



GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

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GOVERNMENT SECURITIES MARKET

MONTHLY REPORT
OCTOBER 2021



The Central Government Debt increased by HUF 3,164.0 billion to HUF 39,848.3 billion in October 2021. Total net issuance was HUF 3,184.0 billion; out of which net HUF denominated issuance was HUF 2,112.5 billion and net foreign currency denominated issuance was HUF 1,071.4 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	October	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	31,349.8	78.67	2,112.5	7.23
Loans	1,161.6	3.2	1,156.8	2.90	-4.8	-0.41
Government bonds	18,245.8	49.7	19,886.7	49.91	1,640.9	8.99
Retail securities	9,171.7	25.0	9,777.7	24.54	606.0	6.61
Discount treasury bills	658.2	1.8	528.6	1.33	-129.6	-19.69
Foreign exchange denominated debt	7,318.2	19.9	8,359.6	20.98	1,041.4	14.23
Total	36,555.5	99.6	39,709.4	99.65	3,153.9	8.63
<i>Other obligations</i>	128.8	0.4	138.9	0.35	10.1	7.81
Total central government debt	36,684.3	100.0	39,848.3	100.00	3,164.0	8.62

The HUF denominated debt of the central government increased by HUF 2,112.5 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 1,640.9 billion and the decrease of discount Treasury bills by HUF 129.6 billion. The total amount of retail government securities further increased by HUF 606.0 billion. The majority of the demand for retail government securities were the sale of the 5-year long Hungarian Government Security Plus and the 3-5-year long Premium Hungarian Government Security. The volume of HUF loans decreased by HUF 4.8 billion in 2021.

The foreign currency debt of the central government increased by HUF 1,041.4 billion in 2021. The increase is mainly due to the issuance of 10-year foreign currency bond USD 2.25 billion (HUF 671.4 billion) and 30-year foreign currency bond USD 2 billion (HUF 596.8 billion) in September. The EUR 1 billion (HUF 352.9 billion) 7-year foreign currency bond was also issued in September and its coupon was the lowest one that ever achieved by Hungary during euro bond issues. The drawdown of foreign currency loans further increased the foreign currency debt by HUF 172.6 billion and the issuance of domestic foreign currency bonds grew by HUF 72.6 billion. Foreign currency debt was decreased by the redemptions of foreign currency bond by HUF 570.7 billion, the domestic foreign currency bond repayments by HUF 133.2 billion and the foreign currency loan redemptions by HUF 90.9 billion. The exchange rate revaluations totalling HUF 30.0 billion decreased the Hungarian forint value of the foreign currency debt. The total amount of other liabilities increased by HUF 10.1 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	30.09.2021	29.10.2021	Change in October basis point
3-month	0.28	1.01	1.07	6
6-month	0.33	1.16	1.27	11
1-year	0.39	1.51	1.70	19
3-year	0.70	2.23	2.65	42
5-year	1.36	2.65	3.26	61
10-year	2.08	3.23	3.92	69
15-year	2.25	3.62	4.20	58
20-year	2.47	3.78	4.35	57

Monthly OTC turnover of government securities increased by 2% to HUF 7,461.9 billion in October. Primary dealers, who account for the decisive part of all secondary government securities trading, made 72% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 211.9 billion in October and amounted to HUF 4,585.9 billion at the end of October. This volume represented 15.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 360.80 on the last working day of October.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of October:

BBB (Standard & Poor's);
Baa2 (Moody's);
BBB (Fitch).

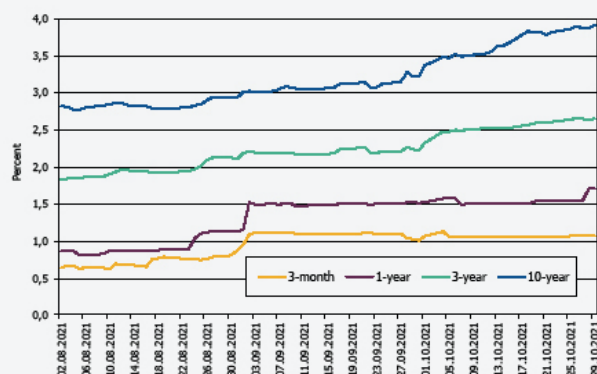
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

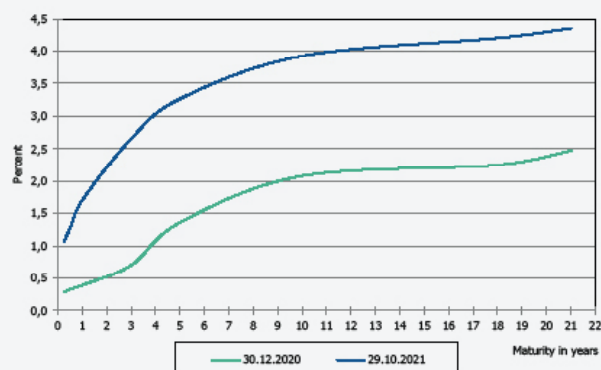
	2016	2017	2018	2019	2020	2021 August	2021 September	2021 October
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	31,049.7	31,550.9	31,349.8
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8	1,156.8
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	29,892.9	30,394.0	30,193.0
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	29,853.7	30,354.9	30,153.8
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	19,671.1	20,019.1	19,847.5
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	543.9	559.3	528.6
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,638.7	9,776.5	9,777.7
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	6,534.0	8,343.3	8,359.6
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,298.1	1,342.3	1,358.2
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,298.1	1,342.3	1,358.2
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	5,235.9	7,001.0	7,001.4
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	4,727.0	6,537.8	6,524.2
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	509.0	463.1	477.2
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	37,583.7	39,894.2	39,709.4
Other liabilities	742.70	274.20	167.40	203.70	128.80	160.10	165.70	138.90
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	37,743.8	40,059.8	39,848.3
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	20,254.2	20,617.6	20,415.3
Gross debt/GDP	70.2%	68.1%	66.1%	62.4%	76.4%			

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

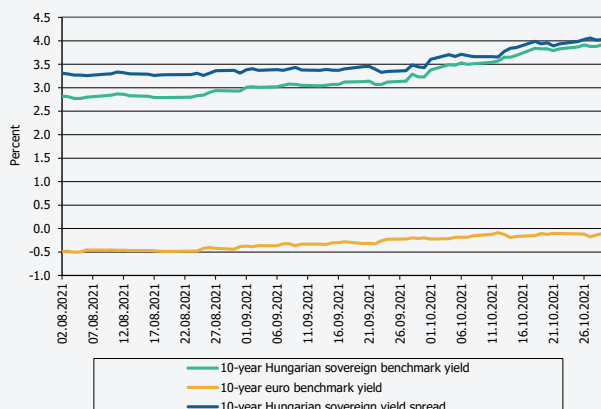
Benchmark yields



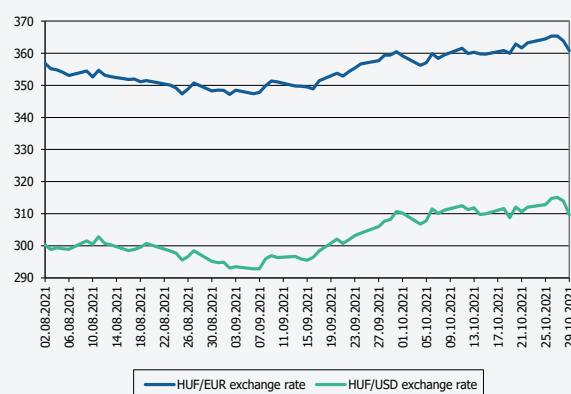
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

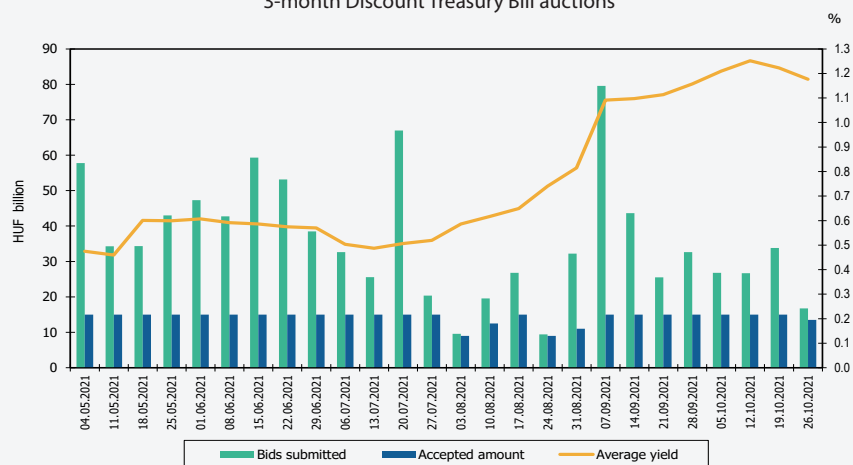


DISCOUNT TREASURY BILL AUCTION RESULTS

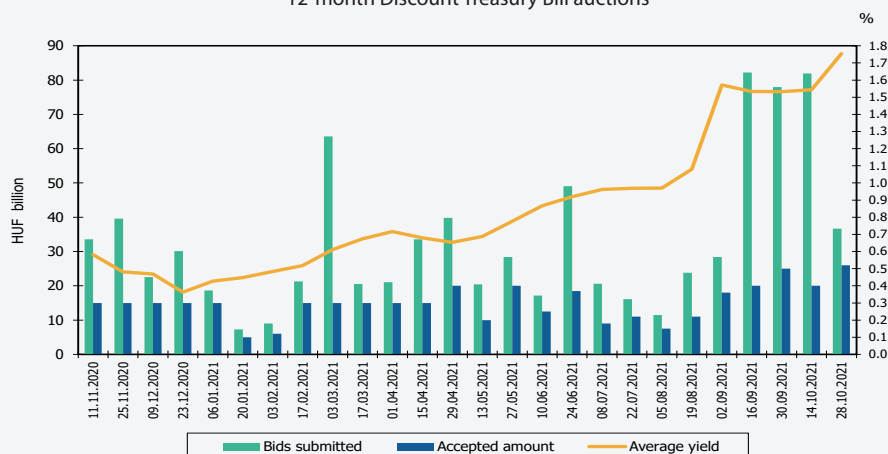
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D220112	D220119	D220126	D220202	D221019	D221019
ISIN code	HU0000523832	HU0000523840	HU0000523865	HU0000523873	HU0000523857	HU0000523857
Maturity in days	91	91	91	91	364	350
Date of auction	05.10.2021	12.10.2021	19.10.2021	26.10.2021	14.10.2021	28.10.2021
Date of financial settlement	13.10.2021	20.10.2021	27.10.2021	03.11.2021	20.10.2021	03.11.2021
Redemption date	12.01.2022	19.01.2022	26.01.2022	02.02.2022	19.10.2022	19.10.2022
Maximum yield (%) - ISMA	1.30	1.27	1.25	1.26	1.60	1.84
Minimum yield (%) - ISMA	1.16	1.23	1.19	1.08	1.50	1.50
Average yield (%) - ISMA	1.21	1.25	1.22	1.18	1.54	1.75
Maximum yield (%) - EHM	1.32	1.29	1.27	1.28	1.62	1.87
Minimum yield (%) - EHM	1.18	1.25	1.21	1.10	1.52	1.52
Average yield (%) - EHM	1.23	1.27	1.24	1.19	1.57	1.78
Average selling price (%)	99.6952	99.6845	99.6920	99.7035	98.4625	98.3232
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	26,788.65	26,673.00	33,833.65	16,763.00	81,948.65	36,632.44
Amount of bids accepted (HUF million)	14,999.99	14,999.99	14,999.98	13,500.00	20,000.00	26,000.00
Bid-to-cover ratio	1.79	1.78	2.26	1.24	4.10	1.41
Bids submitted (pcs)	22	25	41	25	63	21
Bids accepted (pcs)	18	15	20	19	21	19
Market sales* (HUF million)	14,999.99	14,999.99	14,999.98	13,500.00	20,000.00	26,000.00
Retained on ÁKK's own account (HUF million)	3,000.01	3,000.01	3,000.02	3,000.00	20,000.00	26,000.00
Total amount issued (HUF million)	18,000.00	18,000.00	18,000.00	16,500.00	40,000.00	52,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

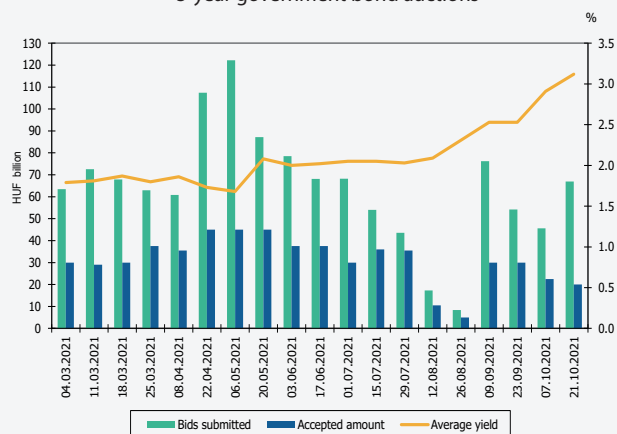


GOVERNMENT BOND AUCTION RESULTS

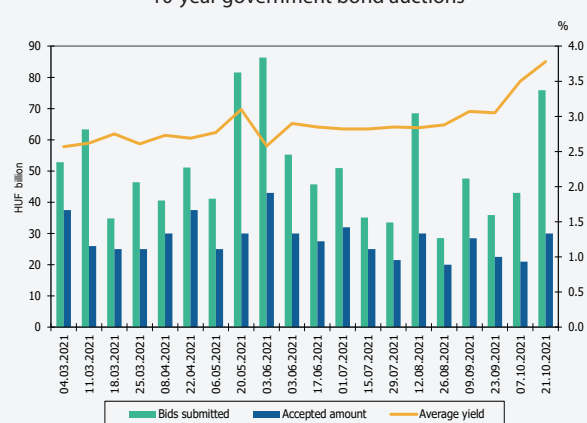
Government Bond	2026/F	2033/A	2041/A	2029/B	2041/A
ISIN code	HU0000404934	HU0000404744	HU0000404165	HU0000404926	HU0000404165
Maturity (in years)	5	10	20	8	20
Coupon	1.50%	2.25%	3.00%	0.75%	3.00%
Auction	20th auction	31st auction	25th auction	13th auction	26th auction
Date of auction	07.10.2021	07.10.2021	07.10.2021	14.10.2021	14.10.2021
Date of financial settlement	13.10.2021	13.10.2021	13.10.2021	20.10.2021	20.10.2021
Redemption date	26.08.2026	20.04.2033	25.04.2041	22.08.2029	25.04.2041
Maximum annual yield (%) - ISMA	2.92	3.51	4.00	-	4.10
Minimum annual yield (%) - ISMA	2.88	3.48	3.98	-	4.09
Average annual yield (%) - ISMA	2.91	3.50	3.99	-	4.09
Maximum annual yield (%) - EHM	2.92	3.51	4.00	-	4.10
Minimum annual yield (%) - EHM	2.88	3.48	3.98	-	4.09
Average annual yield (%) - EHM	2.91	3.50	3.99	-	4.09
Maximum price (%)	93.8115	88.4805	86.8600	97.5000	85.5279
Minimum price (%)	93.6391	88.2197	86.6100	97.3300	85.4048
Average price (%)	93.6951	88.2808	86.7206	97.4400	85.4713
Amount offered for sale (HUF million)	15,000.00	15,000.00	10,000.00	15,000.00	20,000.00
Amount of bids submitted (HUF million)	45,625.00	43,025.00	31,000.00	51,390.39	62,177.72
Amount of bids accepted (HUF million)	22,499.99	21,000.00	15,000.00	15,000.00	29,999.98
Bid-to-cover ratio	2.03	2.05	2.07	3.43	2.07
Bids submitted (pcs)	43	64	52	44	63
Bids accepted (pcs)	25	31	21	8	14
Tail (%) (average price - minimum price)	0.06	0.06	0.11	0.11	0.07
Market sales (HUF million)	22,499.99	21,000.00	15,000.00	15,000.00	29,999.98
Non-competitive offer (HUF million)	6,281.08	5,800.00	2,960.00	1,577.05	7,352.65
Total amount sales (HUF million)	28,781.07	26,800.00	17,960.00	16,577.05	37,352.63

Government Bond	2026/F	2033/A	2038/A	2029/B
ISIN code	HU0000404934	HU0000404744	HU0000403555	HU0000404926
Maturity (in years)	5	10	15	8
Coupon	1.50%	2.25%	3.00%	0.75%
Auction	4th auction	34th auction	24th auction	5th auction
Date of auction	21.10.2021	21.10.2021	21.10.2021	28.10.2021
Date of financial settlement	27.10.2021	27.10.2021	27.10.2021	03.11.2021
Redemption date	26.08.2026	20.04.2033	27.10.2038	22.08.2029
Maximum annual yield (%) - ISMA	3.13	3.79	4.26	-
Minimum annual yield (%) - ISMA	3.11	3.76	4.23	-
Average annual yield (%) - ISMA	3.12	3.78	4.24	-
Maximum annual yield (%) - EHM	3.13	3.79	4.26	-
Minimum annual yield (%) - EHM	3.11	3.76	4.23	-
Average annual yield (%) - EHM	3.12	3.78	4.24	-
Maximum price (%)	92.8812	86.1221	85.3026	97.7100
Minimum price (%)	92.7938	85.8673	84.9758	97.5500
Average price (%)	92.8250	85.9689	85.1669	97.5900
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	66,959.54	75,885.16	78,938.00	44,348.85
Amount of bids accepted (HUF million)	19,999.98	29,999.97	30,000.00	14,999.96
Bid-to-cover ratio	3.35	2.53	2.63	2.96
Bids submitted (pcs)	63	50	53	44
Bids accepted (pcs)	17	16	11	22
Tail (%) (average price - minimum price)	0.03	0.10	0.19	0.04
Market sales (HUF million)	19,999.98	29,999.97	30,000.00	14,999.96
Non-competitive offer (HUF million)	2,939.41	6,965.57	4,998.00	5,519.97
Total amount sales (HUF million)	22,939.39	36,965.54	34,998.00	20,519.93

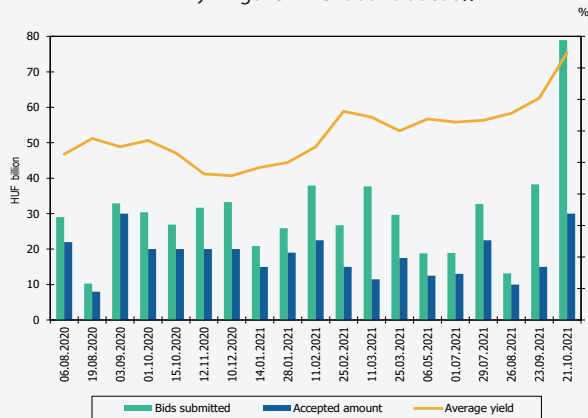
5-year government bond auctions



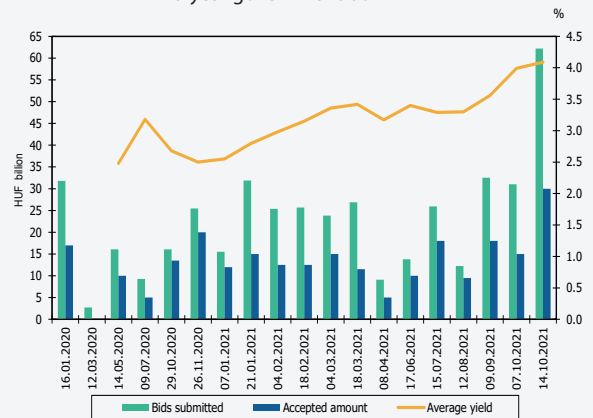
10-year government bond auctions



15-year government bond auction



20-year government bond auctions

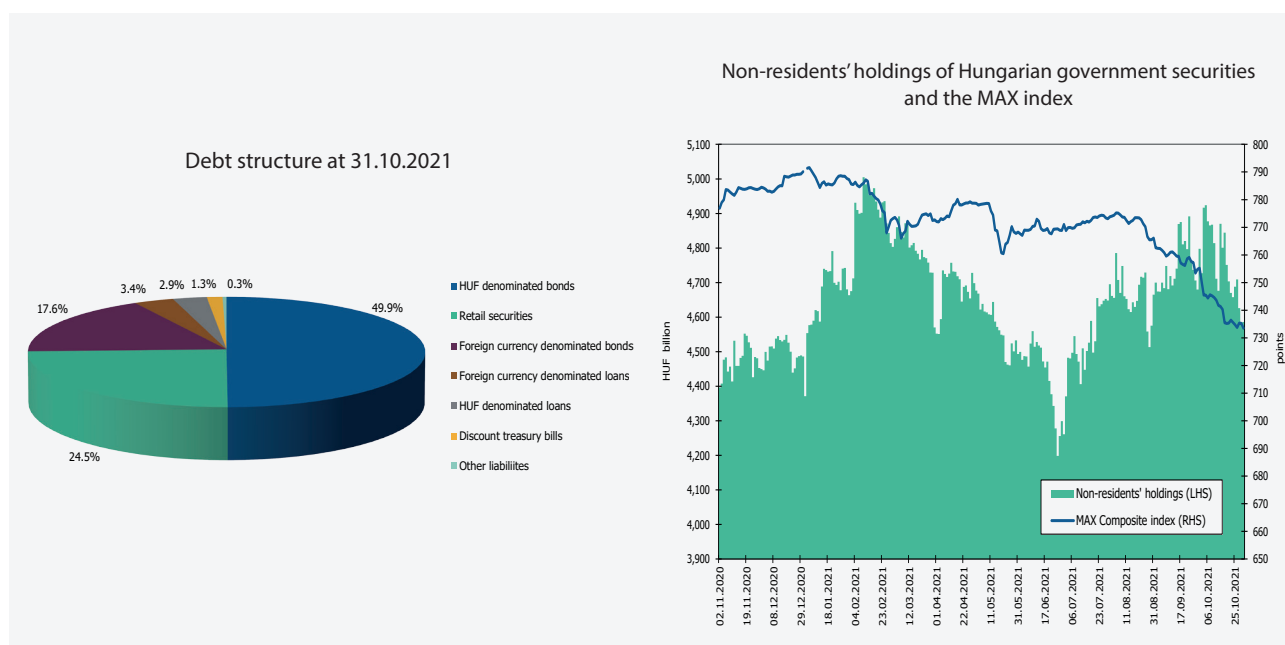


INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN OCTOBER 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2023/B	21.10.2021	26.10.2021	26.01.2022	26.01.2022	1.98%	0.51%
2026/B	22.10.2021	24.10.2021	24.04.2022	25.04.2022	1.12%	0.87%
2027/B	19.10.2021	22.10.2021	22.01.2022	24.01.2022	1.89%	0.48%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	31.10.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	957.0	-131.4
Treasury Saving Bills / KTJ	320.9	245.3	-75.6
Hungarian Government Security Plus / MÁP Plusz	5,221.2	6,215.6	994.4
Premium Hungarian Government Security / PMÁP	2,310.0	2,163.8	-146.2
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	60.9	-59.9
Babybond	110.3	135.0	24.7
Total	9,171.6	9,777.6	606.0



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 29.10.2021	774.6777	556.7407	733.4529	540.3977	92.2935
Changes compared to the end of the month before	-24.0661	-0.4425	-21.7422	0.3153	-3.6767
Annual yield earned on the index portfolio (%)	-5.71	0.23	-5.49	0.50	-7.46

Government bonds with the highest secondary market turnover in October 2021

Government bond	Date of redemption	Turnover (HUF billion)
2026/E	22.04.2026	1,203.2
2033/A	20.04.2033	412.1
2026/F	26.08.2026	361.4
2031/A	22.10.2031	313.6
2023/C	23.08.2023	252.0
2022/A	24.06.2022	249.3
2027/B	22.04.2027	235.9
2024/B	26.06.2024	221.7
2025/C	26.11.2025	196.6
2027/A	27.10.2027	185.1

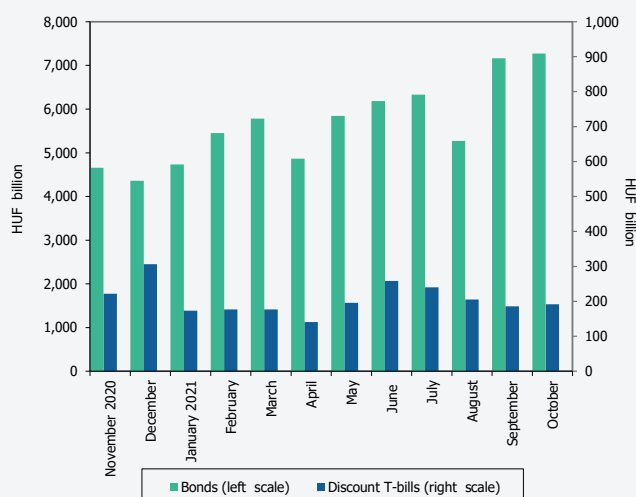
The outstanding volume of government bonds with benchmark status at the end of October 2021

Government bond	HUF billion	
	30.09.2021	31.10.2021
2024/C	1,138.27	1,138.28
2026/F	724.98	781.50
2033/A	990.89	1,054.85
2038/A	708.42	743.47
2041/A	311.05	366.61

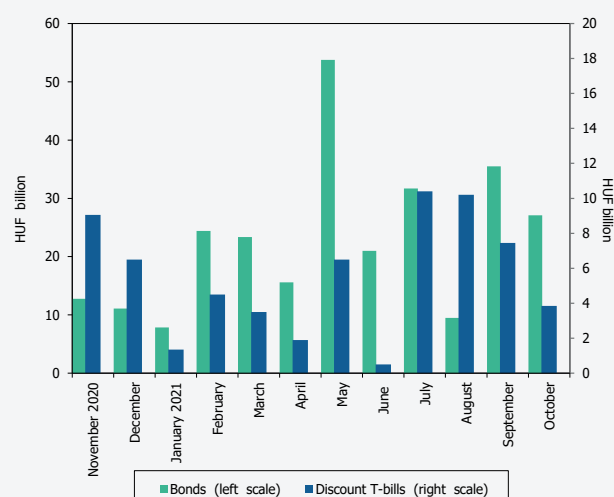
The outstanding volume of the three largest government bonds at the end of October 2021

Government bond	HUF billion
2031/A	1,446.14
2025/C	1,348.69
2026/E	1,251.97

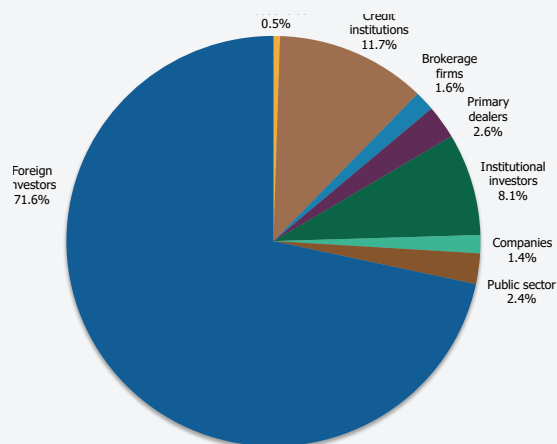
Secondary market trading of Hungarian government securities (OTC)



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



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



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

