

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

November 2020

The Central Government Debt increased by HUF 5,457.5 billion to HUF 35,139.5 billion by November 2020. Total net issuance was HUF 5,037.9 billion; out of which net HUF-denominated issuance was HUF 3,519.6 billion and net foreign currency denominated issuance was HUF 1,518.3 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	November	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	27,876.7	79.3	3,519.6	14.5
Loans	1,208.1	4.1	1,161.6	3.3	-46.5	-3.8
Government bonds	13,417.7	45.2	16,999.7	48.4	3,582.0	26.7
Retail securities	9,074.0	30.6	9,037.2	25.7	-36.8	-0.4
Discount treasury bills	657.3	2.2	678.2	1.9	21.0	3.2
Foreign exchange denominated debt	5,121.2	17.3	7,086.1	20.2	1,964.9	38.4
Total	29,478.3	99.3	34,962.9	99.5	5,484.6	18.6
Other obligations	203.7	0.7	176.6	0.5	-27.1	-13.3
Total central government debt	29,682.0	100.0	35,139.5	100.0	5,457.5	18.4

The HUF denominated debt of the central government increased by HUF 3,519.6 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 3,582.0 billion and the increase of discount Treasury bills by HUF 21.0 billion. The total amount of retail government securities decreased by HUF 36.8 billion. The decrease was due to the maturity of retail government securities held by institutional investors, who are not allowed to reinvest. 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 46.5 billion in 2020.

The foreign currency debt of the central government increased by HUF 1,964.9 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. In September, the Samurai bonds were issued in the total amount of JPY 62.7 billion (HUF 180.3 billion). In November, EUR 2.5 billion (HUF 895.2 billion) bonds were issued for the purpose of pre-financing for 2021, a 10-year and a 30-year bond EUR 1.25-1.25 billion. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 46.9 billion and the drawdown of foreign currency loans by HUF 172.5 billion. The exchange rate revaluations totalling HUF 446.7 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 1,002.6 billion. The total amount of other liabilities decreased by HUF 27.1 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	30.10.2020	30.11.2020	Change in November basis point
3-month	-0.01	0.44	0.29	-15
6-month	0.01	0.53	0.36	-17
1-year	0.02	0.68	0.48	-20
3-year	0.28	1.26	0.98	-28
5-year	1.17	1.70	1.49	-21
10-year	2.01	2.25	2.19	-6
15-year	2.80	2.44	2.37	-7
20-year*	-	2.62	2.51	-11

*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 20% to HUF 4,879.3 billion in November. Primary dealers, who account for the decisive part of all secondary government securities trading, made 60% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 43.1 billion in November and amounted to HUF 4,450.0 billion at the end of the month. This volume represented 16.7% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 360.09 on the last working day of November.

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

GOVERNMENT SECURITIES MARKET

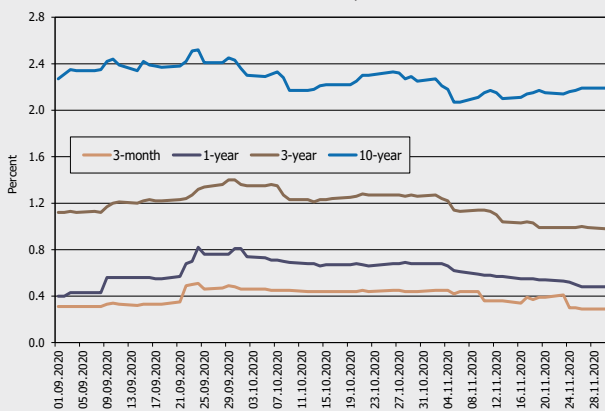
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

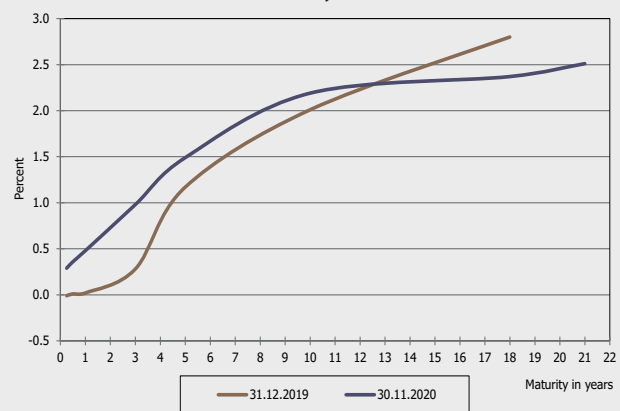
	2015	2016	2017	2018	2019	2020 September	2020 October	2020 November
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	27,009.3	27,566.7	27,876.7
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	25,847.7	26,405.0	26,715.1
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	25,808.6	26,365.9	26,676.0
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	16,285.5	16,860.2	16,960.5
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	726.8	659.0	678.2
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	8,796.2	8,846.7	9,037.2
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	6,276.3	6,314.5	7,086.1
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	1,033.5	1,042.3	1,020.6
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	1,033.5	1,042.3	1,020.6
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	5,242.8	5,272.2	6,065.5
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	4,586.4	4,604.5	5,409.2
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	656.4	667.7	656.4
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	33,285.6	33,881.2	34,962.9
Other liabilities	756.00	742.70	274.20	167.40	203.7	209.1	180.1	176.6
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	33,494.7	34,061.2	35,139.5
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	17,051.5	17,558.4	17,677.9
Gross debt/GDP	70.7%	70.3%	68.2%	66.2%	62.5%			

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

Benchmark yields

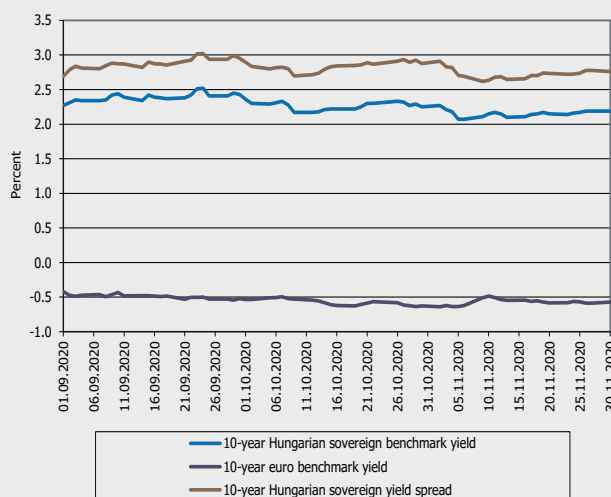


Benchmark yield curves

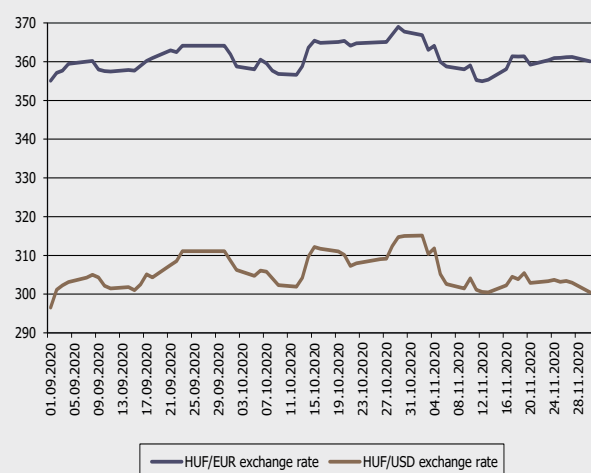


The range of reference government securities has been expanded with the 20-year government bond from 20 May 2020.

10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

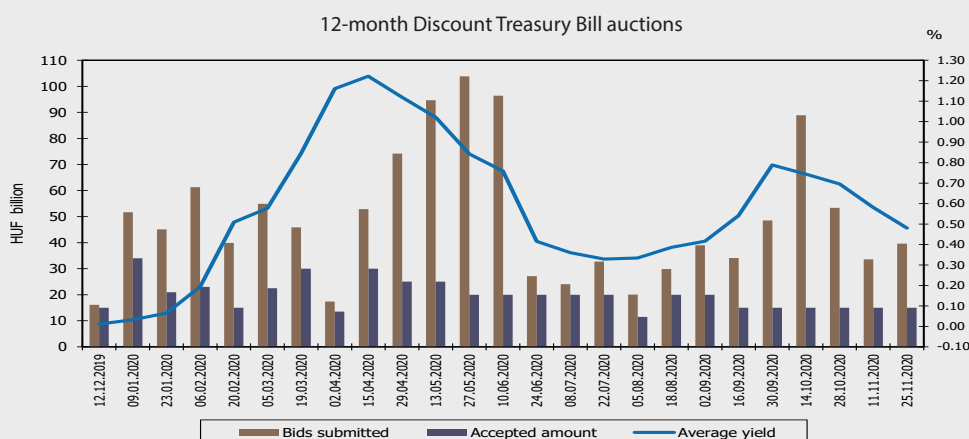
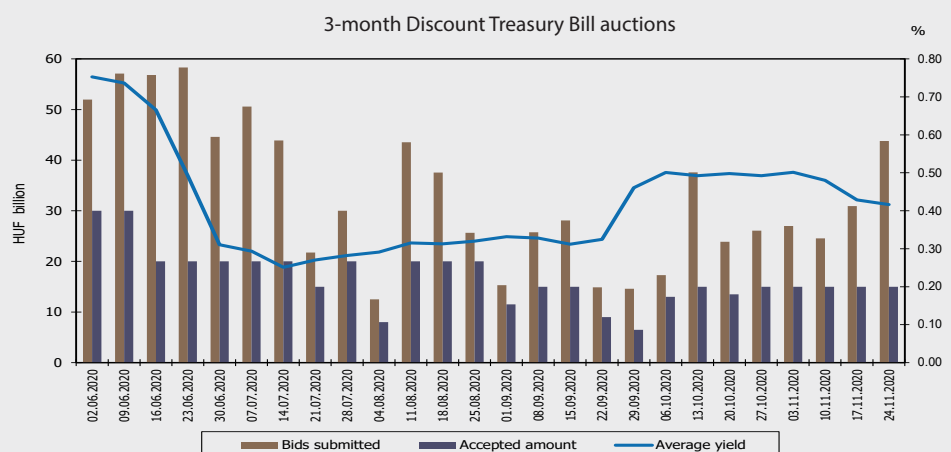


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D210210	D210217	D210224	D210303	D211020	D211020
ISIN code	HU0000523360	HU0000523378	HU0000522990	HU0000523386	HU0000523329	HU0000523329
Maturity in days	91	91	91	91	336	322
Date of auction	03.11.2020	10.11.2020	17.11.2020	24.11.2020	11.11.2020	25.11.2020
Date of financial settlement	11.11.2020	18.11.2020	25.11.2020	02.12.2020	18.11.2020	02.12.2020
Redemption date	10.02.2021	17.02.2021	24.02.2021	03.03.2021	20.10.2021	20.10.2021
Maximum yield (%) - ISMA	0.51	0.49	0.45	0.43	0.60	0.49
Minimum yield (%) - ISMA	0.47	0.47	0.38	0.40	0.55	0.46
Average yield (%) - ISMA	0.50	0.48	0.43	0.42	0.58	0.48
Maximum yield (%) - EHM	0.52	0.50	0.46	0.44	0.61	0.50
Minimum yield (%) - EHM	0.48	0.48	0.39	0.41	0.56	0.47
Average yield (%) - EHM	0.51	0.49	0.43	0.42	0.59	0.49
Average selling price (%)	99.8734	99.8788	99.8918	99.8948	99.4606	99.5718
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)	26,995.00	24,565.50	30,911.00	43,770.00	33,566.22	39,590.00
Amount of bids accepted (HUF million)	14,999.98	14,999.99	15,000.00	14,999.98	14,999.98	15,000.00
Bid-to-cover ratio	1.80	1.64	2.06	2.92	2.24	2.64
Bids submitted (pcs)	19	18	31	33	37	35
Bids accepted (pcs)	15	11	16	15	19	12
Market sales* (HUF million)	14,999.98	14,999.99	15,000.00	14,999.98	14,999.98	15,000.00
Retained on ÁKK's own account (HUF million)	4,500.02	4,500.01	4500.00	4,500.02	15000.02	15,000.00
Total amount issued (HUF million)	19,500.00	19,500.00	19,500.00	19,500.00	30,000.00	30,000.00

* Without issuance onto ÁKK's own account



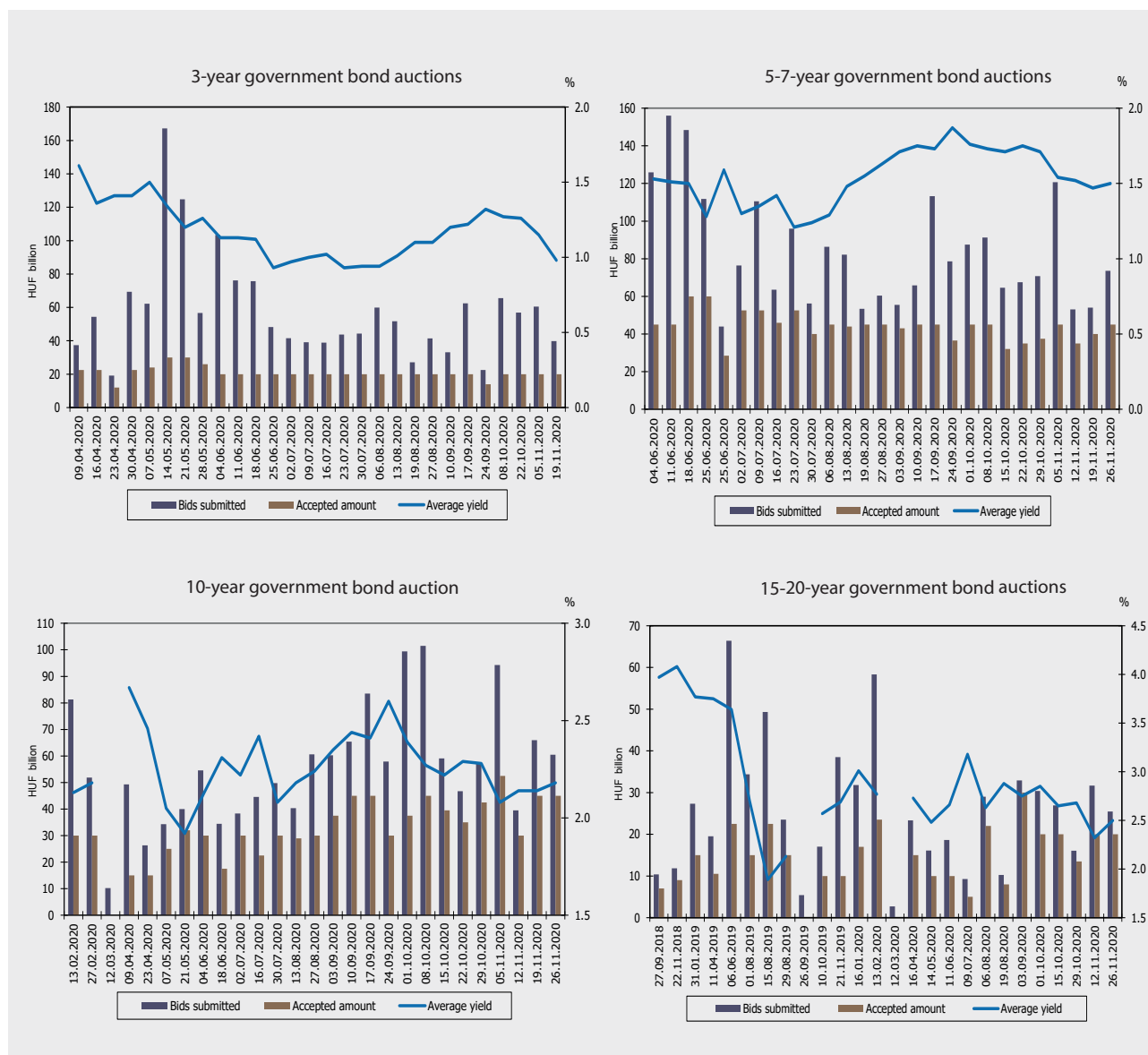
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2023/C	2026/E	2031/A	2027/B	2026/E	2031/A	2038/A
ISIN code	HU0000404280	HU0000404611	HU0000403001	HU0000404157	HU0000404611	HU0000403001	HU0000403555
Maturity (in years)	3	5	10	7	5	10	15
Coupon	1.50%	1.50%	3.25%	0.16%	1.50%	3.25%	3.00%
Auction	27th auction	11th auction	41st auction	17th auction	12th auction	42nd auction	26th auction
Date of auction	05.11.2020	05.11.2020	05.11.2020	11.11.2020	12.11.2020	12.11.2020	12.11.2020
Date of financial settlement	11.11.2020	11.11.2020	11.11.2020	18.11.2020	18.11.2020	18.11.2020	18.11.2020
Redemption date	23.08.2023	22.04.2026	22.10.2031	22.04.2027	22.04.2026	22.10.2031	27.10.2038
Maximum annual yield (%) - ISMA	1.15	1.55	2.10	-	1.53	2.16	2.33
Minimum annual yield (%) - ISMA	1.14	1.52	2.06	-	1.50	2.10	2.30
Average annual yield (%) - ISMA	1.15	1.54	2.08	-	1.52	2.14	2.32
Maximum annual yield (%) - EHM	1.15	1.55	2.10	-	1.53	2.16	2.33
Minimum annual yield (%) - EHM	1.14	1.52	2.06	-	1.50	2.10	2.30
Average annual yield (%) - EHM	1.15	1.54	2.08	-	1.52	2.14	2.32
Maximum price (%)	100.9784	99.8680	111.5705	96.9100	99.9999	111.1218	110.2100
Minimum price (%)	100.9490	99.7390	111.1410	96.6900	99.8423	110.5211	109.7322
Average price (%)	100.9588	99.7758	111.3071	96.7800	99.9040	110.7319	109.8985
Amount offered for sale (HUF million)	20,000.00	30,000.00	35,000.00	20,000.00	35,000.00	35,000.00	25,000.00
Amount of bids submitted (HUF million)	60,434.99	120,657.64	94,291.99	75,350.00	53,103.35	39,520.52	31,683.61
Amount of bids accepted (HUF million)	20,000.00	45,000.00	52,499.98	29,999.96	34,999.95	29,999.99	20,000.00
Bid-to-cover ratio	3.02	2.68	1.80	2.51	1.52	1.32	1.58
Bids submitted (pcs)	41	62	82	90	56	61	39
Bids accepted (pcs)	13	26	45	31	44	46	21
Tail (%) (average price - minimum price)	0.01	0.04	0.17	0.09	0.06	0.21	0.17
Market sales (HUF million)	20,000.00	45,000.00	52,499.98	29,999.96	34,999.95	29,999.99	20,000.00
Non-competitive offer (HUF million)	7,440.00	16,880.00	20,194.54	11,465.57	4,372.82	0.00	0.00
Total amount sales (HUF million)	27,440.00	61,880.00	72,694.52	41,465.53	39,372.77	29,999.99	20,000.00

Government Bond	2023/C	2026/E	2031/A	2027/B	2026/E	2031/A	2041/A
ISIN code	HU0000404280	HU0000404611	HU0000403001	HU0000404157	HU0000404611	HU0000403001	HU0000404165
Maturity (in years)	3	5	10	7	5	10	20
Coupon	1.50%	1.50%	3.25%	0.16%	1.50%	3.25%	3.00%
Auction	28th auction	13th auction	43rd auction	18th auction	14th auction	44th auction	10th auction
Date of auction	19.11.2020	19.11.2020	19.11.2020	25.11.2020	26.11.2020	26.11.2020	26.11.2020
Date of financial settlement	25.11.2020	25.11.2020	25.11.2020	02.12.2020	02.12.2020	02.12.2020	02.12.2020
Redemption date	23.08.2023	22.04.2026	22.10.2031	22.04.2027	22.04.2026	22.10.2031	25.04.2041
Maximum annual yield (%) - ISMA	0.99	1.49	2.15	-	1.51	2.19	2.53
Minimum annual yield (%) - ISMA	0.97	1.46	2.12	-	1.47	2.16	2.48
Average annual yield (%) - ISMA	0.98	1.47	2.14	-	1.50	2.18	2.50
Maximum annual yield (%) - EHM	0.99	1.49	2.15	-	1.51	2.19	2.53
Minimum annual yield (%) - EHM	0.97	1.46	2.12	-	1.47	2.16	2.48
Average annual yield (%) - EHM	0.98	1.47	2.14	-	1.50	2.18	2.50
Maximum price (%)	101.4305	100.2100	110.8575	96.9000	100.1605	110.4821	108.2406
Minimum price (%)	101.3728	100.0488	110.5424	96.8100	99.9210	110.1200	107.3200
Average price (%)	101.3985	100.1334	110.6752	96.8300	99.9847	110.2845	107.8573
Amount offered for sale (HUF million)	20,000.00	35,000.00	35,000.00	20,000.00	30,000.00	30,000.00	20,000.00
Amount of bids submitted (HUF million)	39,820.00	53,978.36	65,985.00	80,194.00	73,547.00	60,501.50	25,475.00
Amount of bids accepted (HUF million)	20,000.00	39,999.97	45,000.00	29,999.97	45,000.00	45,000.00	20,000.00
Bid-to-cover ratio	1.99	1.35	1.47	2.67	1.63	1.34	1.27
Bids submitted (pcs)	33	48	66	53	57	69	50
Bids accepted (pcs)	20	37	37	22	40	54	42
Tail (%) (average price - minimum price)	0.03	0.08	0.13	0.02	0.06	0.16	0.54
Market sales (HUF million)	20,000.00	39,999.97	45,000.00	29,999.97	45,000.00	45,000.00	20,000.00
Non-competitive offer (HUF million)	1,000.00	2,000.00	3,700.00	11,750.38	8,840.00	8,327.60	0.00
Total amount sales (HUF million)	21,000.00	41,999.97	48,700.00	41,750.35	53,840.00	53,327.60	20,000.00

GOVERNMENT SECURITIES MARKET



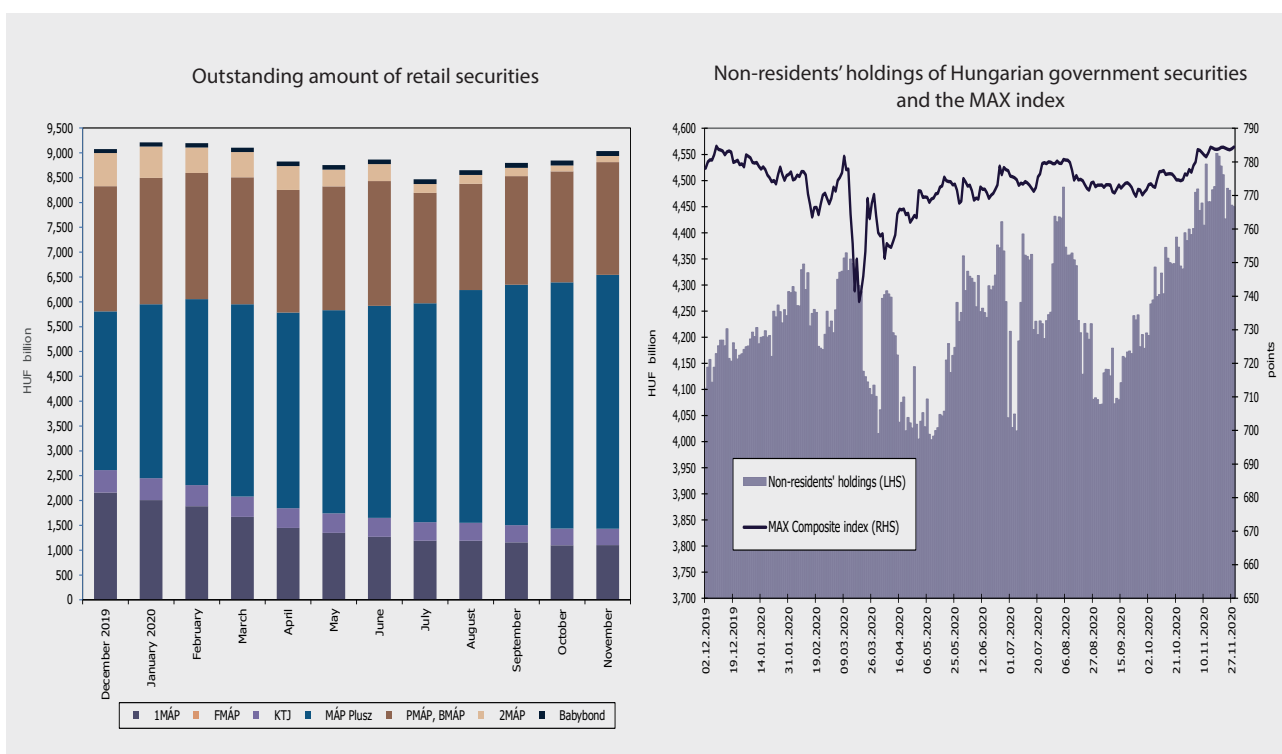
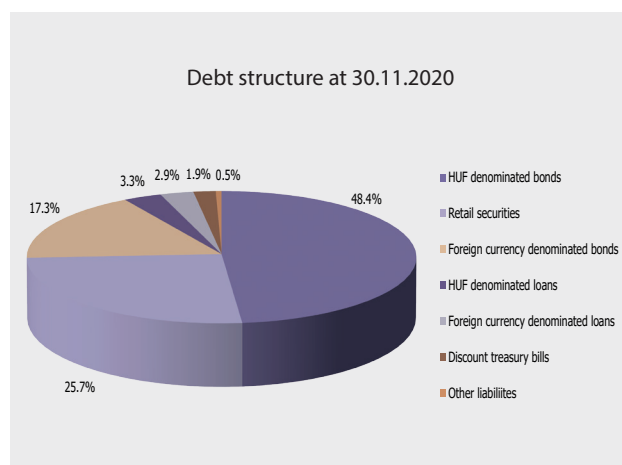
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2022/J	20.11.2020	22.11.2020	22.11.2021	22.11.2021	5.40%	5.40%
2032/S	30.11.2020	02.12.2020	02.12.2021	02.12.2021	6.40%	6.40%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	30.11.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,103.4	-1,054.6
Treasury Saving Bills	455.1	328.4	-126.8
Hungarian Government Security Plus / MÁP Plusz	3,196.2	5,110.1	1,913.9
Premium Hungarian Government / PMÁP	2,518.3	2,271.9	-697.9
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	666.6	121.3	-93.9
Babybond	79.7	102.1	22.5
Total	9,074.0	9,037.1	-36.8



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 30.11.2020	830.9707	556.6748	784.4618	538.2916	101.0080
Changes compared to the end of the month before	7.5741	1.1775	6.6994	0.5995	0.9854
Annual yield earned on the index portfolio (%)	0.29	0.33	0.31	0.42	-

* 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 SECURITIES MARKET

Government bonds with the highest secondary market turnover in November 2020

Government bond	Date of redemption	Turnover (HUF billion)
2031/A	22.10.2031	555.6
2026/E	22.04.2026	495.4
2022/B	26.10.2022	428.3
2023/C	23.08.2023	261.3
2025/C	26.11.2025	213.5
2030/A	21.08.2030	176.7
2022/C	24.08.2022	170.8
2029/A	23.05.2029	170.7
2024/C	24.10.2024	165.1
2027/A	27.10.2027	157.2

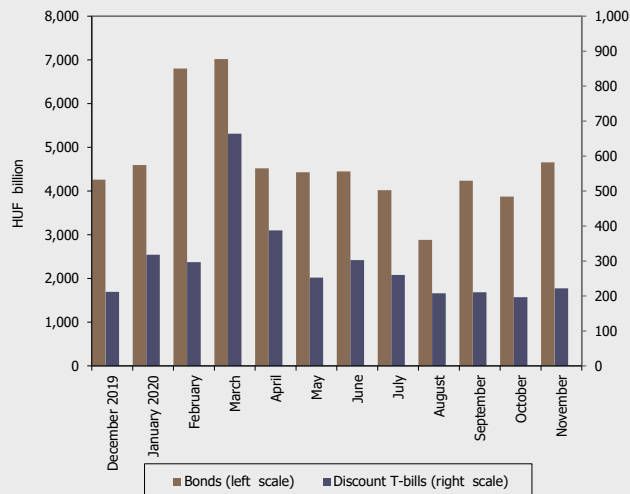
The outstanding volume of government bonds with benchmark status at the end of November 2020

Government bond	HUF billion	
	31.10.2020	30.11.2020
2022/C	326.56	276.90
2024/C	1,136.83	1,136.76
2030/A	1,083.32	1,083.25
2038/A	391.77	411.81
2041/A	75.38	88.92

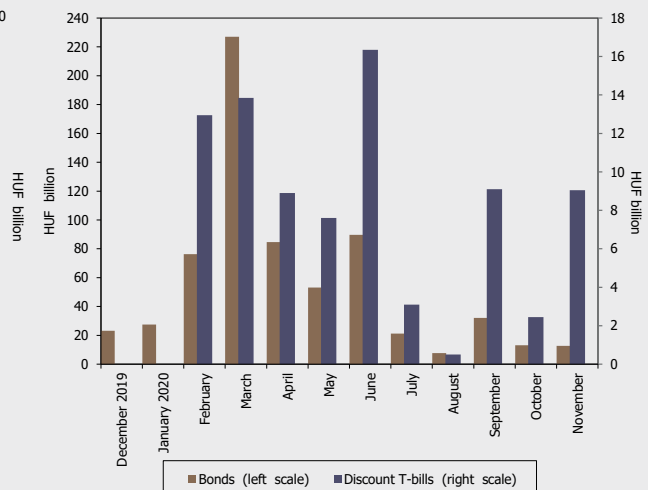
The outstanding volume of the three largest government bonds at the end of November 2020

Government bond	HUF billion
2027/A	1,236.92
2025/B	1,199.80
2024/C	1,136.76

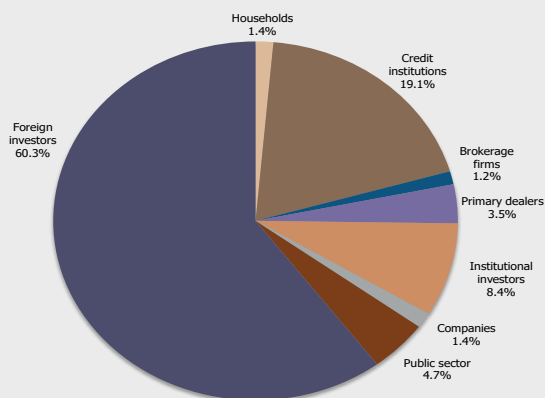
Secondary market trading of Hungarian government securities (OTC)



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



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



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

