

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

February 2021

The Central Government Debt increased by HUF 264.8 billion to HUF 36,949.2 billion in February 2021. Total net issuance was HUF 345.0 billion; out of which net HUF-denominated issuance was HUF 254.4 billion and net foreign currency denominated issuance was HUF 90.6 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	February	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	29,491.7	79.8	254.4	0.9
Loans	1,161.6	3.2	1,156.8	3.1	-4.8	-0.4
Government bonds	18,245.8	49.7	18,376.9	49.7	131.1	0.7
Retail securities	9,171.7	25.0	9,354.8	25.3	183.1	2.0
Discount treasury bills	658.2	1.8	603.2	1.6	-55.0	-8.4
Foreign exchange denominated debt	7,318.2	19.9	7,327.5	19.8	9.3	0.1
Total	36,555.5	99.6	36,819.2	99.6	263.7	0.7
<i>Other obligations</i>	128.8	0.4	130.0	0.4	1.1	0.9
Total central government debt	36,684.3	100.0	36,949.2	100.0	264.8	0.7

The HUF denominated debt of the central government increased by HUF 254.4 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 131.1 billion and the decrease of discount Treasury bills by HUF 55.0 billion. The total amount of retail government securities further increased by HUF 183.1 billion. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans decreased by HUF 4.8 billion in 2021.

The foreign currency debt of the central government increased by HUF 9.3 billion in 2021. The increase was mainly due to the drawdown of foreign currency loans by HUF 108.4 billion and the issuance of domestic foreign currency bonds by HUF 4.4 billion. The exchange rate revaluations totalling HUF 81.3 billion decreased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bond reduced the debt by HUF 21.3 billion and the domestic foreign currency bond repayments decreased by HUF 0.9 billion. The total amount of other liabilities increased by HUF 1.1 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	29.01.2021	26.02.2021	Change in February basis point
3-month	0.28	0.36	0.69	33
6-month	0.33	0.39	0.54	15
1-year	0.39	0.45	0.58	13
3-year	0.70	1.03	1.57	54
5-year	1.36	1.45	1.94	49
10-year	2.08	2.31	2.65	34
15-year	2.25	2.55	3.24	69
20-year*	2.47	2.83	3.34	51

Monthly OTC turnover of government securities increased by 15% to HUF 5,628.7 billion in February. Primary dealers, who account for the decisive part of all secondary government securities trading, made 64% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 163,6 billion in February and amounted to HUF 4,844.0 billion at the end of February. This volume represented 17.1% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 361.01 on the last working day of February.

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

GOVERNMENT SECURITIES MARKET

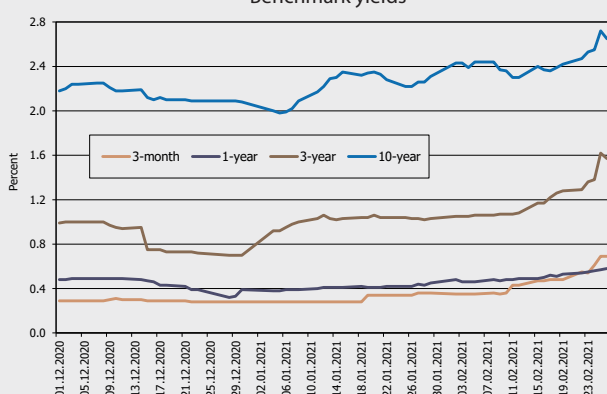
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

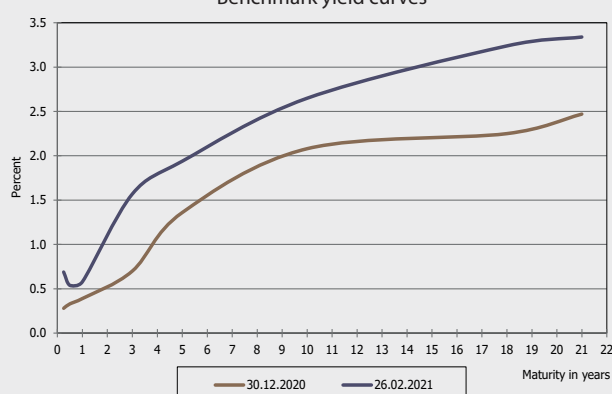
	2015	2016	2017	2018	2019	2020 December	2021 January	2021 February
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	29,112.8	29,491.7
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	27,955.9	28,334.8
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	27,916.8	28,295.7
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	18,001.6	18,337.7
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	658.2	677.8	603.2
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,237.3	9,354.8
1.2.2. Private placements	51.5	39.2	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	7,735.8	6,256.5	5,782.5	5,724.8	5,121.2	7,318.2	7,187.6	7,327.5
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	1,291.1	1,267.7	1,386.3
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	1,291.1	1,267.7	1,386.3
2.1.2. Domestic loans	82.6	4.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,039.0	5,154.9	4,853.5	4,929.8	4,295.8	6,027.1	5,919.9	5,941.3
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	5,382.0	5,398.1
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	545.9	537.9	543.2
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	36,300.3	36,819.2
Other liabilities	756.00	742.70	274.20	167.40	203.7	128.8	131.8	130.0
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	36,432.1	36,949.2
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	11,996.5	12,498.0	12,845.5	14,112.6	14,075.0	18,904.0	18,718.6	18,980.1
Gross debt/GDP	70.7%	70.3%	68.2%	66.2%	62.5%	78.9%		

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

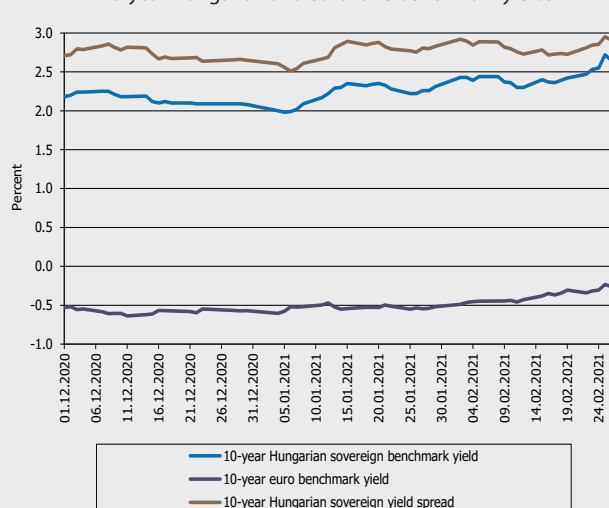
Benchmark yields



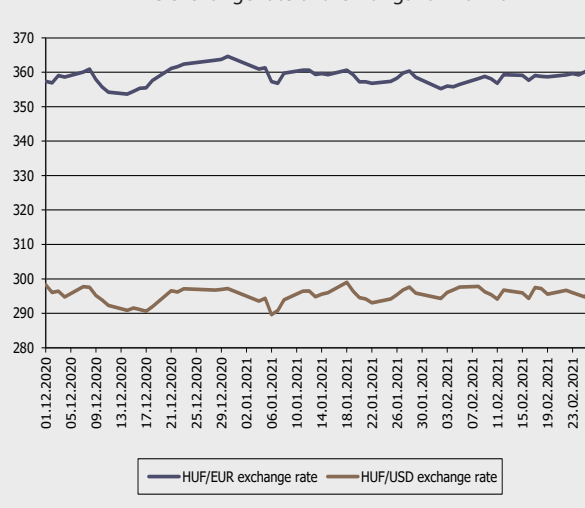
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



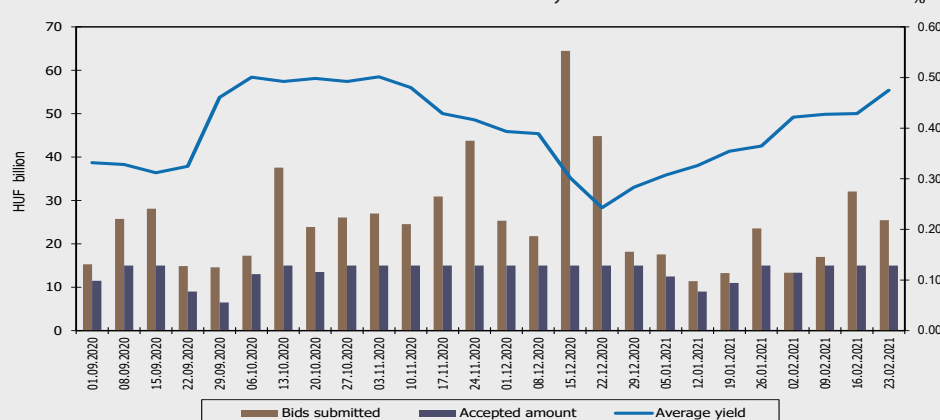
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

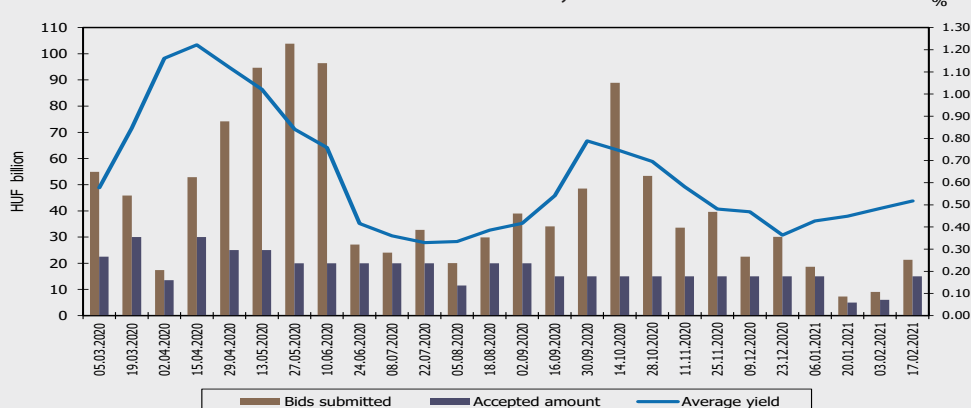
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D210512	D210519	D210526	D210602	D211229	D211229
ISIN code	HU0000523543	HU0000523550	HU0000523568	HU0000523444	HU0000523436	HU0000523436
Maturity in days	91	91	91	91	322	308
Date of auction	02.02.2021	09.02.2021	16.02.2021	23.02.2021	03.02.2021	17.02.2021
Date of financial settlement	10.02.2021	17.02.2021	24.02.2021	03.03.2021	10.02.2021	24.02.2021
Redemption date	12.05.2021	19.05.2021	26.05.2021	02.06.2021	29.12.2021	29.12.2021
Maximum yield (%) - ISMA	0.45	0.46	0.46	0.51	0.50	0.52
Minimum yield (%) - ISMA	0.37	0.41	0.40	0.45	0.44	0.48
Average yield (%) - ISMA	0.42	0.43	0.43	0.47	0.48	0.52
Maximum yield (%) - EHM	0.46	0.47	0.47	0.52	0.51	0.53
Minimum yield (%) - EHM	0.38	0.42	0.41	0.46	0.45	0.49
Average yield (%) - EHM	0.43	0.43	0.43	0.48	0.49	0.52
Average selling price (%)	99.8935	99.8921	99.8918	99.8801	99.5692	99.5592
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	13,336.00	16,975.50	32,082.00	25,440.00	9,029.85	21,301.70
Amount of bids accepted (HUF million)	13,336.00	15,000.00	15,000.00	15,000.00	6,000.00	15,000.00
Bid-to-cover ratio	1.00	1.13	2.14	1.70	1.50	1.42
Bids submitted (pcs)	14	19	27	28	22	16
Bids accepted (pcs)	14	17	12	16	16	6
Market sales* (HUF million)	13,336.00	15,000.00	15,000.00	15,000.00	6,000.00	15,000.00
Retained on ÁKK's own account (HUF million)	4,000.80	4,500.00	4,500.00	4,500.00	6,000.00	15,000.00
Total amount issued (HUF million)	17,336.80	19,500.00	19,500.00	19,500.00	12,000.00	30,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2026/E	2033/A	2041/A	2026/E	2033/A	2038/A
ISIN code	HU0000404157	HU0000404611	HU0000404744	HU0000404165	HU0000404611	HU0000404744	HU0000403555
Maturity (in years)	6	5	10	20	5	10	15
Coupon	0.16%	1.50%	2.25%	3.00%	1.50%	2.25%	3.00%
Auction	24th auction	22nd auction	10th auction	13th auction	23rd auction	11th auction	30th auction
Date of auction	03.02.2021	04.02.2021	04.02.2021	04.02.2021	11.02.2021	11.02.2021	11.02.2021
Date of financial settlement	10.02.2021	10.02.2021	10.02.2021	10.02.2021	17.02.2021	17.02.2021	17.02.2021
Redemption date	22.04.2027	22.04.2026	20.04.2033	25.04.2041	22.04.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	-	1.47	2.44	2.99	1.37	2.28	2.76
Minimum annual yield (%) - ISMA	-	1.44	2.43	2.96	1.35	2.24	2.73
Average annual yield (%) - ISMA	-	1.46	2.44	2.98	1.36	2.26	2.75
Maximum annual yield (%) - EHM	-	1.47	2.44	2.99	1.37	2.28	2.76
Minimum annual yield (%) - EHM	-	1.44	2.43	2.96	1.35	2.24	2.73
Average annual yield (%) - EHM	-	1.46	2.43	2.98	1.36	2.26	2.75
Maximum price (%)	97.7200	100.2947	98.1310	100.6203	100.7510	100.1203	103.7603
Minimum price (%)	97.6000	100.1500	98.0160	100.0780	100.6417	99.7036	103.3160
Average price (%)	97.6600	100.1948	98.0670	100.2927	100.7111	99.8942	103.4888
Amount offered for sale (HUF million)	25,000.00	30,000.00	30,000.00	10,000.00	25,000.00	25,000.00	15,000.00
Amount of bids submitted (HUF million)	94,210.00	126,111.59	111,119.75	25,375.00	67,262.50	82,302.90	37,954.00
Amount of bids accepted (HUF million)	37,499.98	45,000.00	34,499.99	12,500.00	37,499.96	37,500.00	22,500.00
Bid-to-cover ratio	2.51	2.80	3.22	2.03	1.79	2.19	1.69
Bids submitted (pcs)	65	68	72	46	36	56	52
Bids accepted (pcs)	35	22	15	25	24	24	30
Tail (%) (average price - minimum price)	0.06	0.04	0.05	0.21	0.07	0.19	0.17
Market sales (HUF million)	37,499.98	45,000.00	34,499.99	12,500.00	37,499.96	37,500.00	22,500.00
Non-competitive offer (HUF million)	14,259.97	17,400.00	13,079.99	2,320.00	3,143.65	4,800.00	3,880.00
Total amount sales (HUF million)	51,759.95	62,400.00	47,579.98	14,820.00	40,643.61	42,300.00	26,380.00

Government Bond	2027/B	2026/F	2033/A	2041/A	2026/F	2033/A	2038/A
ISIN code	HU0000404157	HU0000404934	HU0000404744	HU0000404165	HU0000404934	HU0000404744	HU0000403555
Maturity (in years)	6	5	10	20	5	10	15
Coupon	0.16%	1.50%	2.25%	3.00%	1.50%	2.25%	3.00%
Auction	25th auction	1st auction	12th auction	14th auction	2nd auction	13th auction	31st auction
Date of auction	17.02.2021	18.02.2021	18.02.2021	18.02.2021	25.02.2021	25.02.2021	25.02.2021
Date of financial settlement	24.02.2021	24.02.2021	24.02.2021	24.02.2021	03.03.2021	03.03.2021	03.03.2021
Redemption date	22.04.2027	26.08.2026	20.04.2033	25.04.2041	26.08.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	-	1.58	2.40	3.16	1.91	2.68	3.33
Minimum annual yield (%) - ISMA	-	1.53	2.35	3.14	1.86	2.63	3.30
Average annual yield (%) - ISMA	-	1.56	2.36	3.15	1.89	2.65	3.31
Maximum annual yield (%) - EHM	-	1.58	2.40	3.16	1.91	2.68	3.33
Minimum annual yield (%) - EHM	-	1.53	2.34	3.14	1.86	2.63	3.30
Average annual yield (%) - EHM	-	1.56	2.36	3.15	1.89	2.65	3.31
Maximum price (%)	98.4700	99.8436	98.9985	97.9300	98.1412	96.0946	96.0233
Minimum price (%)	98.1100	99.5825	98.4503	97.6298	97.8913	95.6000	95.6373
Average price (%)	98.3000	99.7034	98.8245	97.8064	97.9913	95.9219	95.8352
Amount offered for sale (HUF million)	20,000.00	30,000.00	20,000.00	10,000.00	25,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	94,300.00	33,900.00	36,055.00	25,675.00	54,710.50	55,200.00	26,745.00
Amount of bids accepted (HUF million)	20,000.00	29,999.98	20,000.00	12,500.00	25,000.00	25,000.00	15,000.00
Bid-to-cover ratio	4.72	1.13	1.80	2.05	2.19	2.21	1.78
Bids submitted (pcs)	80	52	40	47	38	48	40
Bids accepted (pcs)	11	46	25	20	14	19	15
Tail (%) (average price - minimum price)	0.19	0.12	0.37	0.18	0.10	0.32	0.20
Market sales (HUF million)	20,000.00	29,999.98	20,000.00	12,500.00	25,000.00	25,000.00	15,000.00
Non-competitive offer (HUF million)	7,600.00	1,607.02	0.00	2,724.23	5,000.00	0.00	250.00
Total amount sales (HUF million)	27,600.00	31,607.00	20,000.00	15,224.23	30,000.00	25,000.00	15,250.00

GOVERNMENT SECURITIES MARKET



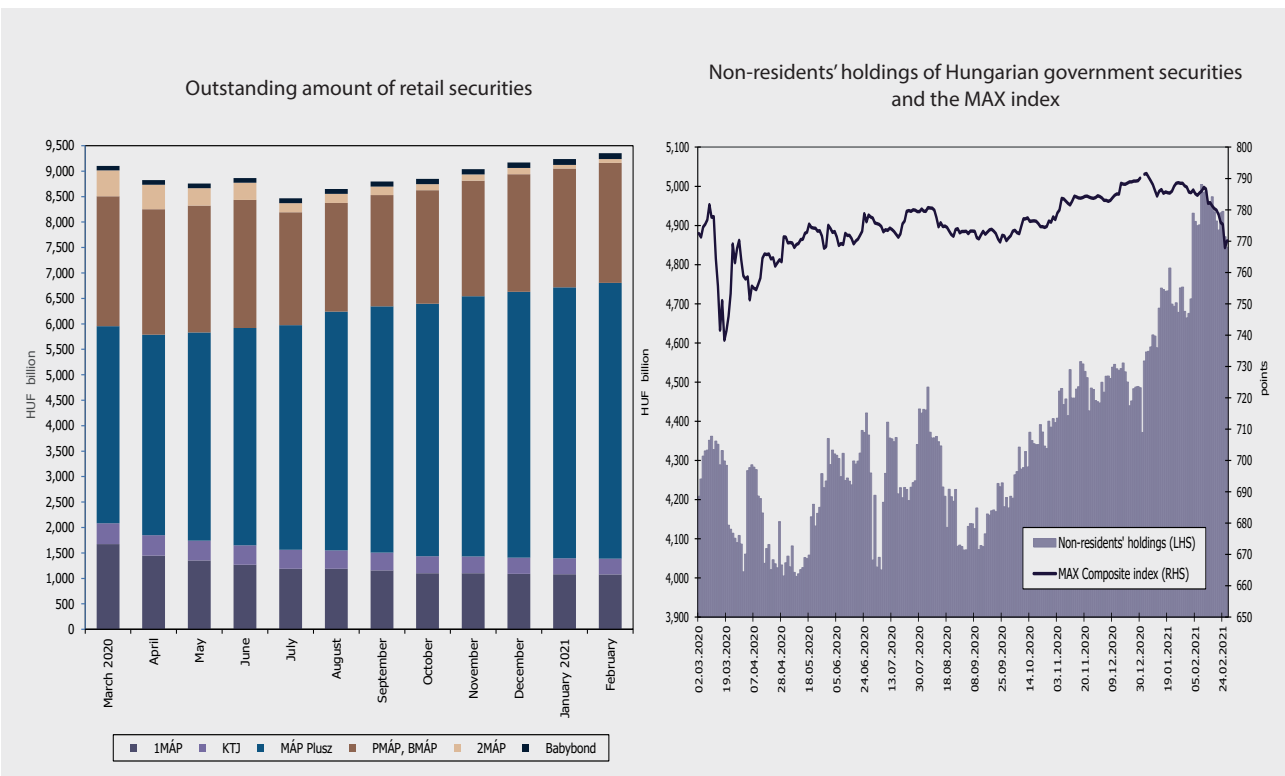
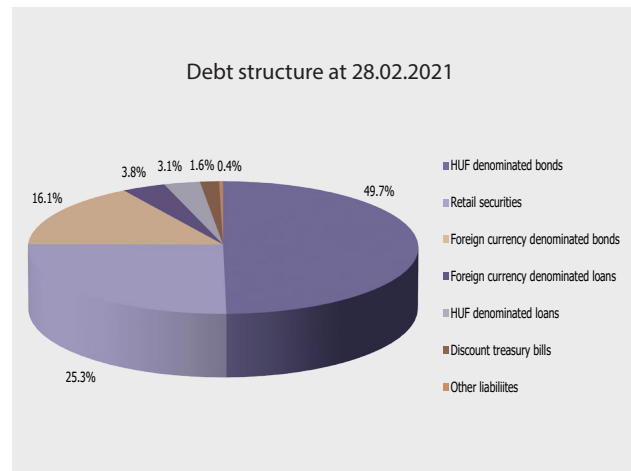
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN FEBRUARY 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2023/K	11.02.2021	15.02.2021	15.02.2022	15.02.2022	4.30%	4.30%
2024/I	17.02.2021	21.02.2021	21.02.2022	21.02.2022	5.00%	5.00%
2025/I	16.02.2021	20.02.2021	20.02.2022	21.02.2022	4.70%	4.70%
2029/B	22.01.2021	03.02.2021	22.05.2021	25.05.2021	0.75%	0.23%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	28.02.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	1,077.7	-10.6
Treasury Saving Bills / KTJ	320.9	309.5	-11.4
Hungarian Government Security Plus / MÁP Plusz	5,221.2	5,419.2	197.9
Premium Hungarian Government / PMÁP	2,310.0	2,356.3	46.3
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	74.4	-46.4
Babybond	110.3	117.6	7.3
Total	9,171.6	9,354.7	183.1



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 26.02.2021	815.3235	556.4758	770.1287	538.5360	98.5090
Changes compared to the end of the month before	-19.1047	-0.5529	-17.5072	0.0232	-2.9233
Annual yield earned on the index portfolio (%)	0.43	0.51	0.34	0.52	0.32

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in February 2021

Government bond	Date of redemption	Turnover (HUF billion)
2026/E	22.04.2026	669.4
2033/A	20.04.2033	576.6
2031/A	22.10.2031	340.1
2024/C	24.10.2024	318.8
2030/A	21.08.2030	289.8
2026/D	22.12.2026	225.3
2027/A	27.10.2027	212.7
2038/A	27.10.2038	138.6
2022/B	26.10.2022	133.9
2041/A	25.04.2041	123.7

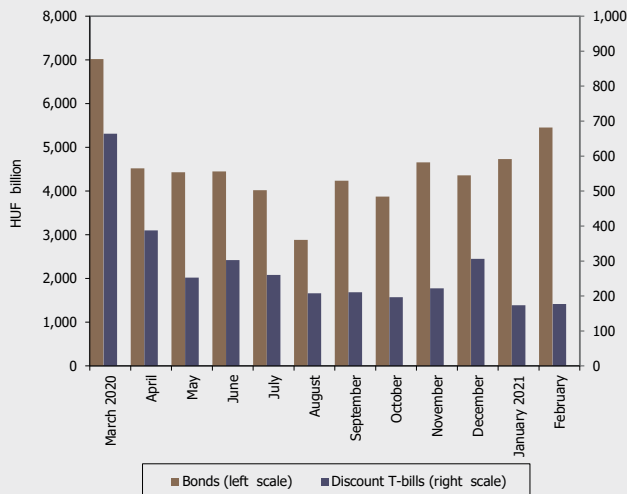
The outstanding volume of government bonds with benchmark status at the end of February 2021

Government bond	HUF billion	
	31.01.2021	28.02.2021
2024/C	1,136.76	1,136.68
2026/E	1,081.86	1,247.66
2033/A	270.07	436.35
2038/A	454.50	506.15
2041/A	141.57	171.69

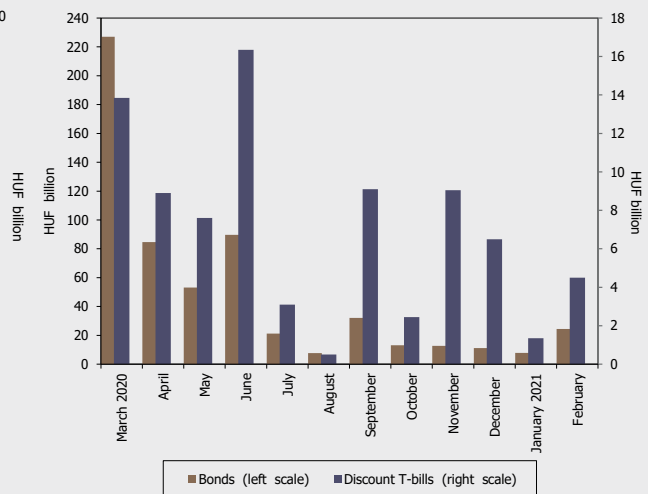
The outstanding volume of the three largest government bonds at the end of February 2021

Government bond	HUF billion
2031/A	1,332.18
2026/E	1,247.66
2027/A	1,236.83

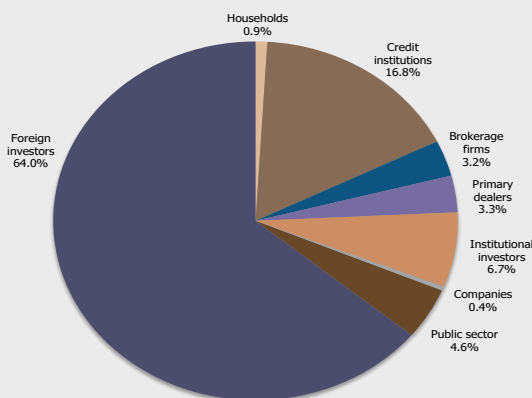
Secondary market trading of Hungarian government securities (OTC)



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



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



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

