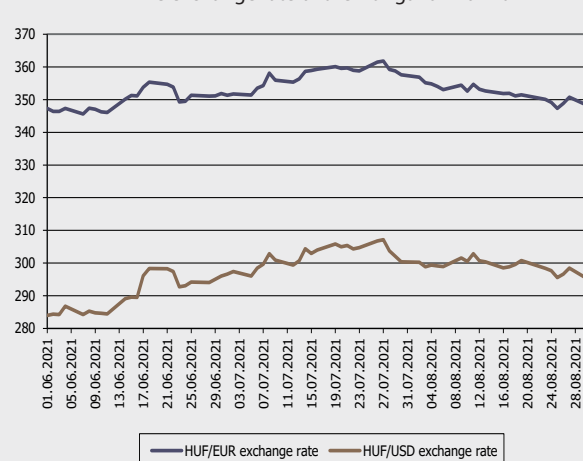
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

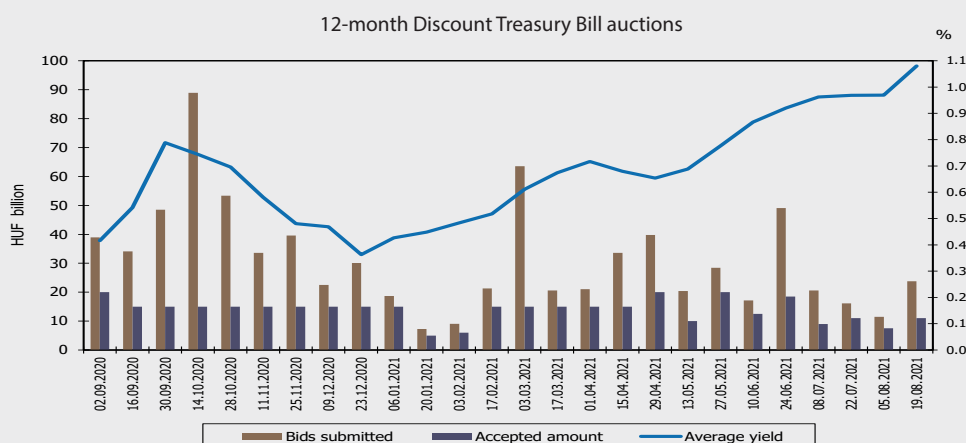
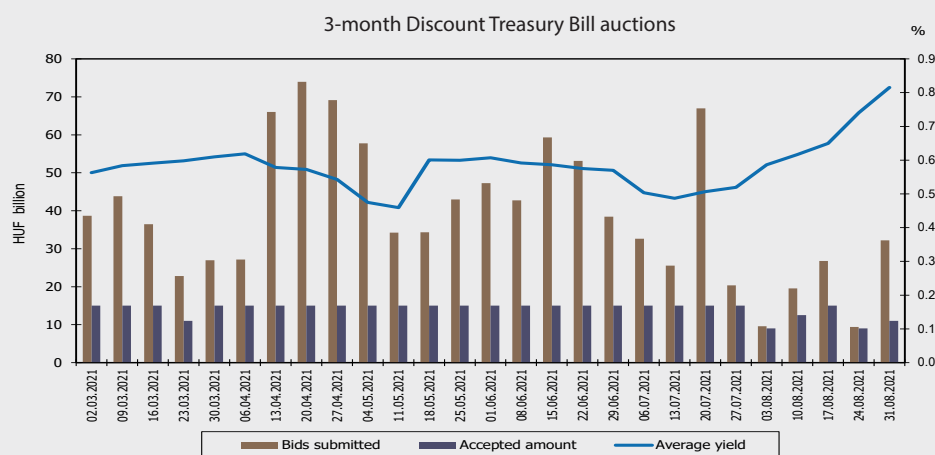


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D211110	D211117	D211124	D211201	D211208	D220629	D220824
ISIN code	HU0000523741	HU0000523758	HU0000523766	HU0000523782	HU0000523790	HU0000523691	HU0000523774
Maturity in days	91	91	91	91	91	322	364
Date of auction	03.08.2021	10.08.2021	17.08.2021	24.08.2021	31.08.2021	05.08.2021	19.08.2021
Date of financial settlement	11.08.2021	18.08.2021	25.08.2021	01.09.2021	08.09.2021	11.08.2021	25.08.2021
Redemption date	10.11.2021	17.11.2021	24.11.2021	01.12.2021	08.12.2021	29.06.2022	24.08.2022
Maximum yield (%) - ISMA	0.60	0.66	0.67	0.80	1.05	0.98	1.15
Minimum yield (%) - ISMA	0.57	0.59	0.63	0.67	0.75	0.91	1.01
Average yield (%) - ISMA	0.59	0.62	0.65	0.74	0.82	0.97	1.08
Maximum yield (%) - EHM	0.61	0.67	0.68	0.81	1.06	0.99	1.17
Minimum yield (%) - EHM	0.58	0.60	0.64	0.68	0.76	0.92	1.02
Average yield (%) - EHM	0.59	0.63	0.66	0.75	0.83	0.98	1.10
Average selling price (%)	99.8520	99.8443	99.8361	99.8132	99.7944	99.1401	98.9195
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	9,575.00	19,557.50	26,794.32	9,420.00	32,201.50	11,470.00	23,792.04
Amount of bids accepted (HUF million)	8,999.99	12,500.00	15,000.00	9,000.00	11,000.00	7,500.00	11,000.00
Bid-to-cover ratio	1.06	1.56	1.79	1.05	2.93	1.53	2.16
Bids submitted (pcs)	11	20	23	9	12	14	22
Bids accepted (pcs)	9	11	16	8	8	9	18
Market sales* (HUF million)	8,999.99	12,500.00	15,000.00	9,000.00	11,000.00	7,500.00	11,000.00
Retained on ÁKK's own account (HUF million)	3,000.01	3,000.00	3,000.00	3,000.00	3,000.00	7,500.00	11,000.00
Total amount issued (HUF million)	12,000.00	15,500.00	18,000.00	12,000.00	14,000.00	15,000.00	22,000.00

* Without issuance onto ÁKK's own account



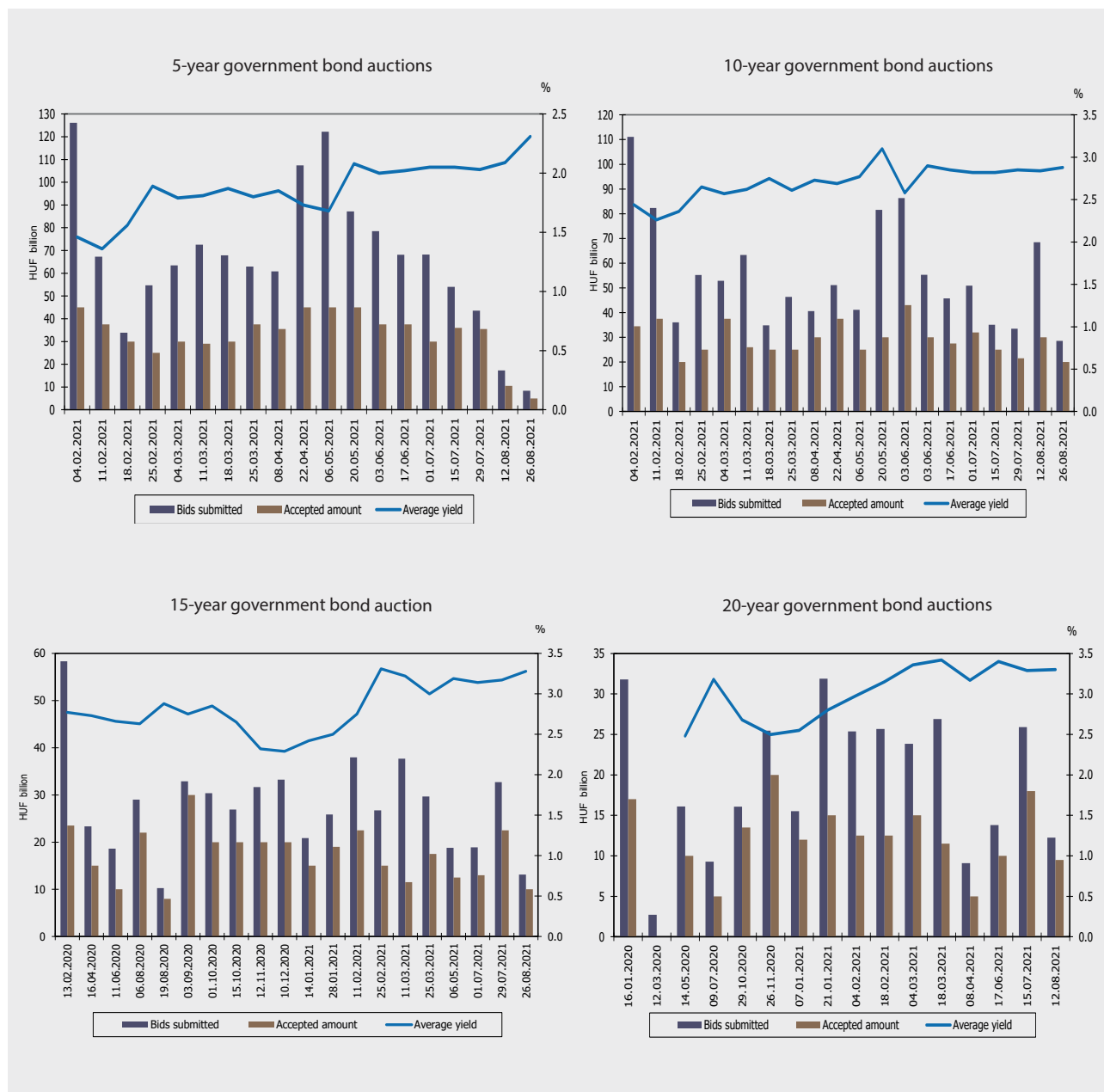
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2029/B	2026/F	2033/A	2041/A
ISIN code	HU0000404926	HU0000404934	HU0000404744	HU0000404165
Maturity (in years)	8	5	10	20
Coupon	0.75%	1.50%	2.25%	3.00%
Auction	8th auction	16th auction	27th auction	23rd auction
Date of auction	05.08.2021	12.08.2021	12.08.2021	12.08.2021
Date of financial settlement	11.08.2021	18.08.2021	18.08.2021	18.08.2021
Redemption date	22.08.2029	26.08.2026	20.04.2033	25.04.2041
Maximum annual yield (%) - ISMA	-	2.10	2.85	3.32
Minimum annual yield (%) - ISMA	-	2.08	2.82	3.29
Average annual yield (%) - ISMA	-	2.09	2.84	3.30
Maximum annual yield (%) - EHM	-	2.10	2.85	3.32
Minimum annual yield (%) - EHM	-	2.08	2.82	3.29
Average annual yield (%) - EHM	-	2.09	2.83	3.30
Maximum price (%)	98.2300	97.2638	94.3909	95.8358
Minimum price (%)	97.8700	97.1663	94.1093	95.4184
Average price (%)	98.0500	97.2283	94.2329	95.6688
Amount offered for sale (HUF million)	15,000.00	25,000.00	20,000.00	12,000.00
Amount of bids submitted (HUF million)	21,331.77	17,277.52	68,497.00	12,240.00
Amount of bids accepted (HUF million)	15,000.00	10,500.00	30,000.00	9,499.99
Bid-to-cover ratio	1.42	1.65	2.28	1.29
Bids submitted (pcs)	31	20	65	25
Bids accepted (pcs)	20	12	22	20
Tail (%) (average price - minimum price)	0.18	0.06	0.12	0.25
Market sales (HUF million)	15,000.00	10,500.00	30,000.00	9,499.99
Non-competitive offer (HUF million)	0.00	0.00	0.00	5,060.00
Total amount sales (HUF million)	15,000.00	10,500.00	30,000.00	14,559.99

Government Bond	2029/B	2026/F	2033/A	2038/A
ISIN code	HU0000404926	HU0000404934	HU0000404744	HU0000403555
Maturity (in years)	8	5	10	15
Coupon	0.75%	1.50%	2.25%	3.00%
Auction	9th auction	17th auction	28th auction	44th auction
Date of auction	19.08.2021	26.08.2021	26.08.2021	26.08.2021
Date of financial settlement	25.08.2021	01.09.2021	01.09.2021	01.09.2021
Redemption date	22.08.2029	26.08.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	-	2.33	2.90	3.30
Minimum annual yield (%) - ISMA	-	2.29	2.85	3.25
Average annual yield (%) - ISMA	-	2.31	2.88	3.28
Maximum annual yield (%) - EHM	-	2.33	2.90	3.29
Minimum annual yield (%) - EHM	-	2.29	2.85	3.25
Average annual yield (%) - EHM	-	2.31	2.88	3.28
Maximum price (%)	98.0800	96.3187	94.1223	96.7457
Minimum price (%)	97.7700	96.1367	93.6515	96.1700
Average price (%)	97.9200	96.2421	93.7976	96.3516
Amount offered for sale (HUF million)	15,000.00	20,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	16,600.00	8,340.00	28,550.75	13,141.25
Amount of bids accepted (HUF million)	12,000.00	4,999.99	19,999.97	10,000.00
Bid-to-cover ratio	1.38	1.67	1.43	1.31
Bids submitted (pcs)	39	15	40	20
Bids accepted (pcs)	21	11	26	15
Tail (%) (average price - minimum price)	0.15	0.11	0.15	0.18
Market sales (HUF million)	12,000.00	4,999.99	19,999.97	10,000.00
Non-competitive offer (HUF million)	0.00	0.00	1,818.78	0.00
Total amount sales (HUF million)	12,000.00	4,999.99	21,818.75	10,000.00

GOVERNMENT SECURITIES MARKET



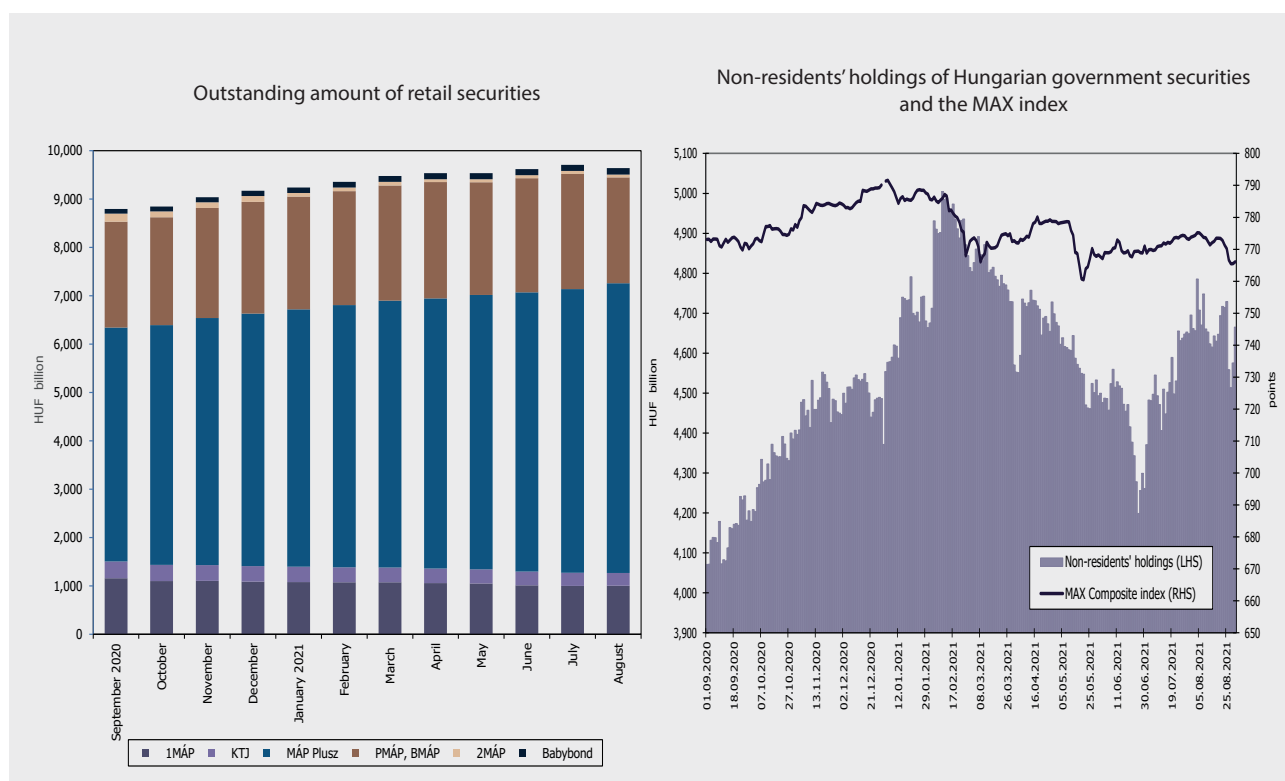
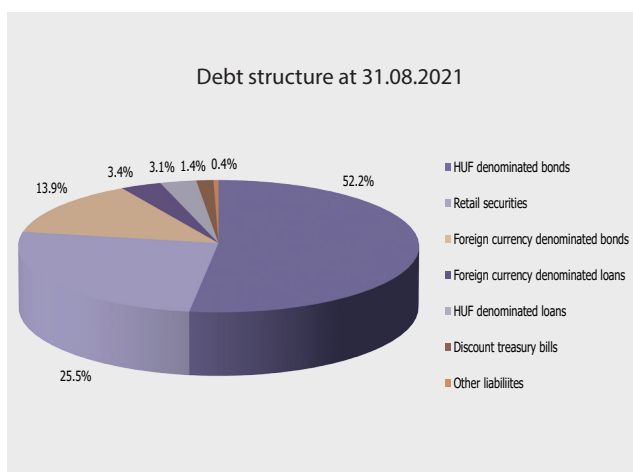
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2024/N	24.08.2021	26.08.2021	26.08.2022	26.08.2022	3.50%	3.55%
2029/B	17.08.2021	22.08.2021	22.11.2021	22.11.2021	1.39%	0.36%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	31.08.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	1,003.5	-84.9
Treasury Saving Bills / KTJ	320.9	265.1	-55.8
Hungarian Government Security Plus / MÁP Plusz	5,221.2	5,989.7	768.4
Premium Hungarian Government / PMÁP	2,310.0	2,188.7	-121.2
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	61.0	-59.9
Babybond	110.3	130.6	20.3
Total	9,171.6	9,638.6	467.0



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 31.08.2021	810.6990	558.4783	766.1232	539.8724	97.8025
Changes compared to the end of the month before	-8.4407	0.1281	-7.6773	-0.0679	-1.3115
Annual yield earned on the index portfolio (%)	-0.96	0.50	-0.90	0.43	-1.35

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in August 2021

Government bond	Date of redemption	Turnover (HUF billion)
2025/C	26.11.2025	566.4
2033/A	20.04.2033	293.1
2026/E	22.04.2026	271.1
2024/C	24.10.2024	261.6
2023/C	23.08.2023	221.7
2026/F	26.08.2026	193.1
2030/A	21.08.2030	186.5
2029/A	23.05.2029	183.3
2023/A	24.11.2023	148.3
2025/B	24.06.2025	117.7

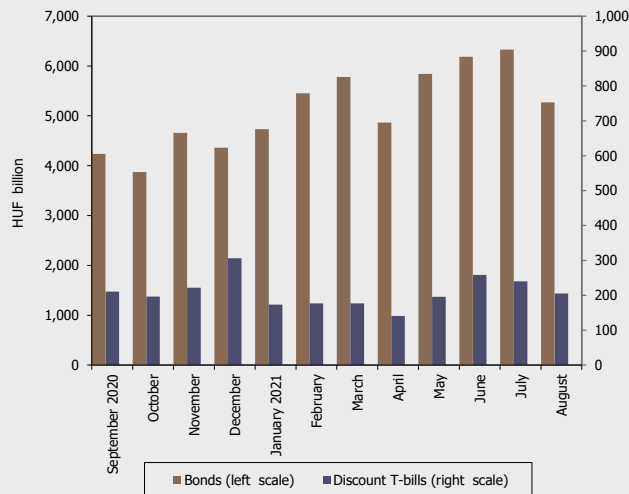
The outstanding volume of government bonds with benchmark status at the end of August 2021

Government bond	HUF billion	
	31.07.2021	31.08.2021
2024/C	1,138.32	1,138.30
2026/F	600.60	646.76
2033/A	852.45	909.20
2038/A	653.21	681.13
2041/A	260.97	289.69

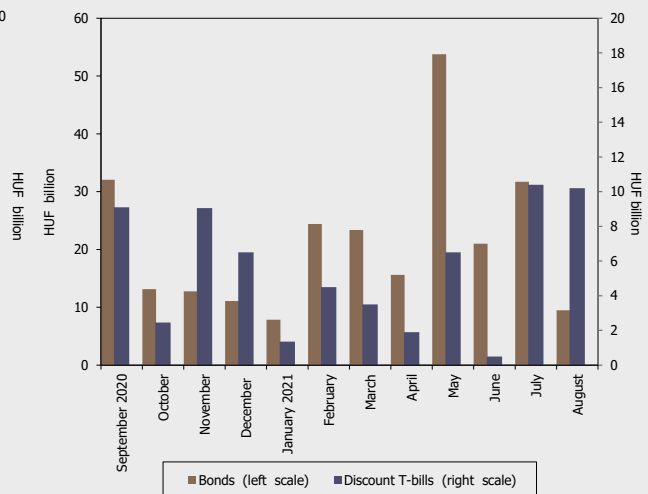
The outstanding volume of the three largest government bonds at the end of August 2021

Government bond	HUF billion
2031/A	1,415.60
2025/C	1,346.86
2026/E	1,248.99

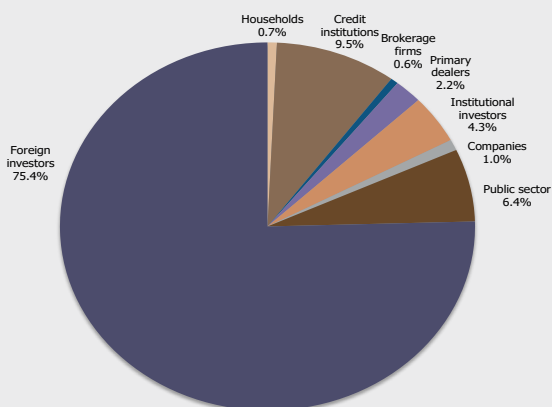
Secondary market trading of Hungarian government securities (OTC)



Secondary market trading of Hungarian government securities (MTS Hungary trading)



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in August 2021



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in August 2021

