

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT APRIL 2017

The net issuance was HUF 733.9 billion; out of which net HUF-denominated issuance was HUF 678.2 billion and net foreign currency denominated issuance was HUF 55.7 billion in 2017.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2016		2017		Change	
	December	%	April	%	HUF billion	%
HUF denominated debt	18,430.9	72.5	19,109.1	73.1	678.2	3.7
Loans	865.0	3.4	877.1	3.4	12.0	1.4
Government bonds	11,601.6	45.6	11,310.7	43.3	-290.8	-2.5
Retail securities	5,067.9	19.9	6,070.4	23.2	1,002.5	19.8
Discount treasury bills	896.4	3.5	850.9	3.3	-45.5	-5.1
Foreign exchange denominated debt	6,256.5	24.6	6,323.5	24.2	67.0	1.1
Total	24,687.4	97.1	25,432.6	97.4	745.2	3.0
<i>Other obligations</i>	742.7	2.9	692.1	2.6	-50.5	-6.8
Total central government debt	25,430.0	100.0	26,124.7	100.0	694.7	2.7

The HUF denominated debt of the central government increased by HUF 678.2 billion in 2017. The increase in domestic debt was the result of the total amount of retail government securities increased by HUF 1,002.5 billion, the amount of discount Treasury bills decreased by HUF 45.5 billion and the net government bond redemption of HUF 290.8 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 12.0 billion in 2017.

The foreign currency debt of the central government increased by HUF 67.0 billion in 2017. The domestic PÉMAK and residence bond issuance was HUF 102.1 billion, while the redemptions of foreign currency debt worth HUF 46.4 billion decreased the debt. The exchange rate revaluations totalling HUF 11.3 billion increased the Hungarian Forint value of the foreign currency debt in April. The total amount of other liabilities decreased by HUF 50.5 billion in 2017.

BENCHMARK YIELDS

Maturity	30.12.2016	31.03.2017	28.04.2017	Change in April basis point
3-month	0.06	0.07	0.08	1
6-month	0.08	0.07	0.08	1
1-year	0.15	0.09	0.12	3
3-year	0.82	1.14	0.98	-16
5-year	1.67	2.15	2.05	-10
10-year	3.16	3.29	3.24	-5
15-year	3.66	3.77	3.73	-4

Monthly OTC turnover of government securities decreased by 13% to HUF 4,666.3 billion in April. Primary dealers, who account for the decisive part of all secondary government securities trading, made 82% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 94.5 billion in April and amounted to HUF 3,252.3 billion at the end of the month. This volume represented 17.8% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 311.55 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).

GOVERNMENT SECURITIES MARKET

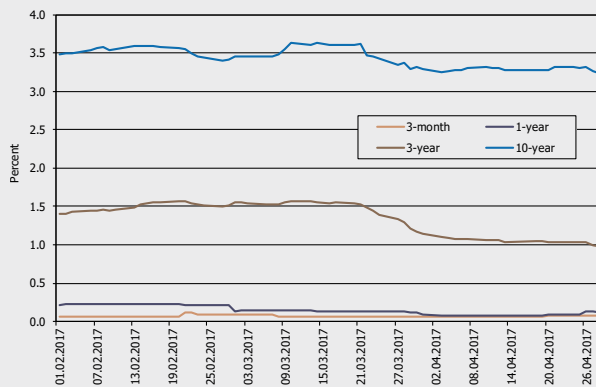
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

	2012	2013	2014	2015	2016	2017 February	2017 March	2017 April
1. Forint denominated debt	12,042.4	12,976.4	14,612.0	16,207.9	18,430.9	18,887.5	19,037.4	19,109.1
1.1. Loans	566.8	603.6	623.3	694.1	865.0	877.1	877.1	877.1
1.2. Government securities	11,475.6	12,372.8	13,988.7	15,513.8	17,565.8	18,010.4	18,160.4	18,232.0
1.2.1. Public issues	11,077.1	12,182.3	13,847.7	15,462.3	17,526.7	17,971.2	18,121.2	18,192.9
1.2.1.1. Bonds	8,184.1	8,588.8	9,848.0	11,043.4	11,562.4	11,183.9	11,369.7	11,271.6
1.2.1.2. Discount T-bills	1,906.5	1,904.9	1,588.6	901.6	896.4	1,035.6	939.9	850.9
1.2.1.3. Retail securities	986.6	1,688.5	2,411.1	3,517.4	5,067.9	5,751.7	5,811.6	6,070.4
1.2.2. Private placements	398.5	190.5	141.0	51.5	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	8,326.6	8,904.9	8,957.9	7,735.8	6,256.5	6,217.9	6,256.8	6,323.5
2.1. Loans	3,312.5	2,735.6	2,164.3	1,696.8	1,101.6	1,088.7	1,086.8	1,096.8
2.1.1. Foreign loans	3,229.0	2,400.2	1,889.9	1,614.2	1,097.6	1,084.7	1,086.8	1,096.8
2.1.2. Domestic loans	83.5	335.4	274.4	82.6	4.0	4.0	0.0	0.0
2.2. Government securities	5,014.1	6,169.3	6,793.6	6,039.0	5,154.9	5,129.2	5,170.1	5,226.7
2.2.1. Issued abroad	4,924.2	5,736.9	5,844.6	5,198.9	4,618.9	4,569.8	4,584.5	4,626.8
2.2.2. Issued domestically	89.9	432.5	948.9	840.1	536.0	559.4	585.6	599.8
Total	20,369.0	21,881.4	23,569.9	23,943.7	24,687.4	25,105.4	25,294.3	25,432.6
Other liabilities	351.10	117.30	311.20	756.00	742.70	718.1	663.6	692.1
Total central government debt	20,720.1	21,998.6	23,881.1	24,699.7	25,430.0	25,823.5	25,957.9	26,124.7
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	10,489.1	10,684.2	11,577.6	11,996.5	12,498.0	12,258.7	12,348.8	12,161.7
Gross debt/GDP	72.3%	73.0%	73.7%	72.6%	72.6%			

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

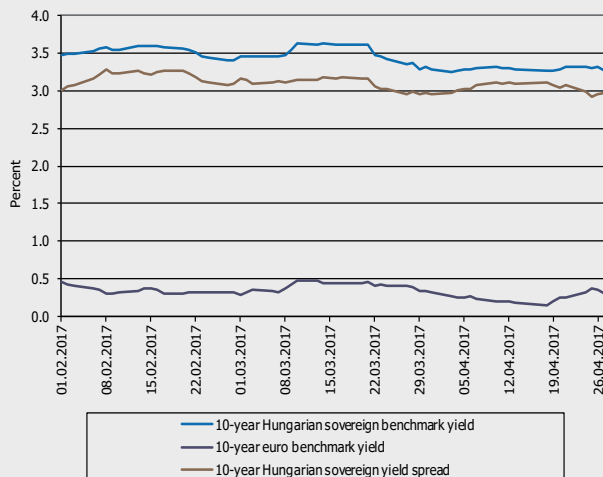
Benchmark yields



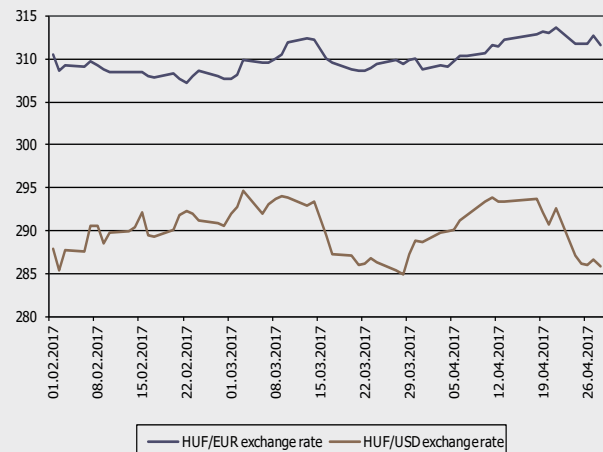
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



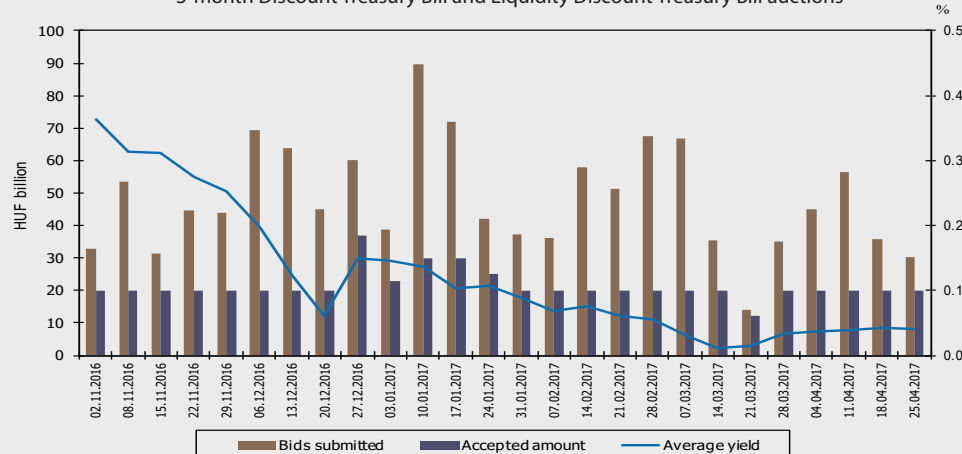
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

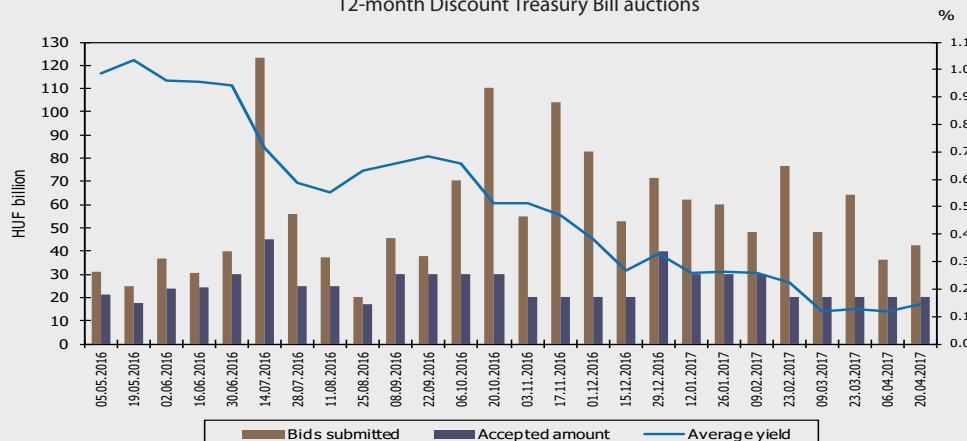
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D170712	D170719	D170726	D170802	D180228	D180411
ISIN code	HU0000521505	HU0000521125	HU0000521513	HU0000521539	HU0000521448	HU0000521521
Maturity in days	91	91	91	91	322	350
Date of auction	04.04.2017	11.04.2017	18.04.2017	25.04.2017	06.04.2017	20.04.2017
Date of financial settlement	12.04.2017	19.04.2017	26.04.2017	03.05.2017	12.04.2017	26.04.2017
Redemption date	12.07.2017	19.07.2017	26.07.2017	02.08.2017	28.02.2018	11.04.2018
Maximum yield (%) - ISMA	0.05	0.05	0.05	0.05	0.14	0.15
Minimum yield (%) - ISMA	0.01	0.02	0.03	0.03	0.08	0.10
Average yield (%) - ISMA	0.04	0.04	0.04	0.04	0.12	0.14
Maximum yield (%) - EHM	0.05	0.05	0.05	0.05	0.14	0.15
Minimum yield (%) - EHM	0.01	0.02	0.03	0.03	0.08	0.10
Average yield (%) - EHM	0.04	0.04	0.04	0.04	0.12	0.15
Average selling price (%)	99.9907	99.9903	99.9891	99.9896	99.8945	99.8609
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	45,000.00	56,300.00	35,700.00	30,223.03	36,030.00	42,600.00
Amount of bids accepted (HUF million)	19,999.97	19,999.97	19,999.97	19,999.95	19,999.97	19,999.94
Bid-to-cover ratio	2.25	2.82	1.79	1.51	1.80	2.13
Bids submitted (pcs)	33	37	27	38	42	55
Bids accepted (pcs)	23	23	20	28	30	40
Market sales* (HUF million)	19,999.97	19,999.97	19,999.97	19,999.95	19,999.97	19,999.94
Retained on ÁKK's own account (HUF million)	10,000.03	0.03	10,000.03	10,000.05	20,000.03	20,000.06
Total amount issued (HUF million)	30,000.00	20,000.00	30,000.00	30,000.00	40,000.00	40,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

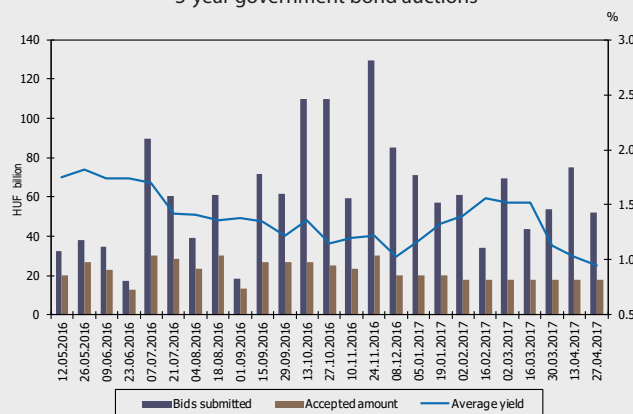


GOVERNMENT SECURITIES MARKET

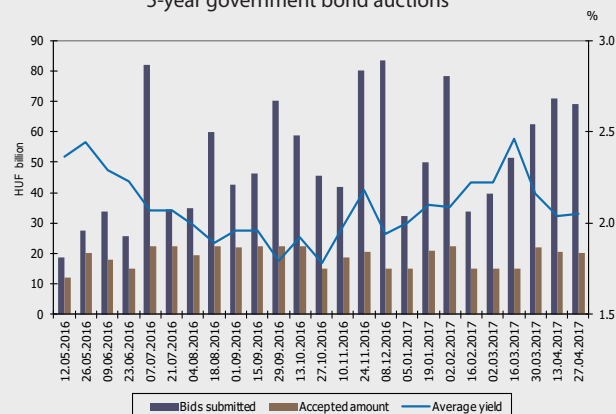
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2021/A	2020/C	2022/B	2027/A	2020/C	2022/B	2027/A
ISIN code	HU0000402995	HU0000403258	HU0000403266	HU0000403118	HU0000403258	HU0000403266	HU0000403118
Maturity (in years)	5	3	5	10	3	5	10
Coupon	0.23%	1.00%	1.75%	3.00%	1.00%	1.75%	3.00%
Auction	18th auction	8th auction	8th auction	26th auction	9th auction	9th auction	27th auction
Date of auction	06.04.2017	13.04.2017	13.04.2017	13.04.2017	27.04.2017	27.04.2017	27.04.2017
Date of financial settlement	12.04.2017	19.04.2017	19.04.2017	19.04.2017	03.05.2017	03.05.2017	03.05.2017
Redemption date	23.06.2021	23.09.2020	26.10.2022	27.10.2027	23.09.2020	26.10.2022	27.10.2027
Maximum annual yield (%) - ISMA	-	1.04	2.04	3.24	0.96	2.06	3.24
Minimum annual yield (%) - ISMA	-	1.00	2.02	3.23	0.95	2.03	3.21
Average annual yield (%) - ISMA	-	1.03	2.04	3.24	0.95	2.05	3.23
Maximum annual yield (%) - EHM	-	1.04	2.04	3.24	0.96	2.06	3.24
Minimum annual yield (%) - EHM	-	1.00	2.02	3.23	0.95	2.03	3.21
Average annual yield (%) - EHM	-	1.03	2.04	3.24	0.95	2.05	3.23
Maximum price (%)	98.4200	100.0014	98.6015	97.9637	100.1675	98.5594	98.1444
Minimum price (%)	98.3800	99.8673	98.4989	97.8770	100.1343	98.4067	97.8835
Average price (%)	98.4000	99.9101	98.5128	97.8846	100.1630	98.4708	97.9825
Amount offered for sale (HUF million)	5,000.00	18,000.00	15,000.00	12,000.00	18,000.00	15,000.00	12,000.00
Amount of bids submitted (HUF million)	25,280.00	75,213.34	70,800.00	49,050.00	51,904.04	68,945.00	48,115.00
Amount of bids accepted (HUF million)	7,000.00	17,999.92	20,499.98	18,000.00	18,000.00	19,999.98	17,999.99
Bid-to-cover ratio	3.61	4.18	3.45	2.73	2.88	3.45	2.67
Bids submitted (pcs)	28	66	60	41	41	52	52
Bids accepted (pcs)	9	34	15	9	12	18	24
Tail (%) (average price - minimum price)	0.02	0.04	0.01	0.01	0.03	0.06	0.10
Market sales (HUF million)	7,000.00	17,999.92	20,499.98	18,000.00	18,000.00	19,999.98	17,999.99
Non-competitive offer (HUF million)	2,280.00	6,569.27	4,569.98	2,200.00	5,500.00	2,338.92	6,579.98
Total amount sales (HUF million)	9,280.00	24,569.19	25,069.96	20,200.00	23,500.00	22,338.90	24,579.97

3-year government bond auctions



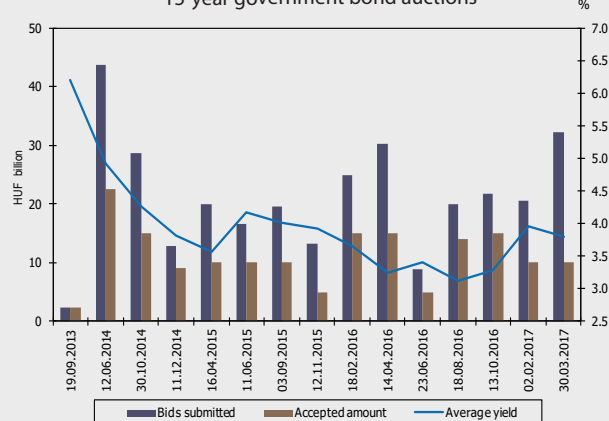
5-year government bond auctions



10-year government bond



15-year government bond auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2018/A	2019/A	2018/C	2018/D
ISIN code	HU0000402631	HU0000402433	HU0000402979	HU0000402987
Coupon (%)	5.50%	6.50%	2.50%	0.16%
Date of reverse auction	12.04.2017	12.04.2017	26.04.2017	26.04.2017
Date of financial settlement	19.04.2017	19.04.2017	03.05.2017	03.05.2017
Redemption date	20.12.2018	24.06.2019	22.06.2018	24.10.2018
Minimum annual yield (%)	0.13	0.25	0.12	-
Average annual yield- ISMA (%)	0.14	0.26	0.13	-
Average annual yield - EHM (%)	0.14	0.26	0.13	-
Amount of bids submitted (HUF million)	10,078.50	75,614.29	11,117.45	50,166.47
Amount of bids accepted (HUF million)	1,578.50	43,114.29	7,417.45	48,509.79

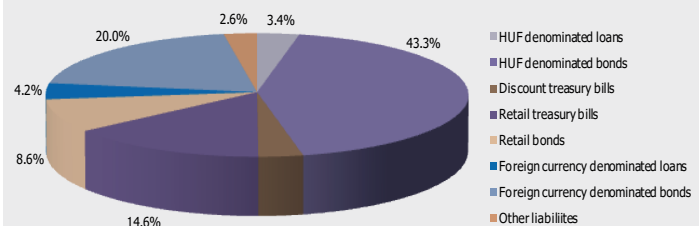
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN APRIL 2017

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2018/N	18.04.2017	20.04.2017	20.04.2018	20.04.2018	1.90%	1.93%
2018/O	18.04.2017	20.04.2017	20.04.2018	20.04.2018	1.90%	1.93%
2018/I	21.04.2017	25.04.2017	25.04.2018	25.04.2018	5.70%	5.70%
2018/D	21.04.2017	24.04.2017	24.07.2017	24.07.2017	0.16%	0.04%
2020/I	21.04.2017	24.04.2017	24.04.2018	24.04.2018	4.40%	4.40%
2026/B	24.04.2017	24.04.2017	24.10.2017	24.10.2017	0.02%	0.01%

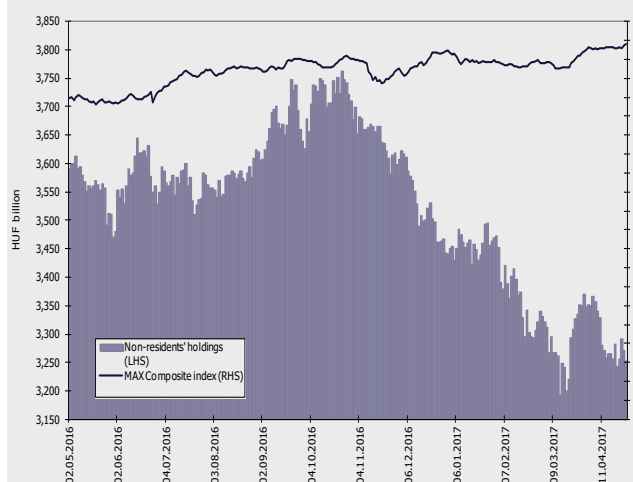
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2016	30.04.2017	HUF billion
1-year Interest Bearing T-Bill	2,636.7	2,960.7	324.1
6-month Interest Bearing T-Bill	428.9	508.0	79.0
Treasury Saving Bills	453.7	458.9	5.3
PGB, BGB	1,521.2	1,942.6	421.5
2-year Government Bond	0.0	168.9	168.9
Babybond	27.4	31.2	3.8
Total	5,067.9	6,070.4	1,002.5

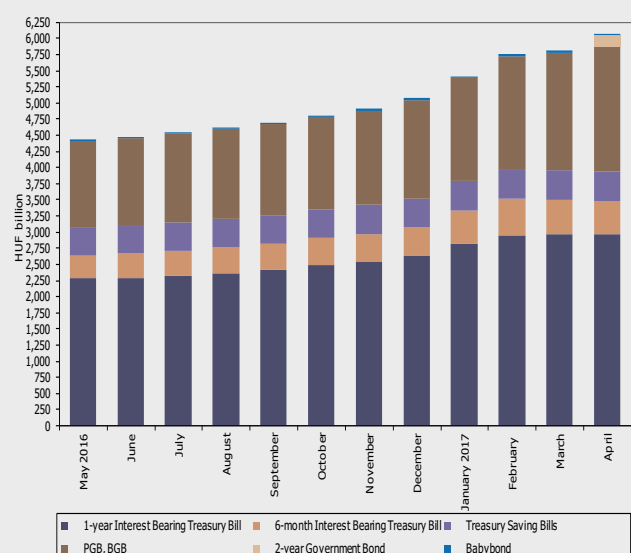
Debt structure at 30.04.2017



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



Outstanding amount of retail securities during the last year



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 28.04.2017	731.5648	551.1710	698.2593	535.0837
Changes compared to the end of the month before	3.2037	-0.0204	2.8695	0.0553
Annual yield earned on the index portfolio	4.21%	1.01%	3.99%	0.58%

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 28.04.2017	727.8073	767.6902	540.3989	349.0100
Changes compared to the end of the month before	0.5010	1.6200	0.9881	0.4210
Reference yield	0.98	2.05	3.24	3.73
Annual yield earned on the index portfolio	4.89	3.74	3.26	0.80

Government bonds with the highest secondary market turnover in April 2017

Government bond	Date of redemption	Turnover (HUF billion)
2025/B	24.06.2025	851,9
2023/A	24.11.2023	385,1
2024/B	26.06.2024	375,5
2027/A	27.10.2027	318,3
2020/A	12.11.2020	258,0
2021/B	27.10.2021	243,3
2019/A	24.06.2019	234,0
2020/B	24.06.2020	206,8
2022/B	26.10.2022	192,7
2022/A	24.06.2022	189,7

The outstanding volume of government bonds with benchmark status at the end of April 2017

Government bond	HUF billion	
	31.03.2017	30.04.2017
2020/C	132.70	182.13
2022/B	124.52	179.88
2027/A	374.36	394.89
2031/A	135.03	148.71

The outstanding volume of the three largest government bonds at the end of April 2017

Government bond	HUF billion
2025/B	1,077.91
2023/A	997.72
2019/A	987.39

