

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT APRIL 2020

The Central Government Debt increased by HUF 1,243.8 billion to HUF 30,925.7 billion by April 2020. Total net issuance was HUF 819.1 billion; out of which net HUF-denominated issuance was HUF 842.5 billion and net foreign currency denominated redemption was HUF 23.4 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	April	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	25,199.6	81.5	842.5	3.5
Loans	1,208.1	4.1	1,161.6	3.8	-46.5	-3.8
Government bonds	13,417.7	45.2	14,390.8	46.5	973.1	7.3
Retail securities	9,074.0	30.6	8,823.4	28.5	-250.6	-2.8
Discount treasury bills	657.3	2.2	823.8	2.7	166.5	25.3
Foreign exchange denominated debt	5,121.2	17.3	5,412.2	17.5	291.0	5.7
Total	29,478.3	99.3	30,611.8	99.0	1,133.5	3.8
<i>Other obligations</i>	203.7	0.7	313.9	1.0	110.3	54.1
Total central government debt	29,682.0	100.0	30,925.7	100.0	1,243.8	4.2

The HUF denominated debt of the central government increased by HUF 842.5 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 973.1 billion and the increase of discount Treasury bills by HUF 166.5 billion. The total amount of retail government securities decreased by HUF 250.6 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 291.0 billion in 2020. The foreign currency debt was increased by the HUF 353.6 billion (1bn EUR) 6-year foreign currency bonds and the HUF 353.6 billion (1bn EUR) 12-year foreign currency bonds issued in April. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 13.6 billion and the drawdown of foreign currency loans by HUF 2.9 billion. The exchange rate revaluations totalling HUF 314.4 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 747.4 billion. The total amount of other liabilities increased by HUF 110.3 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	31.03.2020	30.04.2020	Change in April basis point
3-month	-0.01	0.77	0.95	18
6-month	0.01	0.69	0.89	20
1-year	0.02	0.81	1.09	28
3-year	0.28	1.21	1.44	23
5-year	1.17	1.69	1.45	-24
10-year	2.01	2.65	1.95	-70
15-year	2.80	3.41	2.35	-106

Monthly OTC turnover of government securities decreased by 36% to HUF 4,906.1 billion in April. Primary dealers, who account for the decisive part of all secondary government securities trading, made 50% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 23.4 billion in April and amounted to HUF 4,038.7 billion at the end of the month. This volume represented 16.8% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 353.01 on the last working day of April.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of April: BBB (Standard & Poor's); Baa3 (Moody's); BBB (Fitch). Standard & Poor's changed the forint and foreign currency outlook from positive to stable in April.

GOVERNMENT SECURITIES MARKET

CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

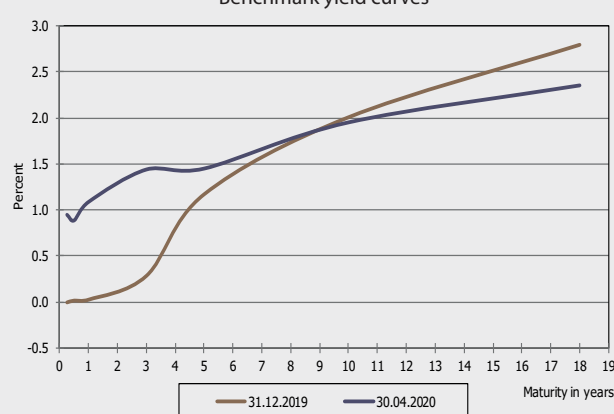
	2015	2016	2017	2018	2019	2020 February	2020 March	2020 April
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	24,919.7	25,275.0	25,199.6
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,208.1	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	23,711.6	24,113.4	24,038.0
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	23,672.4	24,074.3	23,998.8
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	13,766.2	14,090.6	14,351.6
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	712.8	880.1	823.8
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	9,193.3	9,103.6	8,823.4
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	4,529.3	4,786.1	5,412.2
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	851.7	899.4	884.2
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	851.7	899.4	884.2
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	3,677.6	3,886.7	4,528.0
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	3,069.8	3,243.4	3,894.5
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	607.7	643.3	633.5
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	29,449.0	30,061.2	30,611.8
Other liabilities	756.00	742.70	274.20	167.40	203.7	235.0	325.7	313.9
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	29,683.9	30,386.8	30,925.7
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	14,518.2	15,009.9	15,214.6
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.

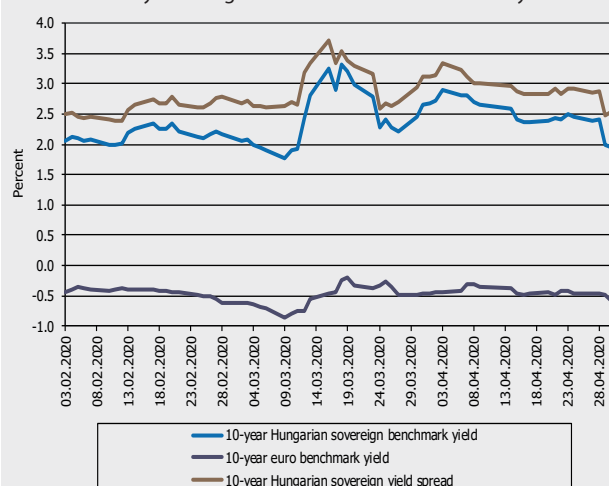
Benchmark yields



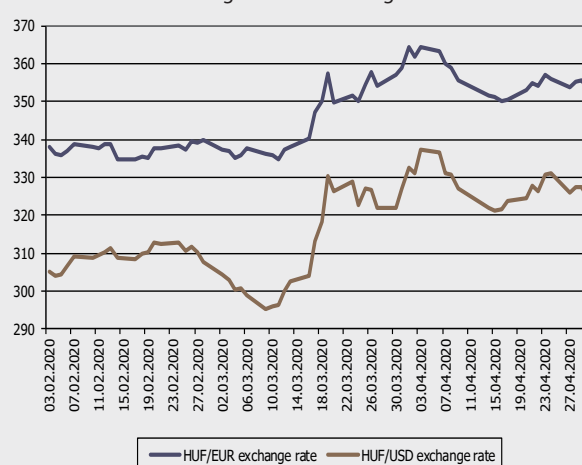
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



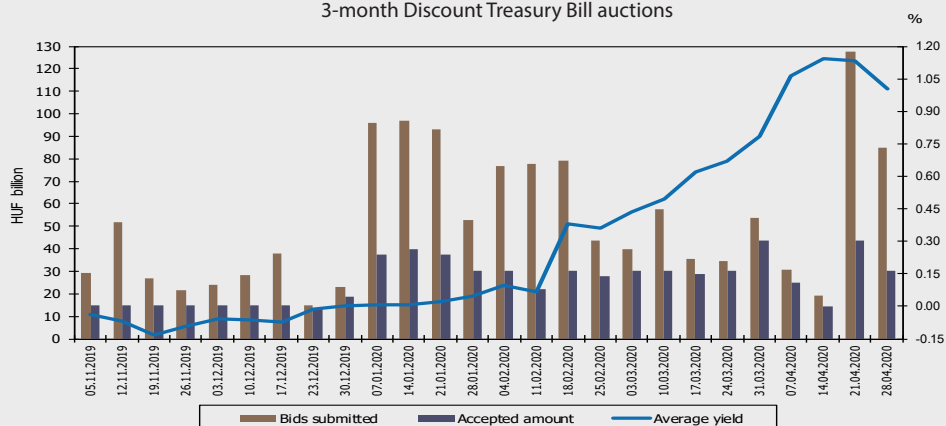
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

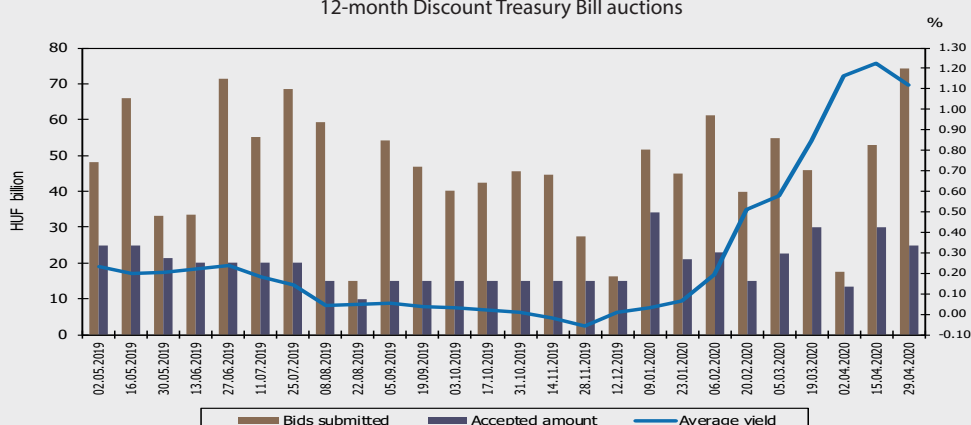
	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D200715	D200722	D200729	D200805	D210224	D210421	D210421
ISIN code	HU0000523055	HU0000523063	HU0000523089	HU0000523097	HU0000522990	HU0000523071	HU0000523071
Maturity in days	91	91	91	91	322	364	350
Date of auction	07.04.2020	14.04.2020	21.04.2020	28.04.2020	02.04.2020	15.04.2020	29.04.2020
Date of financial settlement	15.04.2020	22.04.2020	29.04.2020	06.05.2020	08.04.2020	22.04.2020	06.05.2020
Redemption date	15.07.2020	22.07.2020	29.07.2020	05.08.2020	24.02.2021	21.04.2021	21.04.2021
Maximum yield (%) - ISMA	1.16	1.20	1.15	1.08	1.20	1.30	1.15
Minimum yield (%) - ISMA	1.00	1.10	1.05	0.90	0.95	1.13	1.05
Average yield (%) - ISMA	1.06	1.14	1.13	1.00	1.16	1.22	1.12
Maximum yield (%) - EHM	1.18	1.22	1.17	1.10	1.22	1.32	1.17
Minimum yield (%) - EHM	1.01	1.12	1.06	0.91	0.96	1.15	1.06
Average yield (%) - EHM	1.08	1.16	1.15	1.02	1.18	1.24	1.14
Average selling price (%)	99.7324	99.7115	99.7140	99.7474	98.9722	98.7794	98.9230
Amount offered for sale (HUF million)	40,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	25,000.00
Amount of bids submitted (HUF million)	30,504.00	19,122.50	127,636.30	84,948.40	17,420.00	52,840.00	74,174.90
Amount of bids accepted (HUF million)	25,000.00	14,499.99	43,499.97	29,999.97	13,499.98	30,000.00	24,999.97
Bid-to-cover ratio	1.22	1.32	2.93	2.83	1.29	1.76	2.97
Bids submitted (pcs)	34	16	82	80	20	37	86
Bids accepted (pcs)	22	12	32	43	16	23	40
Market sales* (HUF million)	25,000.00	14,499.99	43,499.97	29,999.97	13,499.98	30,000.00	24,999.97
Retained on ÁKK's own account (HUF million)	25,000.00	14,500.01	43,500.03	9,000.03	13,500.02	30,000.00	25,000.03
Total amount issued (HUF million)	50,000.00	29,000.00	87,000.00	39,000.00	27,000.00	60,000.00	50,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

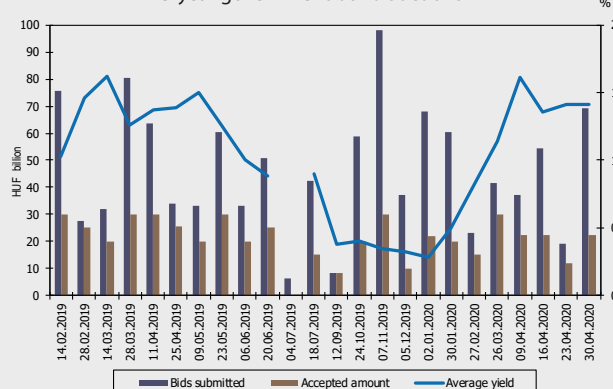


GOVERNMENT SECURITIES MARKET

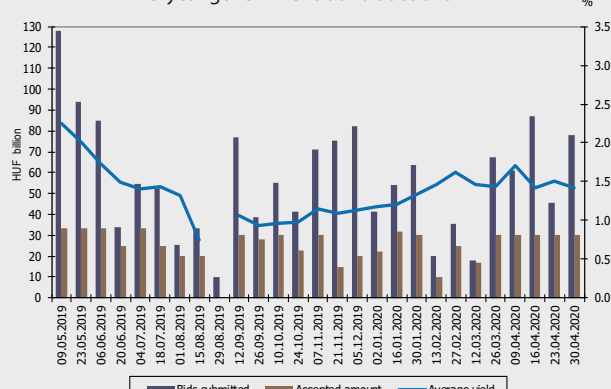
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2023/C	2025/C	2030/A	2023/C	2025/C	2038/A	2023/C	2025/C	2030/A	2023/C	2025/C
ISIN code	HU0000404157	HU0000404280	HU0000404058	HU0000403696	HU0000404280	HU0000404058	HU0000403555	HU0000404280	HU0000404058	HU0000403696	HU0000404280	HU0000404058
Maturity (in years)	7	3	5	10	3	5	15	3	5	10	3	5
Coupon	0.16%	1.50%	1.00%	3.00%	1.50%	1.00%	3.00%	1.50%	1.00%	3.00%	1.50%	1.00%
Auction	6th auction	1st auction	11th auction	27th auction	2nd auction	12th auction	17th auction	3rd auction	13th auction	28th auction	4th auction	14th auction
Date of auction	02.04.2020	09.04.2020	09.04.2020	09.04.2020	16.04.2020	16.04.2020	16.04.2020	23.04.2020	23.04.2020	23.04.2020	30.04.2020	30.04.2020
Date of financial settlement	08.04.2020	15.04.2020	15.04.2020	15.04.2020	22.04.2020	22.04.2020	22.04.2020	29.04.2020	29.04.2020	29.04.2020	06.05.2020	06.05.2020
Redemption date	22.04.2027	23.08.2023	26.11.2025	21.08.2030	23.08.2023	26.11.2025	27.10.2038	23.08.2023	26.11.2025	21.08.2030	23.08.2023	26.11.2025
Maximum annual yield (%) - ISMA	-	1.70	1.72	2.68	1.43	1.45	2.75	1.45	1.52	2.46	1.43	1.43
Minimum annual yield (%) - ISMA	-	1.55	1.67	2.65	1.30	1.40	2.71	1.38	1.45	2.44	1.40	1.40
Average annual yield (%) - ISMA	-	1.61	1.70	2.67	1.36	1.42	2.73	1.41	1.50	2.46	1.41	1.42
Maximum annual yield (%) - EHM	-	1.70	1.72	2.68	1.43	1.45	2.75	1.45	1.52	2.46	1.43	1.43
Minimum annual yield (%) - EHM	-	1.55	1.67	2.65	1.30	1.40	2.71	1.38	1.45	2.44	1.40	1.40
Average annual yield (%) - EHM	-	1.61	1.69	2.67	1.36	1.42	2.73	1.41	1.50	2.45	1.41	1.41
Maximum price (%)	94.7600	99.8380	96.4395	103.1233	100.6481	97.8639	104.1711	100.3856	97.6083	105.0440	100.3197	97.8781
Minimum price (%)	93.3500	99.3533	96.1799	102.8502	100.2259	97.6004	103.5792	100.1606	97.2420	104.8579	100.2300	97.7208
Average price (%)	93.7700	99.6355	96.3077	102.9277	100.4587	97.7422	103.8517	100.2958	97.3530	104.8983	100.2724	97.7979
Amount offered for sale (HUF million)	10,000.00	15,000.00	20,000.00	10,000.00	15,000.00	20,000.00	10,000.00	15,000.00	20,000.00	10,000.00	15,000.00	20,000.00
Amount of bids submitted (HUF million)	7,800.00	37,350.00	60,820.00	49,293.00	54,331.25	87,192.00	23,355.08	19,153.26	45,515.00	26,322.41	69,350.00	77,810.00
Amount of bids accepted (HUF million)	5,000.00	22,500.00	30,000.00	14,999.97	22,499.99	29,999.97	14,999.98	12,000.00	29,999.99	14,999.99	22,500.00	29,999.99
Bid-to-cover ratio	1.56	1.66	2.03	3.29	2.41	2.91	1.56	1.60	1.52	1.75	3.08	2.59
Bids submitted (pcs)	11	26	36	46	48	47	44	20	34	31	51	43
Bids accepted (pcs)	9	17	19	23	13	12	24	12	18	13	16	16
Tail (%) (average price - minimum price)	0.42	0.28	0.13	0.08	0.23	0.14	0.27	0.14	0.11	0.04	0.04	0.08
Market sales (HUF million)	5,000.00	22,500.00	30,000.00	14,999.97	22,499.99	29,999.97	14,999.98	12,000.00	29,999.99	14,999.99	22,500.00	29,999.99
Non-competitive offer (HUF million)	0.00	4,500.00	4,500.00	5,519.98	0.00	11,599.98	3,868.21	0.00	0.00	0.00	3,600.00	6,703.63
Total amount sales (HUF million)	5,000.00	27,000.00	34,500.00	20,519.95	22,499.99	41,599.95	18,868.19	12,000.00	29,999.99	14,999.99	26,100.00	36,703.62

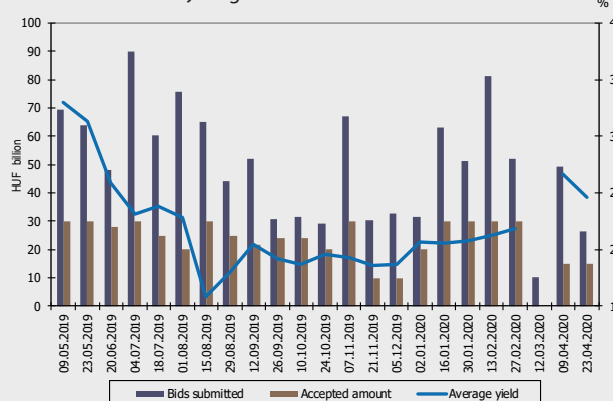
3-year government bond auctions



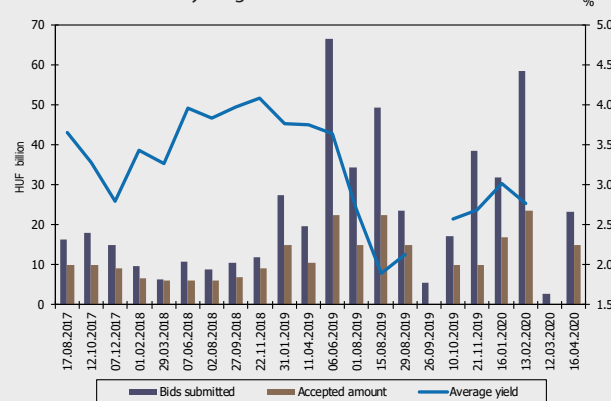
5-year government bond auctions



10-year government bond auction



15-year government bond auctions



GOVERNMENT SECURITIES MARKET

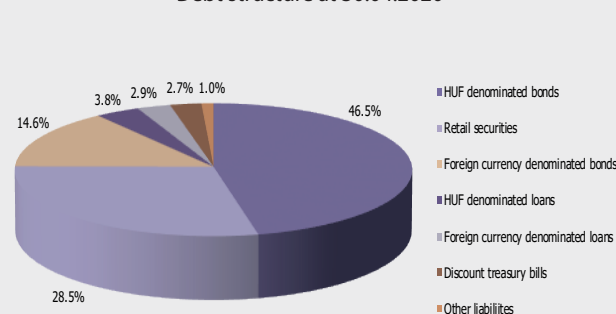
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN APRIL 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2022//O	23.04.2020	27.04.2020	27.04.2021	27.04.2021	3.20%	3.24%
2022//P	23.04.2020	27.04.2020	27.04.2021	27.04.2021	3.20%	3.24%
2023//L	14.04.2020	21.04.2020	31.05.2021	31.05.2021	4.40%	4.88%
2023//B	23.04.2020	26.04.2020	26.07.2020	27.07.2020	1.09%	0.28%
2024//O	20.04.2020	24.04.2020	24.04.2021	26.04.2021	3.70%	3.75%
2024//P	20.04.2020	24.04.2020	24.04.2021	26.04.2021	3.70%	3.75%
2025//J	14.04.2020	21.04.2020	21.05.2021	21.05.2021	4.80%	5.19%
2026//B	24.04.2020	24.04.2020	24.10.2020	24.10.2020	0.62%	0.32%
2027//B	19.04.2020	22.04.2020	22.07.2020	22.07.2020	1.09%	0.28%

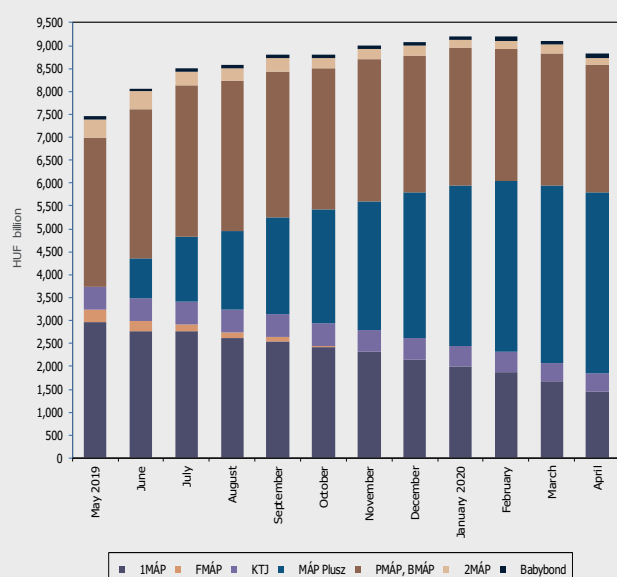
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	30.04.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,448.1	-709.9
Half-year Hungarian Government Security / FMÁP	0.0	0.0	0.0
Treasury Saving Bills / KTJ	455.1	399.1	-56.0
Hungarian Government Security Plus / MÁP Plusz	3,196.2	3,939.1	742.9
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	2,969.8	2,796.0	-173.8
2-year Hungarian Government Security / 2MÁP	215.2	151.4	-63.7
Babybond	79.7	89.6	9.9
Total	9,074.0	8,823.4	-250.6

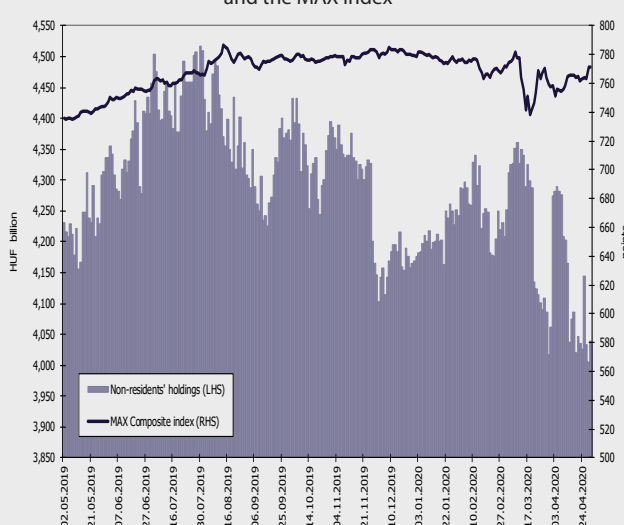
Debt structure at 30.04.2020



Outstanding amount of retail securities



Non-residents' holdings of Hungarian government securities and the MAX index



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 30.04.2020	816.7418	552.3676	771.2721	535.7052	99.4138
Changes compared to the end of the month before	13.9229	-0.3612	12.3674	0.2111	2.6652
Annual yield earned on the index portfolio (%)	5.04	-0.34	4.64	-0.05	-

* 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 April 2020

Government bond	Date of redemption	Turnover (HUF billion)
2024/C	24.10.2024	655.8
2025/C	26.11.2025	393.8
2025/B	24.06.2025	351.8
2030/A	21.08.2030	341.5
2020/A	12.11.2020	308.2
2026/D	22.12.2026	266.6
2022/C	24.08.2022	220.5
2024/B	26.06.2024	213.3
2031/A	22.10.2031	186.9
2022/B	26.10.2022	170.8

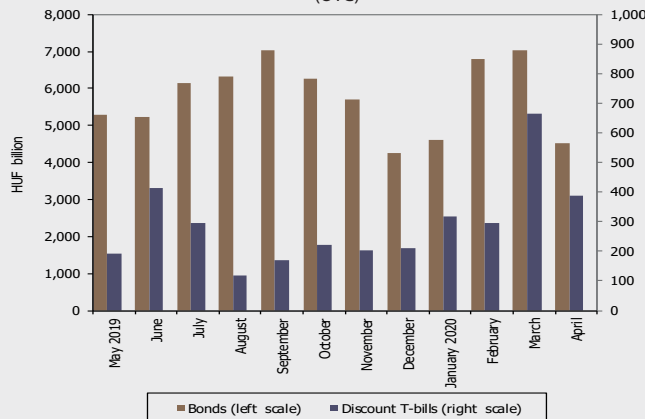
The outstanding volume of government bonds with benchmark status at the end of April 2020

Government bond	HUF billion	
	31.03.2020	30.04.2020
2022/C	451.92	459.09
2024/C	1,134.47	1,134.40
2030/A	782.66	818.20
2038/A	221.15	240.07

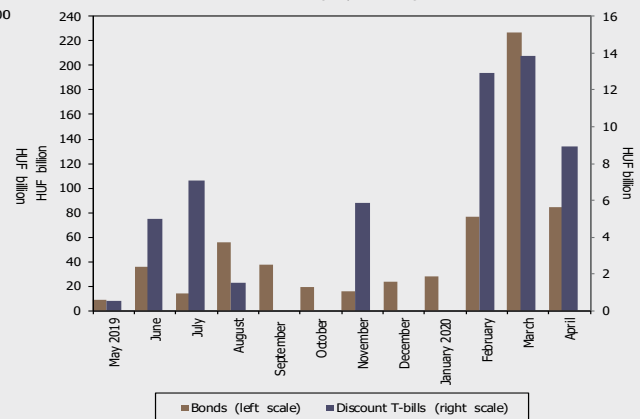
The outstanding volume of the three largest government bonds at the end of April 2020

Government bond	HUF billion
2027/A	1,206.08
2025/B	1,200.20
2024/C	1,134.40

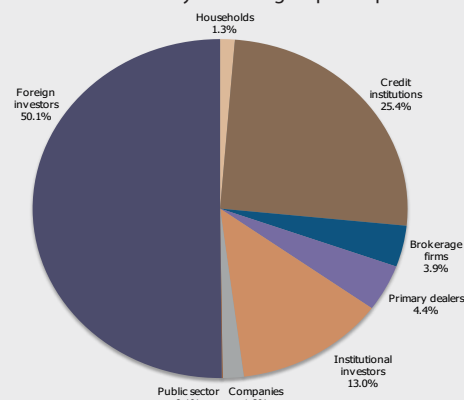
Secondary market trading of Hungarian government securities (OTC)



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



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



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

