

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

June 2020

The Central Government Debt increased by HUF 2,171.3 billion to HUF 31,853.3 billion by June 2020. Total net issuance was HUF 1,738.2 billion; out of which net HUF-denominated issuance was HUF 1,202.1 billion and net foreign currency denominated issuance was HUF 536.1 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	June	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	25,559.2	80.2	1,202.1	4.9
Loans	1,208.1	4.1	1,161.6	3.6	-46.5	-3.8
Government bonds	13,417.7	45.2	14,708.0	46.2	1,290.3	9.6
Retail securities	9,074.0	30.6	8,864.9	27.8	-209.1	-2.3
Discount treasury bills	657.3	2.2	824.7	2.6	167.4	25.5
Foreign exchange denominated debt	5,121.2	17.3	6,042.5	19.0	921.3	18.0
Total	29,478.3	99.3	31,601.7	99.2	2,123.4	7.2
<i>Other obligations</i>	203.7	0.7	251.5	0.8	47.8	23.5
Total central government debt	29,682.0	100.0	31,853.3	100.0	2,171.3	7.3

The HUF denominated debt of the central government increased by HUF 1,202.1 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 1,290.3 billion and the increase of discount Treasury bills by HUF 167.4 billion. The total amount of retail government securities decreased by HUF 209.1 billion. The decrease was mainly due to the precarious situation caused by the coronavirus epidemic. As a result of restrictions on movement, the demand for retail government securities decreased significantly, however the sale of the 5-year long Hungarian Government Securities Plus accounted for the majority. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans decreased by HUF 46.5 billion in 2020.

The foreign currency debt of the central government increased by HUF 921.3 billion in 2020. The foreign currency debt was increased by the EUR 1 billion (HUF 353.6 billion) 6-year foreign currency bonds and the EUR 1 billion (HUF 353.6 billion) 12-year foreign currency bonds issued in April. Hungary's first international green bond was issued in the amount of EUR 1.5 billion (HUF 518.4 billion) in June. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 17.6 billion and the drawdown of foreign currency loans by HUF 75.9 billion. The exchange rate revaluations totalling HUF 385.3 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 783.3 billion. The total amount of other liabilities increased by HUF 47.8 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	29.05.2020	30.06.2020	Change in June basis point
3-month	-0.01	0.72	0.18	-54
6-month	0.01	0.82	0.23	-59
1-year	0.02	0.82	0.23	-59
3-year	0.28	1.19	0.98	-21
5-year	1.17	1.50	1.29	-21
10-year	2.01	1.91	2.15	24
15-year	2.80	2.23	2.76	53
20-year*	-	2.41	2.94	53

*The 20-year Hungarian Government Bond was added to the list of the benchmark securities from 20 May 2020.

Monthly OTC turnover of government securities increased by 1% to HUF 4,753.4 billion in June. Primary dealers, who account for the decisive part of all secondary government securities trading, made 55% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 310.3 billion in June and amounted to HUF 4,045.5 billion at the end of the month. This volume represented 16.6% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 356.57 on the last working day of June.

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

GOVERNMENT SECURITIES MARKET

CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

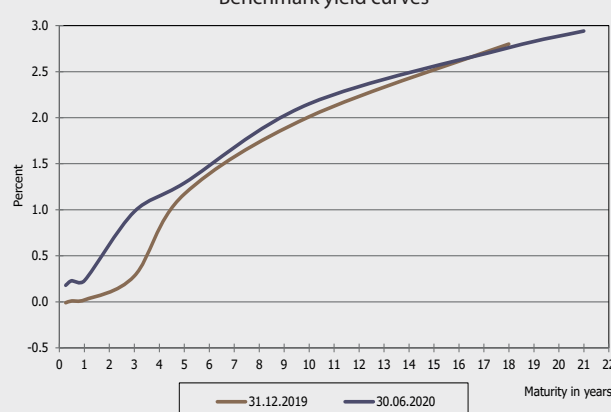
	2015	2016	2017	2018	2019	2020 April	2020 May	2020 June
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	25,199.6	25,510.4	25,559.2
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	24,038.0	24,348.8	24,397.6
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	23,998.8	24,309.6	24,358.4
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	14,351.6	14,685.8	14,668.8
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	823.8	868.9	824.7
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	8,823.4	8,754.9	8,864.9
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	5,412.2	5,365.8	6,042.5
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	884.2	896.9	966.6
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	884.2	896.9	966.6
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	4,528.0	4,469.0	5,075.9
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	3,894.5	3,843.0	4,432.8
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	633.5	626.0	643.1
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	30,611.8	30,876.3	31,601.7
Other liabilities	756.00	742.70	274.20	167.40	203.7	313.9	280.5	251.5
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	30,925.7	31,156.7	31,853.3
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	15,214.6	15,593.9	15,532.7
Gross debt/GDP	71.0%	70.8%	68.9%	67.2%	63.5%			

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

Benchmark yields

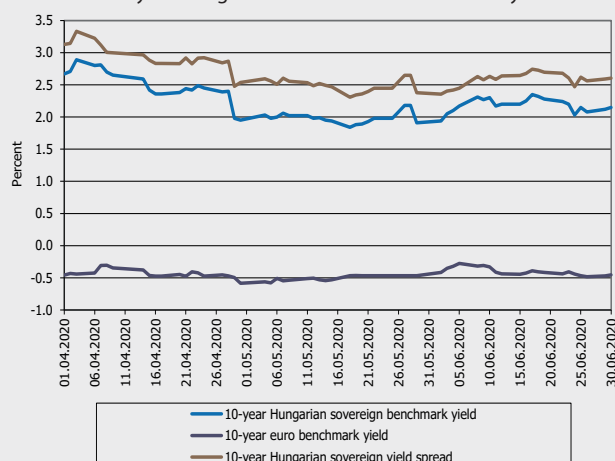


Benchmark yield curves

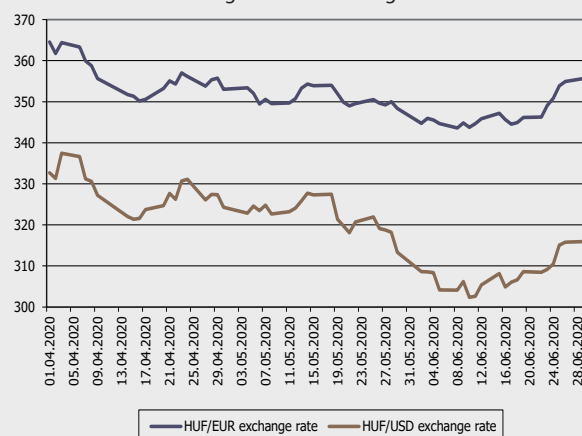


The range of reference government securities has been expanded with the 20-year government bond from 20 May 2020.

10-year Hungarian and eurozone benchmark yields



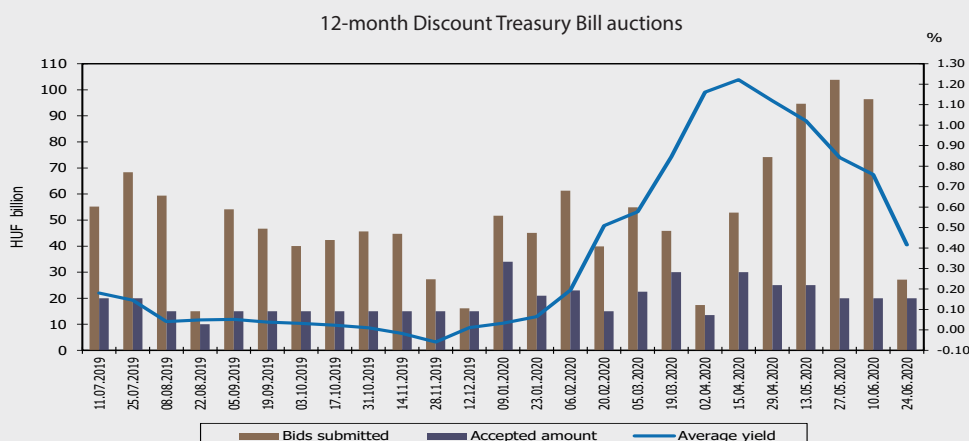
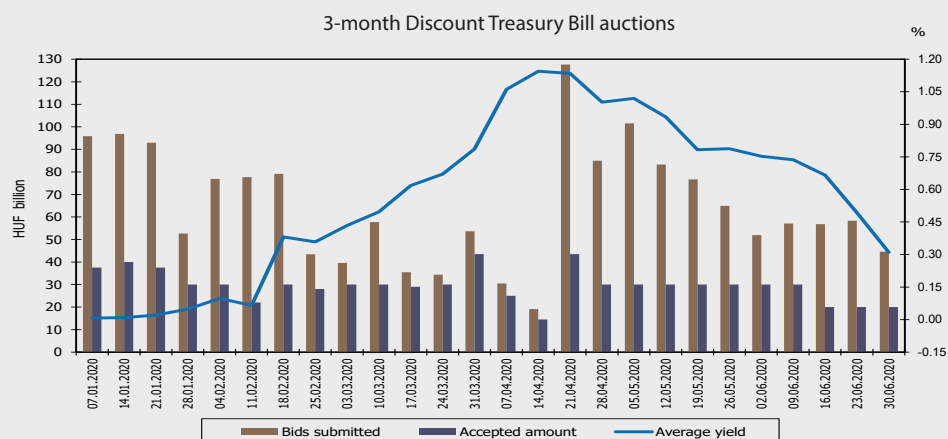
The exchange rate of the Hungarian Forint



GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

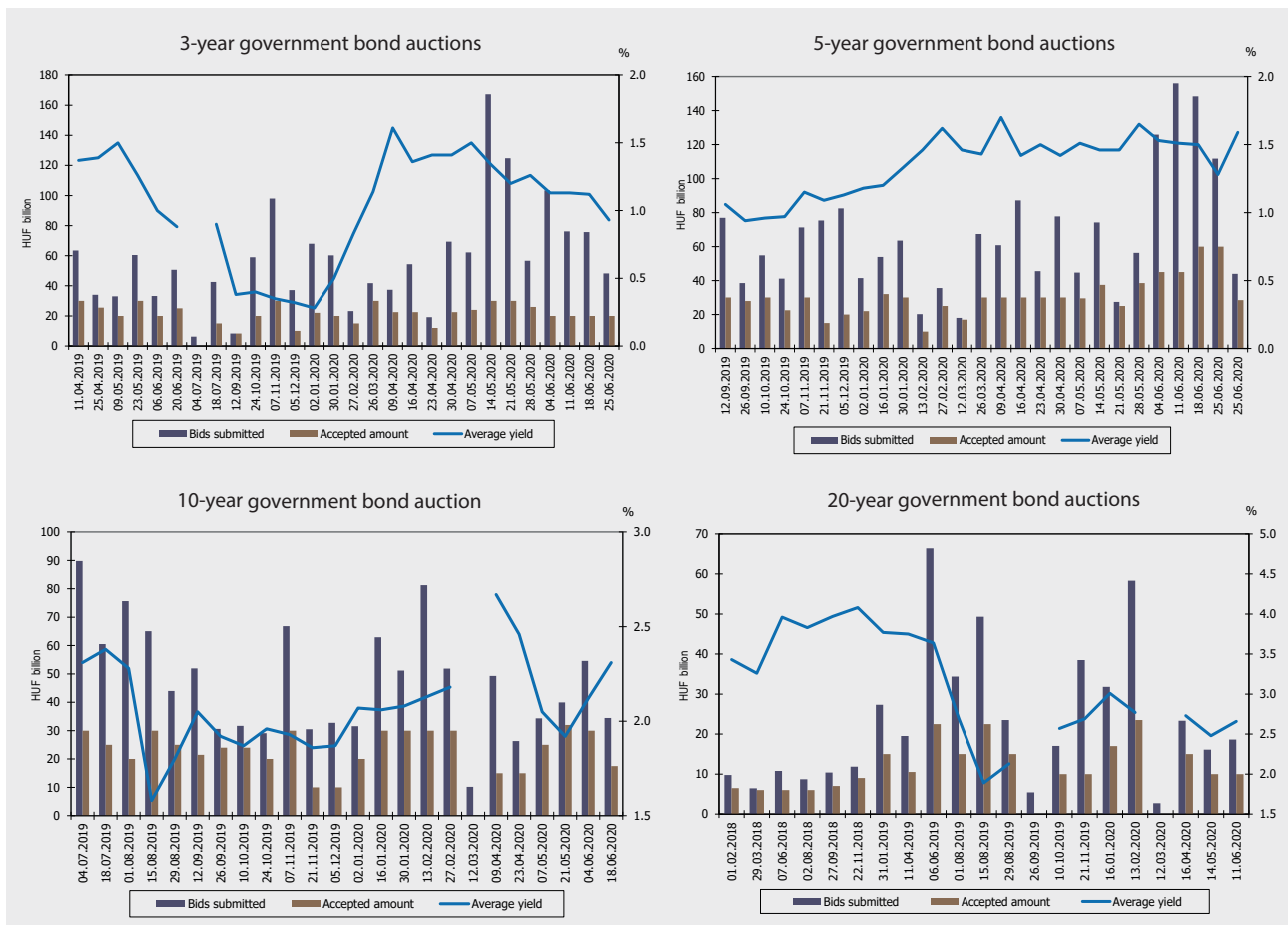
	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D200909	D200916	D200923	D200930	D201007	D210421	D210630
ISIN code	HU0000523121	HU0000523147	HU0000523154	HU0000523162	HU0000523188	HU0000523071	HU0000523170
Maturity in days	91	91	91	91	91	308	364
Date of auction	02.06.2020	09.06.2020	16.06.2020	23.06.2020	30.06.2020	10.06.2020	24.06.2020
Date of financial settlement	10.06.2020	17.06.2020	24.06.2020	01.07.2020	08.07.2020	17.06.2020	01.07.2020
Redemption date	09.09.2020	16.09.2020	23.09.2020	30.09.2020	07.10.2020	21.04.2021	30.06.2021
Maximum yield (%) - ISMA	0.77	0.76	0.68	0.53	0.35	0.78	0.45
Minimum yield (%) - ISMA	0.70	0.70	0.65	0.40	0.23	0.73	0.35
Average yield (%) - ISMA	0.75	0.74	0.67	0.49	0.31	0.76	0.42
Maximum yield (%) - EHM	0.78	0.77	0.69	0.54	0.35	0.79	0.46
Minimum yield (%) - EHM	0.71	0.71	0.66	0.41	0.23	0.74	0.35
Average yield (%) - EHM	0.76	0.75	0.68	0.50	0.31	0.77	0.42
Average selling price (%)	99.8101	99.8142	99.8320	99.8756	99.9216	99.3548	99.5817
Amount offered for sale (HUF million)	30,000.00	30,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	51,977.84	57,090.00	56,812.50	58,308.00	44,600.00	96,430.00	27,114.13
Amount of bids accepted (HUF million)	29,999.96	30,000.00	19,999.99	20,000.00	20,000.00	19,999.97	20,000.00
Bid-to-cover ratio	1.73	1.90	2.84	2.92	2.23	4.82	1.36
Bids submitted (pcs)	66	59	63	38	30	82	27
Bids accepted (pcs)	39	39	21	17	15	21	21
Market sales* (HUF million)	29,999.96	30,000.00	19,999.99	20,000.00	20,000.00	19,999.97	20,000.00
Retained on ÁKK's own account (HUF million)	9,000.04	9,000.00	6000.01	6,000.00	6,000.00	0.03	20,000.00
Total amount issued (HUF million)	39,000.00	39,000.00	26,000.00	26,000.00	26,000.00	20,000.00	40,000.00
* Without issuance onto ÁKK's own account							



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2023/C	2025/C	2030/A	2027/B	2023/C	2025/C	2038/A	2023/C	2025/C	2030/A	2023/C	2025/C	2027/A
ISIN code	HU00000404280	HU00000404058	HU00000403696	HU00000404157	HU00000404280	HU00000404058	HU00000403555	HU00000404280	HU00000404058	HU00000403696	HU00000404280	HU00000404058	HU00000403118
Maturity (in years)	3	5	10	7	3	5	15	3	5	10	3	5	7
Coupon	1.50%	1.00%	3.00%	0.16%	1.50%	1.00%	3.00%	1.50%	1.00%	3.00%	1.50%	1.00%	3.00%
Auction	9th auction	19th auction	31st auction	8th auction	10th auction	20th auction	19th auction	11th auction	21st auction	32nd auction	12th auction	22nd auction	61st auction
Date of auction	04.06.2020	04.06.2020	04.06.2020	10.06.2020	11.06.2020	11.06.2020	11.06.2020	18.06.2020	18.06.2020	18.06.2020	25.06.2020	25.06.2020	25.06.2020
Date of financial settlement	10.06.2020	10.06.2020	10.06.2020	17.06.2020	17.06.2020	17.06.2020	17.06.2020	24.06.2020	24.06.2020	24.06.2020	01.07.2020	01.07.2020	01.07.2020
Redemption date	23.08.2023	26.11.2025	21.08.2030	22.04.2027	23.08.2023	26.11.2025	27.10.2038	23.08.2023	26.11.2025	21.08.2030	23.08.2023	26.11.2025	27.10.2027
Maximum annual yield (%) - ISMA	1.16	1.54	2.14	-	1.14	1.52	2.68	1.13	1.51	2.32	0.95	1.30	1.62
Minimum annual yield (%) - ISMA	1.12	1.51	2.09	-	1.11	1.49	2.64	1.10	1.48	2.29	0.90	1.25	1.58
Average annual yield (%) - ISMA	1.13	1.53	2.12	-	1.13	1.51	2.66	1.12	1.50	2.31	0.93	1.28	1.59
Maximum annual yield (%) - EHM	1.16	1.54	2.14	-	1.14	1.52	2.68	1.13	1.51	2.32	0.95	1.30	1.62
Minimum annual yield (%) - EHM	1.12	1.51	2.09	-	1.11	1.49	2.64	1.10	1.48	2.29	0.90	1.25	1.58
Average annual yield (%) - EHM	1.13	1.53	2.12	-	1.13	1.51	2.66	1.11	1.50	2.31	0.93	1.28	1.59
Maximum price (%)	101.1868	97.3477	108.2747	95.8200	101.2131	97.4588	105.1762	101.2349	97.5194	106.3659	101.8498	98.7041	109.7500
Minimum price (%)	101.0630	97.1942	107.8026	95.3000	101.1171	97.3066	104.5839	101.1465	97.3657	106.0871	101.6941	98.4467	109.4514
Average price (%)	101.1433	97.2363	107.9971	95.4400	101.1381	97.3604	104.8222	101.1877	97.4336	106.1350	101.7501	98.5351	109.6625
Amount offered for sale (HUF million)	20,000.00	30,000.00	20,000.00	10,000.00	20,000.00	30,000.00	10,000.00	20,000.00	40,000.00	15,000.00	20,000.00	40,000.00	25,000.00
Amount of bids submitted (HUF million)	103,447.00	125,950.00	54,596.00	40,120.00	76,115.00	156,050.00	18,635.00	75,715.00	148,380.00	34,480.00	48,290.00	111,806.00	43,995.00
Amount of bids accepted (HUF million)	20,000.00	45,000.00	30,000.00	14,999.99	20,000.00	45,000.00	9,999.99	20,000.00	60,000.00	17,499.98	20,000.00	59,999.94	28,499.98
Bid-to-cover ratio	5.17	2.80	1.82	2.67	3.81	3.47	1.86	3.79	2.47	1.97	2.41	1.86	1.54
Bids submitted (pcs)	56	81	55	62	49	83	46	58	97	51	53	66	30
Bids accepted (pcs)	11	27	28	29	19	24	26	21	30	30	26	44	21
Tail (%) (average price - minimum price)	0.08	0.04	0.19	0.14	0.02	0.05	0.24	0.04	0.07	0.05	0.06	0.09	0.21
Market sales (HUF million)	20,000.00	45,000.00	30,000.00	14,999.99	20,000.00	45,000.00	9,999.99	20,000.00	60,000.00	17,499.98	20,000.00	59,999.94	28,499.98
Non-competitive offer (HUF million)	4,930.00	17,520.00	10,818.00	5,461.99	7,360.00	16,960.00	1,983.74	7,308.00	19,560.00	4,879.98	3,084.00	5,545.26	400.00
Total amount sales (HUF million)	24,930.00	62,520.00	40,818.00	20,461.98	27,360.00	61,960.00	11,983.73	27,308.00	79,560.00	22,379.96	23,084.00	65,545.20	28,899.98



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

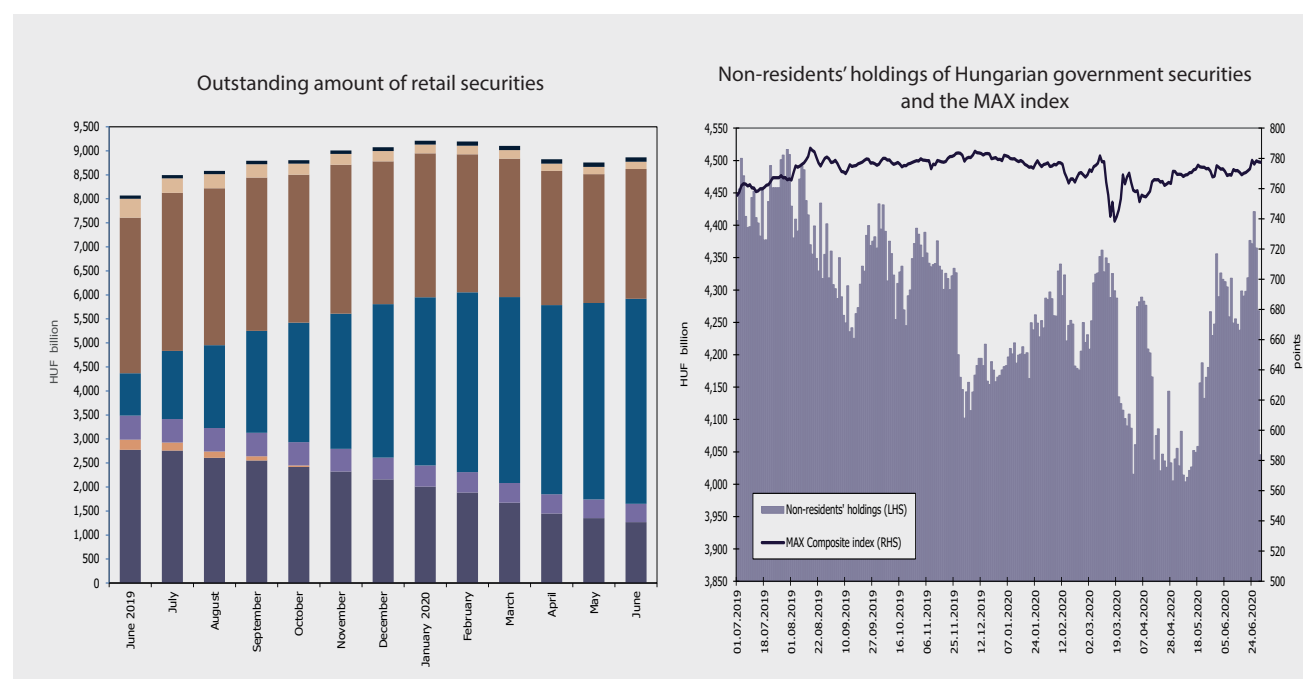
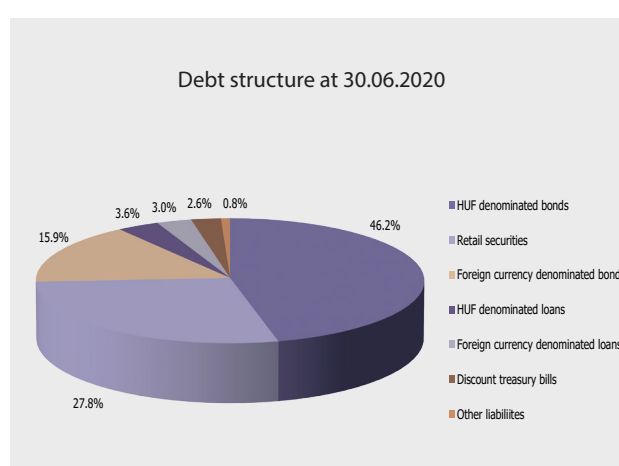
Government bond	2020/A	2021/B
ISIN code	HU0000402235	HU0000403100
Coupon (%)	7.50	2.50
Date of reverse auction	03.06.2020	03.06.2020
Date of financial settlement	10.06.2020	10.06.2020
Redemption date	12.11.2020	27.10.2021
Minimum annual yield (%)	0.69	0.68
Average annual yield- ISMA (%)	0.72	0.72
Average annual yield - EHM (%)	0.72	0.72
Amount of bids submitted (HUF million)	2,906.63	10,512.67
Amount of bids accepted (HUF million)	2,906.63	5,512.67

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/A	18.06.2020	23.06.2020	23.09.2020	23.09.2020	0.90%	0.23%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	30.06.2020	Change
1-year Hungarian Government Security / 1MAP	2,158.0	1,268.5	-807.7
Treasury Saving Bills / KTJ	455.1	382.9	-62.5
Hungarian Government Security Plus / MAP Plusz	3,196.2	4,268.4	893.6
Premium and Bonus Hungarian Government Securities / PMAP, BMAP	2,969.8	2,702.4	-289.7
2-year Hungarian Government Security / 2MAP	215.2	150.0	-64.3
Babybond	79.7	92.9	11.6
Total	9,074.0	8,864.9	-319.1



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 30.06.2020	823.3362	555.7759	777.4039	537.4991	99.8910
Changes compared to the end of the month before	2.3002	1.9256	2.3297	1.1489	0.0542
Annual yield earned on the index portfolio (%)	3.15	0.27	2.90	0.31	-

* HMAX government bond index with a maturity of over three years was introduced from 01.01.2020.

BENCHMARK INDICES**

** Government Debt Management Agency (ÁKK) discontinued the publication of BMX indices from 31 March 2020.

Government bonds with the highest secondary market turnover in June 2020

Government bond	Date of redemption	Turnover (HUF billion)
2025/C	26.11.2025	723.0
2025/B	24.06.2025	313.4
2023/C	23.08.2023	311.1
2030/A	21.08.2030	297.1
2024/B	26.06.2024	247.4
2027/A	27.10.2027	213.6
2022/B	26.10.2022	205.6
2024/C	24.10.2024	169.4
2031/A	22.10.2031	129.1
2022/C	24.08.2022	108.9

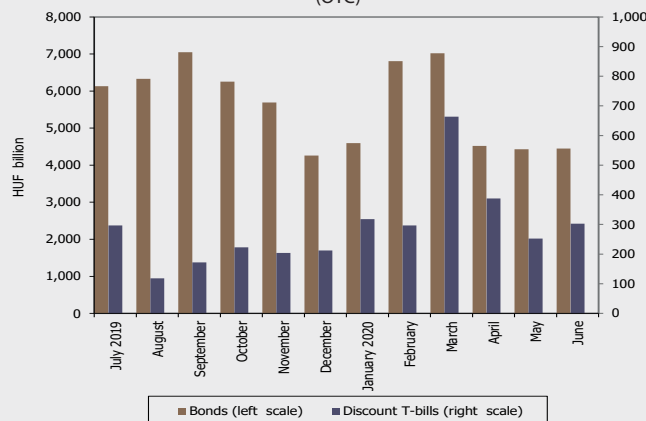
The outstanding volume of government bonds with benchmark status at the end of June 2020

Government bond	HUF billion	
	31.05.2020	30.06.2020
2022/C	406.65	392.16
2024/C	1,134.32	1,134.29
2030/A	883.47	946.89
2038/A	255.60	267.62
2041/A	46.25	46.28

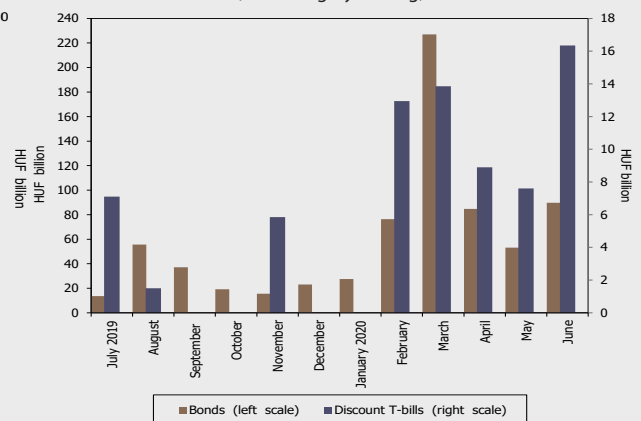
The outstanding volume of the three largest government bonds at the end of June 2020

Government bond	HUF billion
2027/A	1,207.10
2025/B	1,200.08
2024/C	1,134.29

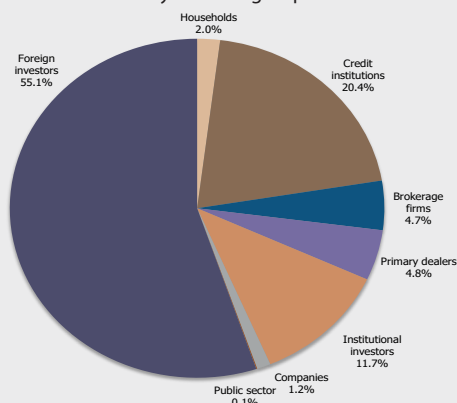
Secondary market trading of Hungarian government securities (OTC)



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



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in June 2020



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in June 2020

