

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT NOVEMBER 2019

The net issuance was HUF 692.9 billion; out of which net HUF-denominated issuance was HUF 1,344.0 billion and net foreign currency denominated redemption was HUF 651.0 billion in 2019.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2018		2019		Change	
	December	%	November	%	HUF billion	%
HUF denominated debt	22,796.0	79.5	24,139.9	81.3	1,344.0	5.9
Loans	1,167.7	4.1	1,208.1	4.1	40.4	3.5
Government bonds	12,875.2	44.9	13,206.1	44.5	330.8	2.6
Retail securities	7,515.7	26.2	9,008.8	30.3	1,493.1	19.9
Discount treasury bills	1,237.3	4.3	716.9	2.4	-520.4	-42.1
Foreign exchange denominated debt	5,724.8	20.0	5,336.7	18.0	-388.1	-6.8
Total	28,520.7	99.4	29,476.6	99.3	955.9	3.4
<i>Other obligations</i>	167.4	0.6	222.6	0.7	55.1	32.9
Total central government debt	28,688.2	100.0	29,699.1	100.0	1,011.0	3.5

The HUF denominated debt of the central government increased by HUF 1,344.0 billion in 2019. The increase in domestic debt was the result of the net government bond issuance of HUF 330.8 billion and the total amount of retail government securities increased by HUF 1,493.1 billion. The significant increase of the retail government securities portfolio was mainly due to the new introduced 5-year long government security, the Hungarian Government Security Plus. The amount of discount Treasury bills decreased by HUF 520.4 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 40.4 billion in 2019.

The foreign currency debt of the central government decreased by HUF 388.1 billion in 2019. The domestic PÉMAK bond issuance was HUF 87.1 billion and the drawdown from foreign currency credit line was HUF 7.8 billion. The redemptions of foreign currency bonds worth HUF 706.9 billion and the repayment of the foreign currency was HUF 39.2 billion. The exchange rate revaluations totalling HUF 262.9 billion increased the Hungarian Forint value of the foreign currency debt in 2019. The total amount of other liabilities increased by HUF 55.1 billion in 2019.

BENCHMARK YIELDS

Maturity	28.12.2018	31.10.2019	29.11.2019	Change in November basis point
3-month	0.00	0.02	-0.05	-7
6-month	0.12	0.02	0.00	-2
1-year	0.39	-0.03	-0.05	-2
3-year	1.21	0.37	0.22	-15
5-year	2.46	0.91	1.09	18
10-year	3.01	1.89	1.86	-3
15-year	3.78	2.59	2.63	4

Monthly OTC turnover of government securities decreased by 9% to HUF 5,894.1 billion in November. Primary dealers, who account for the decisive part of all secondary government securities trading, made 69% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 222.9 billion in November and amounted to HUF 4,146.2 billion at the end of the month. This volume represented 18.1% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 334.70 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

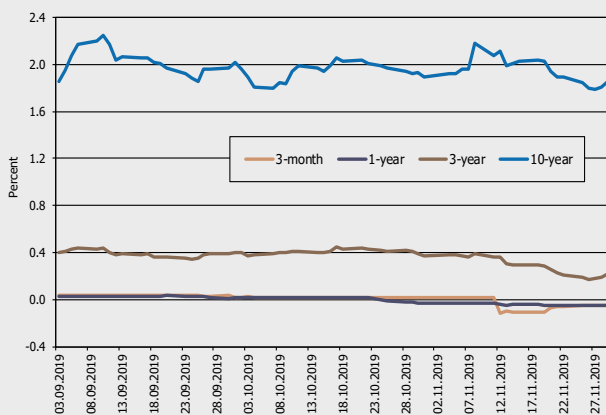
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

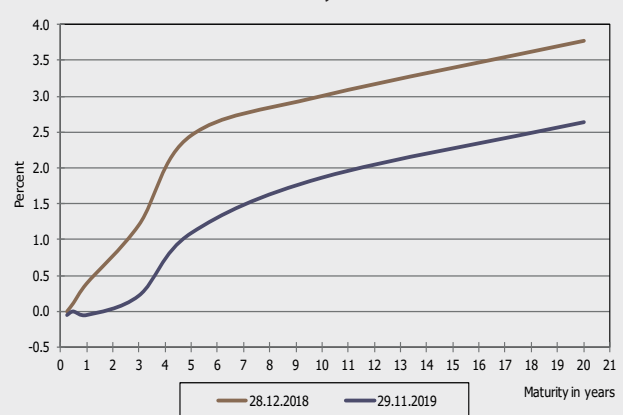
	2014	2015	2016	2017	2018	2019 September	2019 October	2019 November
1. Forint denominated debt	14,612.0	16,207.9	18,430.9	20,689.4	22,796.0	23,682.4	23,847.1	24,139.9
1.1. Loans	623.3	694.1	865.0	1,041.1	1,167.7	1,173.5	1,173.5	1,208.1
1.2. Government securities	13,988.7	15,513.8	17,565.8	19,648.3	21,628.3	22,508.9	22,673.6	22,931.8
1.2.1. Public issues	13,847.7	15,462.3	17,526.7	19,609.2	21,589.1	22,469.8	22,634.4	22,892.6
1.2.1.1. Bonds	9,848.0	11,043.4	11,562.4	11,767.1	12,836.1	12,917.7	13,022.5	13,166.9
1.2.1.2. Discount T-bills	1,588.6	901.6	896.4	1,039.2	1,237.3	759.5	807.8	716.9
1.2.1.3. Retail securities	2,411.1	3,517.4	5,067.9	6,802.9	7,515.7	8,792.6	8,804.0	9,008.8
1.2.2. Private placements	141.0	51.5	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	8,957.9	7,735.8	6,256.5	5,782.5	5,724.8	5,311.5	5,199.1	5,336.7
2.1. Loans	2,164.3	1,696.8	1,101.6	929.1	795.0	818.4	784.8	842.0
2.1.1. Foreign loans	1,889.9	1,614.2	1,097.6	929.1	795.0	818.4	784.8	842.0
2.1.2. Domestic loans	274.4	82.6	4.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,793.6	6,039.0	5,154.9	4,853.5	4,929.8	4,493.1	4,414.3	4,494.7
2.2.1. Issued abroad	5,844.6	5,198.9	4,618.9	4,145.9	4,246.2	3,783.5	3,701.6	3,760.6
2.2.2. Issued domestically	948.9	840.1	536.0	707.6	683.6	709.6	712.7	734.1
Total	23,569.9	23,943.7	24,687.4	26,472.0	28,520.7	28,993.9	29,046.2	29,476.6
Other liabilities	311.20	756.00	742.70	274.20	167.40	229.1	206.7	222.6
Total central government debt	23,881.1	24,699.7	25,430.0	26,746.2	28,688.2	29,223.1	29,252.9	29,699.1
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	11,577.6	11,996.5	12,498.0	12,845.5	14,112.6	13,716.4	13,869.5	13,923.0
Gross debt/GDP	73.0%	71.0%	70.8%	68.9%	67.2%			

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

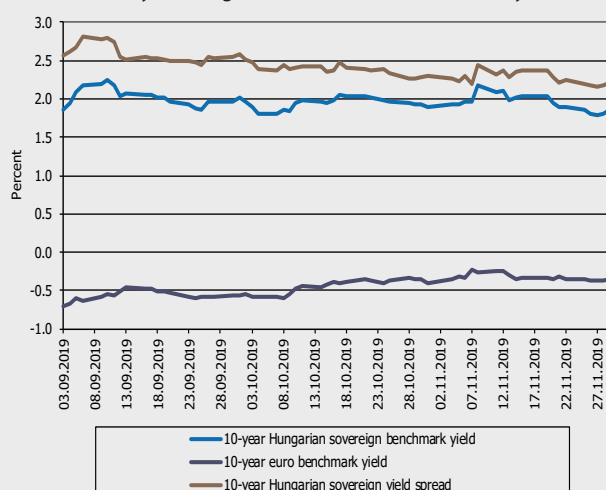
Benchmark yields



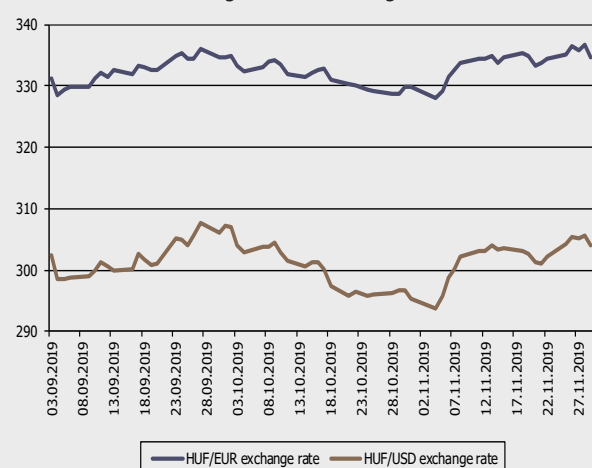
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



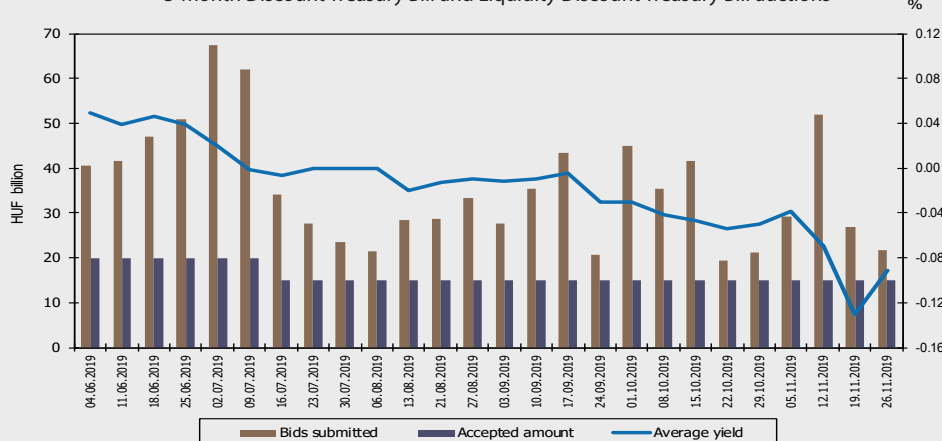
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

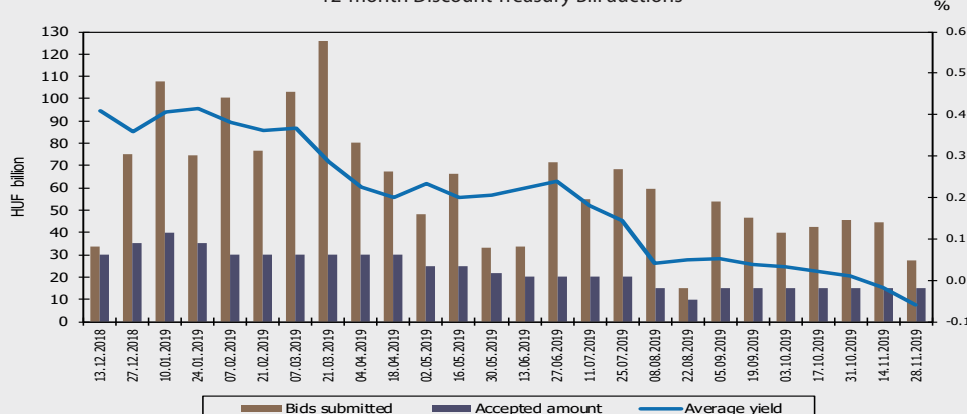
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D200212	D200219	D200226	D200304	D201021	D201021
ISIN code	HU0000522842	HU0000522859	HU0000522495	HU0000522867	HU0000522818	HU0000522818
Maturity in days	91	91	91	91	336	322
Date of auction	05.11.2019	12.11.2019	19.11.2019	26.11.2019	14.11.2019	28.11.2019
Date of financial settlement	13.11.2019	20.11.2019	27.11.2019	04.12.2019	20.11.2019	04.12.2019
Redemption date	12.02.2020	19.02.2020	26.02.2020	04.03.2020	21.10.2020	21.10.2020
Maximum yield (%) - ISMA	-0.02	-0.06	-0.13	-0.05	0.00	0.00
Minimum yield (%) - ISMA	-0.05	-0.07	-0.13	-0.15	-0.02	-0.13
Average yield (%) - ISMA	-0.04	-0.07	-0.13	-0.09	-0.02	-0.06
Maximum yield (%) - EHM	-0.02	-0.06	-0.13	-0.05	0.00	0.00
Minimum yield (%) - EHM	-0.05	-0.07	-0.13	-0.15	-0.02	-0.13
Average yield (%) - EHM	-0.04	-0.07	-0.13	-0.09	-0.02	-0.06
Average selling price (%)	100.0099	100.0175	100.0331	100.0231	100.0159	100.0528
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)	29,090.00	51,990.00	26,800.00	21,660.00	44,768.60	27,261.00
Amount of bids accepted (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	14,999.98	14,999.99
Bid-to-cover ratio	1.94	3.47	1.79	1.44	2.98	1.82
Bids submitted (pcs)	7	12	4	7	23	21
Bids accepted (pcs)	6	4	2	6	9	11
Market sales* (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	14,999.98	14,999.99
Retained on ÁKK's own account (HUF million)	4,500.00	4,500.00	0.00	4,500.00	15,000.02	15,000.01
Total amount issued (HUF million)	19,500.00	19,500.00	15,000.00	19,500.00	30,000.00	30,000.00

* Without issuance onto ÁKK's own account

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



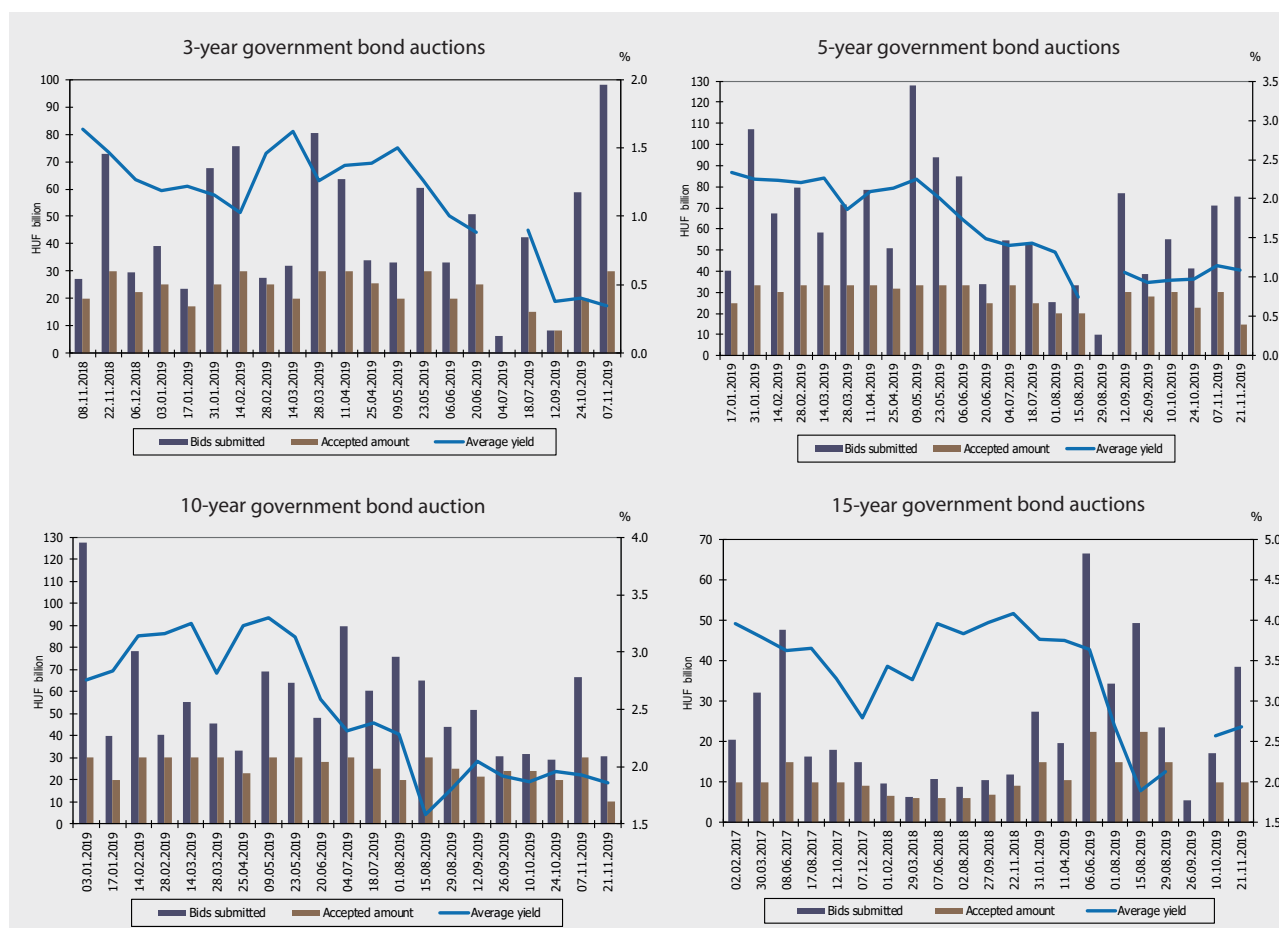
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2022/C	2025/C	2030/A	2025/C	2030/A	2038/A
ISIN code	HU0000403704	HU0000404058	HU0000403696	HU0000404058	HU0000403696	HU0000403555
Maturity (in years)	3	5	10	5	10	15
Coupon	1.50%	1.00%	3.00%	1.00%	3.00%	3.00%
Auction	14th auction	1st auction	18th auction	2nd auction	19th auction	14th auction
Date of auction	07.11.2019	07.11.2019	07.11.2019	21.11.2019	21.11.2019	21.11.2019
Date of financial settlement	13.11.2019	13.11.2019	13.11.2019	27.11.2019	27.11.2019	27.11.2019
Redemption date	24.08.2022	26.11.2025	21.08.2030	26.11.2025	21.08.2030	27.10.2038
Maximum annual yield (%) - ISMA	0.35	1.17	1.95	1.09	1.88	2.71
Minimum annual yield (%) - ISMA	0.35	1.11	1.90	1.08	1.85	2.68
Average annual yield (%) - ISMA	0.35	1.15	1.93	1.09	1.86	2.69
Maximum annual yield (%) - EHM	0.35	1.17	1.95	1.09	1.88	2.71
Minimum annual yield (%) - EHM	0.35	1.11	1.90	1.08	1.85	2.68
Average annual yield (%) - EHM	0.35	1.15	1.93	1.09	1.86	2.69
Maximum price (%)	103.1802	99.3670	110.6200	99.5425	111.0961	104.6969
Minimum price (%)	103.1740	99.0190	110.1070	99.4842	110.7883	104.2449
Average price (%)	103.1785	99.1565	110.2837	99.5023	110.9564	104.4728
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	15,000.00	10,000.00	10,000.00
Amount of bids submitted (HUF million)	98,040.00	71,306.00	66,850.00	75,408.00	30,500.00	38,525.00
Amount of bids accepted (HUF million)	30,000.00	29,999.96	30,000.00	14,999.99	9,999.99	10,000.00
Bid-to-cover ratio	3.27	2.38	2.23	5.03	3.05	3.85
Bids submitted (pcs)	46	73	45	62	35	42
Bids accepted (pcs)	12	32	22	22	16	20
Tail (%) (average price - minimum price)	0.00	0.14	0.18	0.02	0.17	0.23
Market sales (HUF million)	30,000.00	29,999.96	30,000.00	14,999.99	9,999.99	10,000.00
Non-competitive offer (HUF million)	11,000.00	5,216.03	200.00	1,854.93	1,142.60	1,607.50
Total amount sales (HUF million)	41,000.00	35,215.99	30,200.00	16,854.92	11,142.59	11,607.50



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

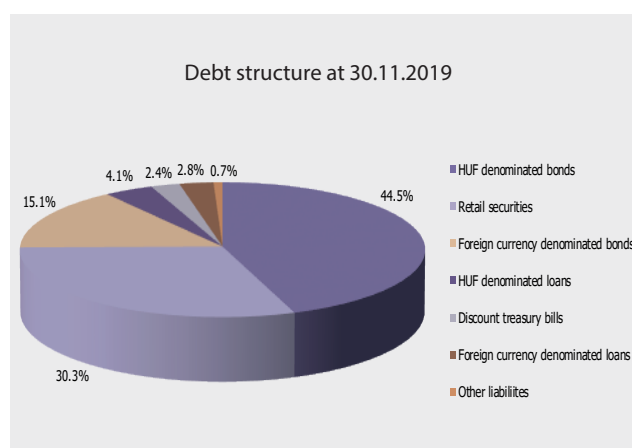
Government bond	2020/A	2020/B	2020/A	2021/A	2021/C
ISIN code	HU0000402235	HU0000402953	HU0000402235	HU0000402995	HU0000403464
Coupon (%)	7.50	3.50	7.50	2.10	0.50
Date of reverse auction	06.11.2019	06.11.2019	20.11.2019	20.11.2019	20.11.2019
Date of financial settlement	13.11.2019	13.11.2019	27.11.2019	27.11.2019	27.11.2019
Redemption date	12.11.2020	24.06.2020	12.11.2020	23.06.2021	21.04.2021
Minimum annual yield (%)	0.00	0.00	0.00	100.13	0.00
Average annual yield- ISMA (%)	0.00	0.00	0.00	100.10	0.00
Average annual yield - EHM (%)	0.00	0.00	0.00	-	0.00
Amount of bids submitted (HUF million)	16,360.54	4,335.80	2,678.57	58,910.36	42,706.35
Amount of bids accepted (HUF million)	16,360.54	4,335.80	2,678.57	49,836.60	42,706.35

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN NOVEMBER 2019

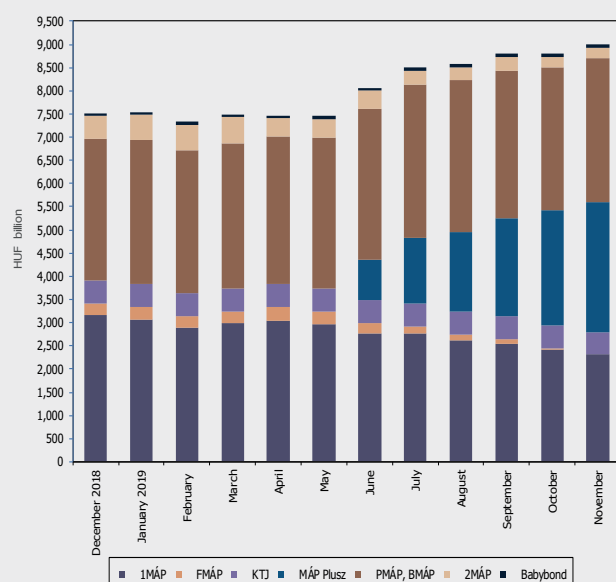
Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2022/J	20.11.2019	22.11.2019	22.11.2020	23.11.2020	4.80%	4.80%
2023/K	29.10.2019	05.11.2019	15.02.2020	17.02.2020	4.10%	1.15%
2025/I	29.10.2019	05.11.2019	20.02.2019	20.02.2019	4.50%	1.32%
2032/S	29.11.2019	02.12.2019	02.12.2020	02.12.2020	5.80%	5.80%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

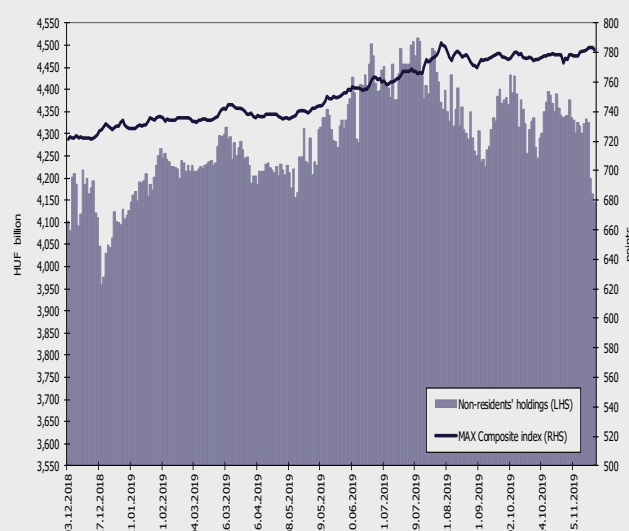
Retail securities	HUF billion		
	31.12.2018	30.11.2019	Change
1-year Hungarian Government Security / 1MÁP	3,169.8	2,322.0	-847.9
Half-year Hungarian Government Security / FMÁP	253.8	0.0	-253.8
Treasury Saving Bills / KTJ	495.9	472.7	-23.3
Hungarian Government Security Plus / MÁP Plusz	0.0	2,815.3	2,815.3
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	3,041.1	3,100.3	59.2
2-year Hungarian Government Security / 2MÁP	500.2	224.6	-275.6
Babybond	54.8	74.0	19.2
Total	7,515.7	9,008.8	1,493.1



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
Value as at 29.11.2019	828.5841	554.8169	782.0478	536.0170
Changes compared to the end of the month before	2.6420	0.1494	2.3423	0.0173
Annual yield earned on the index portfolio (%)	9.41	0.24	8.64	0.03

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 29.11.2019	783.2441	877.0023	684.8528	460.5817
Changes compared to the end of the month before	3.3543	1.2390	2.8580	-1.7578
Reference yield (%)	0.22	1.09	1.86	2.63
Annual yield earned on the index portfolio (%)	6.10	11.40	20.39	23.81

Government bonds with the highest secondary market turnover in November 2019

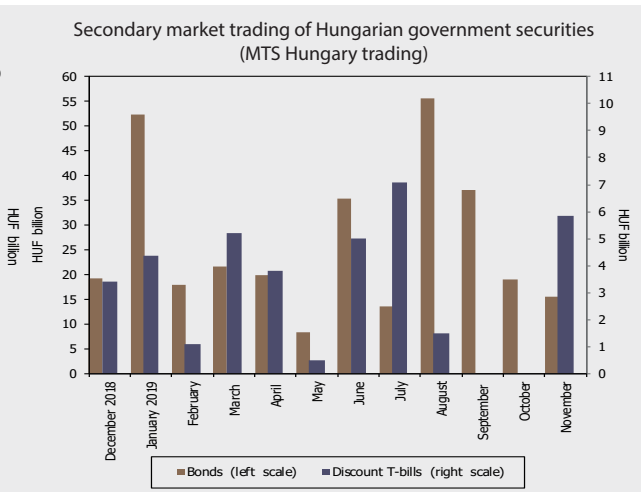
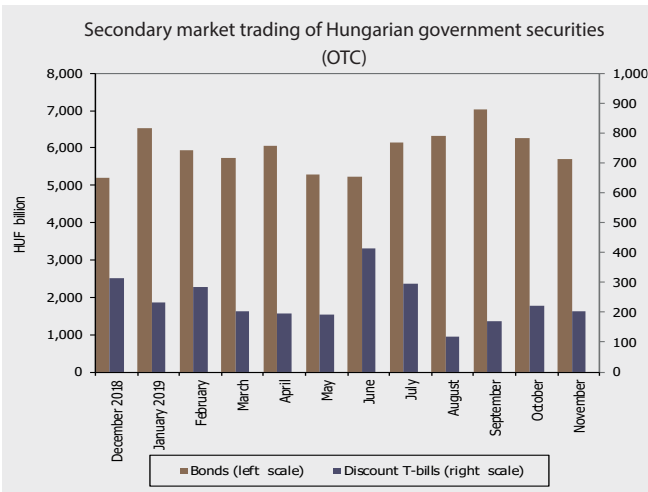
Government bond	Date of redemption	Turnover (HUF billion)
2026/D	22.12.2026	734.8
2030/A	21.08.2030	425.0
2024/C	24.10.2024	399.6
2022/B	26.10.2022	261.6
2022/C	24.08.2022	190.4
2022/A	24.06.2022	162.5
2028/A	22.10.2028	145.8
2027/A	27.10.2027	130.3
2020/A	12.11.2020	127.2
2025/B	24.06.2025	105.7

The outstanding volume of government bonds with benchmark status at the end of November 2019

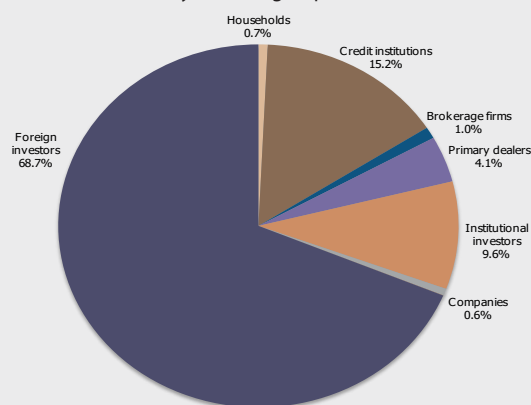
Government bond	HUF billion	
	31.10.2019	30.11.2019
2022/C	319.13	361.65
2024/C	1,125.23	1,130.27
2030/A	563.16	604.71
2038/A	180.53	192.17

The outstanding volume of the three largest government bonds at the end of November 2019

Government bond	HUF billion
2027/A	1,201.96
2025/B	1,194.79
2022/B	1,138.53



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in November 2019



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in November 2019

