Government Debt Management Agency Pte Ltd.
Planning and Data Dissemination Department

FINANCING OF THE CENTRAL GOVERNMENT IN JULY 2024

1. Government debt data

The debt of the central government increased by HUF 4,326.3 billion in July due to the following reasons:

- **The first increasing factor** is the net forint issuance of HUF 2,139.4 billion, which finances the deficit of the central government budget.
- **The second – increasing – factor** is the net foreign currency issuance of HUF 1,842.3 billion, which finances the deficit and increased the foreign currency deposit, and also increased the debt of the central government.
- **The third – also increasing factor —** is the depreciation of the forint that increased the HUF value of the foreign currency debt by HUF 526.4 billion.
- **The fourth – which had contrary effect than the above mentioned factors –** is the change of the foreign currency exchange rates and other factors that decreased the mark-to-market deposits placed at GDMA by HUF 181.8 billion.

According to the preliminary data **the domestic and foreign currency debt of the central government** was the following in 2024.

Central government gross debt and debt transactions in 2024

	31.12.2023		Issuance (increase in debt)	Redemption (decrease in debt)	Other changes	Net change	31.07.2024		change
	Debt stock (preliminary data)	Breakdown	January to July				Debt stock (preliminary data)	Breakdown	percent
1. HUF denominated debt	**36,888.034**	***72.5%***	**7,632.232**	**5,492.879**	**0.000**	**2,139.353**	**39,027.387**	***70.7%***	***-1.81%***
1.1. Loans	**868.220**	***1.7%***	**66.302**	**47.661**	**0.000**	**18.641**	**886.861**	***1.6%***	***-0.10%***
1.1.1. Foreign	868.220	*1.7%*	66.302	47.661	0.000	18.641	886.861	***1.6%***	***-0.10%***
1.1.2. Domestic	0.000	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.00%***
1.2. Government securities	**36,019.813**	***70.8%***	**7,565.930**	**5,445.218**	**0.000**	**2,120.713**	**38,140.526**	***69.1%***	***-1.71%***
1.2.1. Bonds	24,058.876	*47.3%*	2,362.640	1,870.052	0.000	492.588	24,551.465	***44.5%***	***-2.82%***
1.2.2. Discount T-bills	1,883.770	*3.7%*	3,096.428	2,541.459	0.000	554.969	2,438.739	***4.4%***	***0.72%***
1.2.3. Retail securities	10,077.167	*19.8%*	2,106.862	1,033.707	0.000	1,073.155	11,150.323	***20.2%***	***0.39%***
2. Foreign currency denominated debt	**13,678.314**	***26.9%***	**2,207.159**	**364.845**	**526.424**	**2,368.738**	**16,047.052**	***29.1%***	***2.18%***
2.1. Loans	**2,670.009**	***5.2%***	**528.249**	**54.120**	**96.328**	**570.456**	**3,240.465**	***5.9%***	***0.62%***
2.1.1. Foreign	2,670.009	*5.2%*	528.249	54.120	*96.328*	570.456	3,240.465	***5.9%***	***0.62%***
2.1.2. Domestic	*0.000*	*0.0%*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	***0.0%***	***0.00%***
2.2. Government securities	**11,008.305**	***21.6%***	**1,678.910**	**310.724**	**430.096**	**1,798.282**	**12,806.586**	***23.2%***	***1.56%***
2.2.1. Issued abroad	10,535.449	*20.7%*	1,621.605	294.171	413.461	1,740.896	12,276.344	***22.2%***	***1.53%***
2.2.1.1. Foreign currency bond	10,357.080	*20.4%*	1,441.195	295.631	407.446	1,553.010	11,910.089	***21.6%***	***1.22%***
2.2.1.2. ECP program	178.369	*0.4%*	180.410	-1.460	6.016	187.886	366.255	***0.7%***	***0.31%***
2.2.2. Issued in Hungary	472.856	*0.9%*	57.305	16.554	16.634	57.386	530.242	***1.0%***	***0.03%***
Total	**50,566.347**	***99.4%***	**9,839.391**	**5,857.724**	**526.424**	**4,508.091**	**55,074.438**	***99.8%***	***0.38%***
Other debt	298.836	*0.6%*	2,723.590	2,911.281	5.914	-181.776	117.060	***0.2%***	***-0.38%***
Total central government debt	**50,865.184**	***100.0%***	**12,562.981**	**8,769.005**	**532.338**	**4,326.315**	**55,191.498**	***100.0%***	***0.00%***

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The foreign currency debt of the central government increased by HUF 2,368.7 billion in 2024 and amounted to HUF 16,047.1 billion at the end of July 2024. The share of foreign currency denominated debt within the total debt increased from 26.9% to 29.1% in 2024.

The increase is mainly due to the foreign currency bond issuances in January 2024. On 3 January Hungary's first international bond issuance this year was made in the amount of USD 2.5 billion (HUF 863.6 billion) with 12-year maturity, followed by Hungary's third EUR Green Bond issuance on 18 January in the amount of EUR 1.5 billion (HUF 577.6 billion) with a maturity of 5.5-year. The amount of foreign currency securities issued in 2024 under the ECP (Euro Commercial Paper) program was USD 500 million (HUF 180.4 billion). The project financing foreign currency loan in the amount of EUR 1.0 billion (HUF 393.8 billion) increased the foreign currency debt in April. The drawdown of foreign currency loans and the exchange rate depreciation further increased the share of foreign currency debt.

The forint denominated debt increased by HUF 2,139.4 billion to HUF 39,027.4 billion. The share of HUF-denominated debt reached 70.7% of the total debt, while in December 2023 this proportion was 72.5%.

The stock of retail securities increased by HUF 1,073.2 billion since the end of 2023 to HUF 11,150.3 billion at the end of July. The portfolio of Premium Hungarian Government Security with a long-term maturity increased by HUF 140.9 billion, thus amounted to HUF 7,133.6 billion. In January, the new 3-year fixed-rate Fixed Hungarian Government Security was introduced; its issuance amounted to HUF 592.2 billion at the end of the month. The sale of Bonus Hungarian Government Security also increased: the stock of 3- and 5-year Bonus Hungarian Government Security increased by HUF 217.2 billion and amounted to HUF 1,090.4 billion at the end of July. From June 2024 retail investors are able to buy the Hungarian Government Security Plus (dematerialised and printed MÁP Plusz) with renewed terms and conditions, which stock, together with previously sold MÁP Plusz, amounted to HUF 761.8 billion. Simultaneously with the renewal of the MÁP Plusz, the 1-Year Hungarian Government Security is being phased out, which stock increased by HUF 151.8 billion to HUF 725.8 billion at the end of July.

The volume of non-resident holdings of Hungarian government securities increased by HUF 254.2 billion to HUF 6,587.1 in July. 99.8% of non-resident holdings was T-bonds, which amounted to HUF 6,573.1 billion. The non-resident holdings of Discount T-Bills amounted to HUF 13.9 billion, that represented only 0,2% of total non-resident holdings. The duration of the non-resident stock was 5.9 years at the end of July 2024.

In order to reduce counterparty risk associated with the swap transactions concluded by GDMA, so-called marked-to-market deposits are being placed as collateral covering the net value of the swap positions. Such deposits placed at GDMA are counted as part of the government debt as 'other obligations'. During the first seven months of the year marked-to-market and other deposits decreased by HUF 181.8 billion and reached HUF 117.1 billion (EUR 0.3 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions increased from 4.0 to 4.2. The bid-to-cover ratio of T-bond auctions also increased from 3.3 to 5.0 in July.

The average yield of the last 3-month Discount Treasury Bill auction in July was 5.87%, 52 basis points lower than in the previous month and the 6-month Treasury bill was 5.82%, 66 basis points lower than at the end of June. The average yield of the last 12-month Discount Treasury Bill auction in July was 6.15%, 38 basis points lower compared to July.

The average yield of the latest 3-year government bond auctions in July was 6.12% and 54 basis points lower compared to the auction in June. The average yield of the 5-year government bond auction in July was 6.12%, 54 basis points lower than in June. The average yield of the latest 10-year government bond auction in July was 6.47%,37 basis points lower than in the previous month. The average yield of the last of 20-year bond auction was 6.82%, lower by 19 basis points compared to the last April's average yield.

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