

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT MARCH 2019

The net issuance was HUF 334.7 billion; out of which net HUF-denominated issuance was HUF 732.2 billion and net foreign currency denominated redemption was HUF 397.5 billion in 2019.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2018		2019		Change	
	December	%	March	%	HUF billion	%
HUF denominated debt	22,796.0	79.5	23,528.1	81.0	732.2	3.2
Loans	1,167.7	4.1	1,179.3	4.1	11.6	1.0
Government bonds	12,875.2	44.9	13,674.3	47.1	799.1	6.2
Retail securities	7,515.7	26.2	7,497.2	25.8	-18.5	-0.2
Discount treasury bills	1,237.3	4.3	1,177.3	4.1	-60.0	-4.9
Foreign exchange denominated debt	5,724.8	20.0	5,313.5	18.3	-411.3	-7.2
Total	28,520.7	99.4	28,841.6	99.3	320.9	1.1
Other obligations	167.4	0.6	196.8	0.7	29.3	17.5
Total central government debt	28,688.2	100.0	29,038.4	100.0	350.2	1.2

The HUF denominated debt of the central government increased by HUF 732.2 billion in 2019. The increase in domestic debt was the result of the net government bond issuance of HUF 799.1 billion, the amount of discount Treasury bills decreased by HUF 60.0 billion and the total amount of retail government securities decreased by HUF 18.5 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 11.6 billion in 2019.

The foreign currency debt of the central government decreased by HUF 411.3 billion in 2019. The domestic PÉMAK bond issuance was HUF 17.1 billion and the drawdown from foreign currency credit line was HUF 7.7 billion. The redemptions of foreign currency bonds worth HUF 421.9 billion and the repayment of the foreign currency was HUF 0.4 billion. The exchange rate revaluations totalling HUF 13.8 billion decreased the Hungarian Forint value of the foreign currency debt in 2019. The total amount of other liabilities increased by HUF 29.3 billion in 2019.

BENCHMARK YIELDS

Maturity	28.12.2018	28.02.2019	29.03.2019	Change in March basis point
3-month	0.00	0.12	0.04	-8
6-month	0.12	0.13	0.10	-3
1-year	0.39	0.37	0.21	-16
3-year	1.21	0.95	1.29	34
5-year	2.46	2.21	1.88	-33
10-year	3.01	2.70	2.86	16
15-year	3.78	3.69	3.40	-29

Monthly OTC turnover of government securities decreased by 5% to HUF 5,941.4 billion in March. Primary dealers, who account for the decisive part of all secondary government securities trading, made 73% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 26.8 billion in March and amounted to HUF 4,241.4 billion at the end of the month. This volume represented 19.0% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 320.79 on the last working day of March.

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

GOVERNMENT SECURITIES MARKET

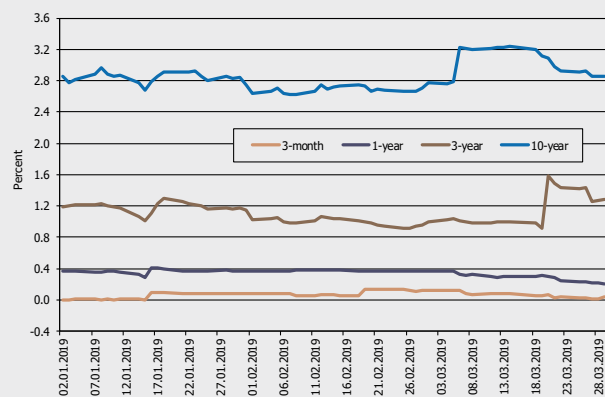
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

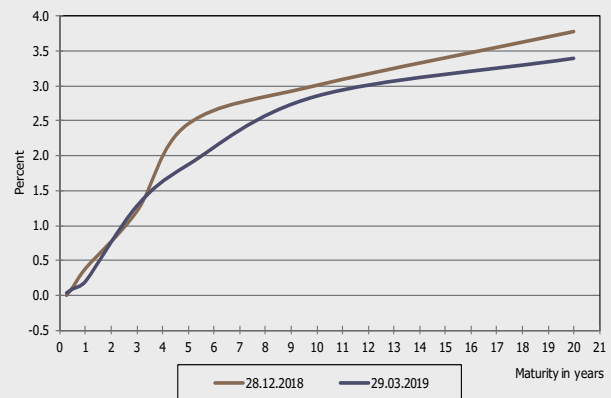
	2014	2015	2016	2017	2018	2019 January	2019 February	2019 March
1. Forint denominated debt	14,612.0	16,207.9	18,430.9	20,689.4	22,796.0	23,188.8	23,099.2	23,528.1
1.1. Loans	623.3	694.1	865.0	1,041.1	1,167.7	1,187.8	1,187.8	1,179.3
1.2. Government securities	13,988.7	15,513.8	17,565.8	19,648.3	21,628.3	22,001.0	21,911.4	22,348.8
1.2.1. Public issues	13,847.7	15,462.3	17,526.7	19,609.2	21,589.1	21,961.8	21,872.3	22,309.6
1.2.1.1. Bonds	9,848.0	11,043.4	11,562.4	11,767.1	12,836.1	13,035.1	13,331.9	13,635.1
1.2.1.2. Discount T-bills	1,588.6	901.6	896.4	1,039.2	1,237.3	1,382.9	1,209.3	1,177.3
1.2.1.3. Retail securities	2,411.1	3,517.4	5,067.9	6,802.9	7,515.7	7,543.9	7,331.0	7,497.2
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	5,373.9	5,344.1	5,313.5
2.1. Loans	2,164.3	1,696.8	1,101.6	929.1	795.0	781.0	782.3	800.6
2.1.1. Foreign loans	1,889.9	1,614.2	1,097.6	929.1	795.0	781.0	782.3	800.6
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	4,592.8	4,561.7	4,512.9
2.2.1. Issued abroad	5,844.6	5,198.9	4,618.9	4,145.9	4,246.2	3,915.5	3,877.1	3,814.0
2.2.2. Issued domestically	948.9	840.1	536.0	707.6	683.6	677.3	684.6	698.8
Total	23,569.9	23,943.7	24,687.4	26,472.0	28,520.7	28,562.7	28,443.3	28,841.6
Other liabilities	311.20	756.00	742.70	274.20	167.40	168.9	179.9	196.8
Total central government debt	23,881.1	24,699.7	25,430.0	26,746.2	28,688.2	28,731.6	28,623.2	29,038.4
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	14,457.2	14,580.4	14,851.6
Gross debt/GDP	73.3%	71.8%	71.7%	69.7%	68.2%			

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

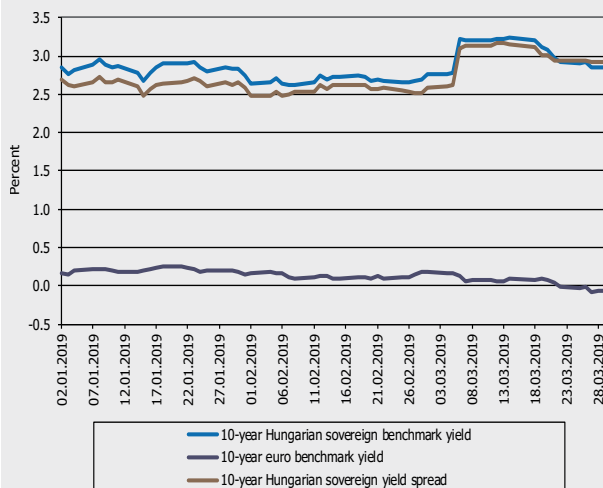
Benchmark yields



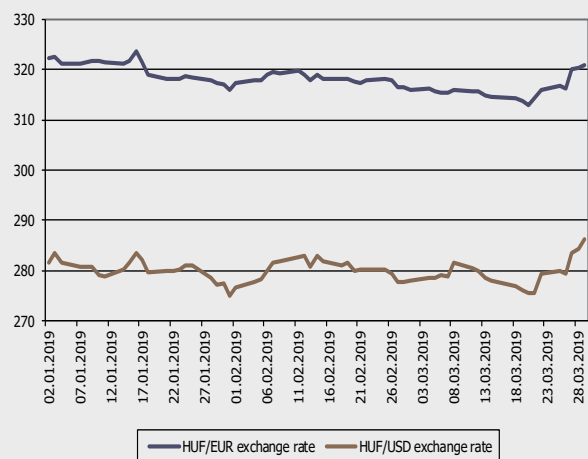
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

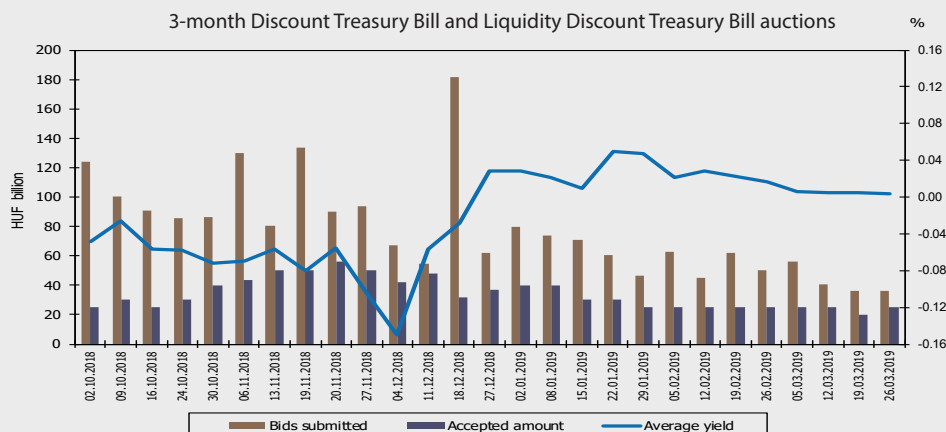


GOVERNMENT SECURITIES MARKET

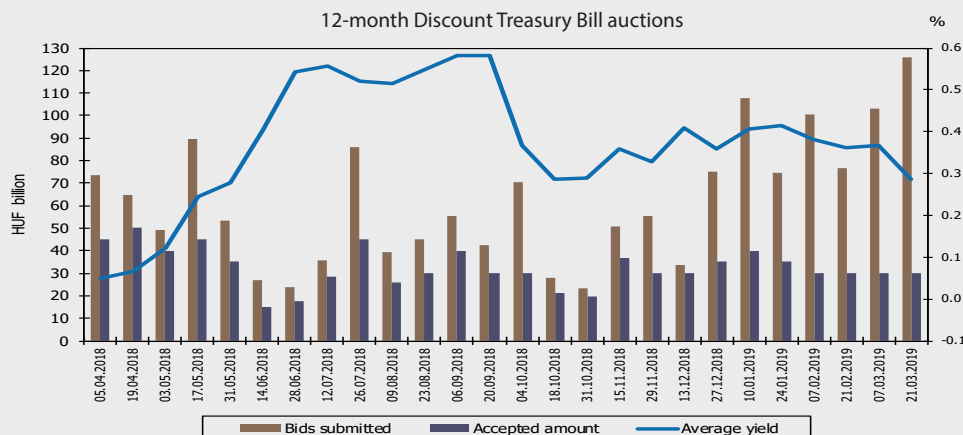
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D190612	D190619	D190626	D190703	D200226	D200226
ISIN code	HU0000522487	HU0000522503	HU0000522511	HU0000522529	HU0000522495	HU0000522495
Maturity in days	91	91	91	91	350	336
Date of auction	05.03.2019	12.03.2019	19.03.2019	26.03.2019	07.03.2019	21.03.2019
Date of financial settlement	13.03.2019	20.03.2019	27.03.2019	03.04.2019	13.03.2019	27.03.2019
Redemption date	12.06.2019	19.06.2019	26.06.2019	03.07.2019	26.02.2020	26.02.2020
Maximum yield (%) - ISMA	0.02	0.01	0.01	0.00	0.39	0.31
Minimum yield (%) - ISMA	0.00	0.00	0.00	0.00	0.32	0.26
Average yield (%) - ISMA	0.01	0.00	0.00	0.00	0.37	0.29
Maximum yield (%) - EHM	0.02	0.01	0.01	0.00	0.40	0.31
Minimum yield (%) - EHM	0.00	0.00	0.00	0.00	0.32	0.26
Average yield (%) - EHM	0.01	0.00	0.00	0.00	0.37	0.29
Average selling price (%)	99.9984	99.9988	99.9989	99.9991	99.6451	99.7343
Amount offered for sale (HUF million)	25,000.00	25,000.00	25,000.00	25,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF million)	56,314.49	40,496.41	36,400.00	36,032.30	103,075.00	125,618.00
Amount of bids accepted (HUF million)	24,999.99	25,000.00	20,000.00	24,999.99	30,000.00	30,000.00
Bid-to-cover ratio	2.25	1.62	1.82	1.44	3.44	4.19
Bids submitted (pcs)	20	16	11	19	104	66
Bids accepted (pcs)	9	10	5	9	38	21
Market sales* (HUF million)	24,999.99	25,000.00	20,000.00	24,999.99	30,000.00	30,000.00
Retained on ÁKK's own account (HUF million)	7,500.01	7,500.00	6000.00	7,500.01	30,000.00	30,000.00
Total amount issued (HUF million)	32,500.00	32,500.00	26,000.00	32,500.00	60,000.00	60,000.00
* Without issuance onto ÁKK's own account						

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



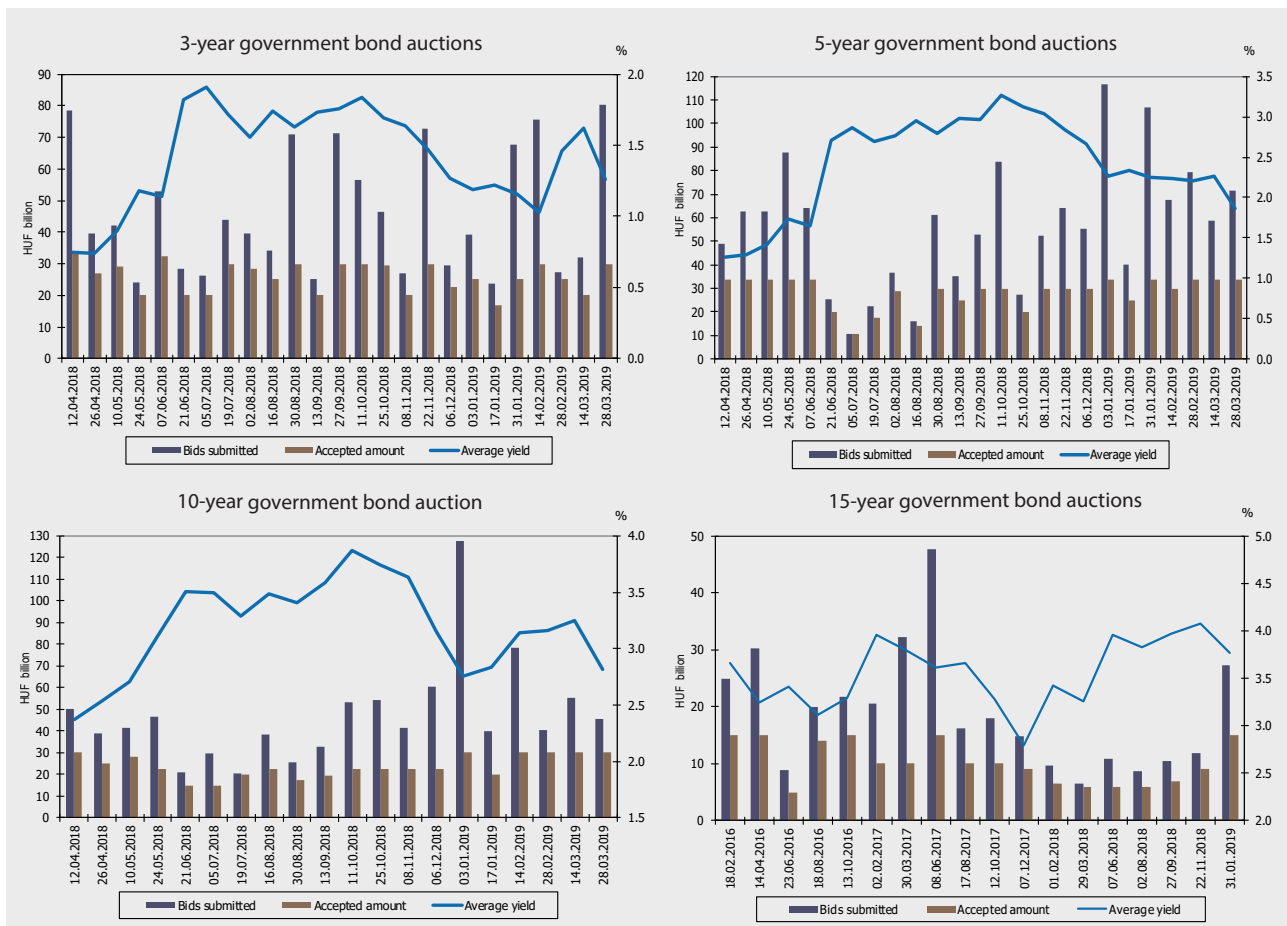
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2023/B	2022/C	2024/C	2030/A	2023/B	2022/C	2024/C	2030/A
ISIN code	HU0000403456	HU0000403704	HU0000403571	HU0000403696	HU0000403456	HU0000403704	HU0000403571	HU0000403696
Maturity (in years)	5	3	5	10	5	3	5	10
Coupon	0.14%	1.50%	2.50%	3.00%	0.14%	1.50%	2.50%	3.00%
Auction	29th auction	2nd auction	19th auction	3rd auction	30th auction	3rd auction	20th auction	4th auction
Date of auction	07.03.2019	14.03.2019	14.03.2019	14.03.2019	21.03.2019	28.03.2019	28.03.2019	28.03.2019
Date of financial settlement	13.03.2019	20.03.2019	20.03.2019	20.03.2019	27.03.2019	03.04.2019	03.04.2019	03.04.2019
Redemption date	26.07.2023	24.08.2022	24.10.2024	21.08.2030	26.07.2023	24.08.2022	24.10.2024	21.08.2030
Maximum annual yield (%) - ISMA	-	1.65	2.29	3.26	-	1.27	1.87	2.87
Minimum annual yield (%) - ISMA	-	1.58	2.25	3.21	-	1.26	1.84	2.78
Average annual yield (%) - ISMA	-	1.62	2.27	3.25	-	1.26	1.86	2.82
Maximum annual yield (%) - EHM	-	1.65	2.29	3.26	-	1.27	1.87	2.87
Minimum annual yield (%) - EHM	-	1.58	2.25	3.21	-	1.26	1.84	2.78
Average annual yield (%) - EHM	-	1.61	2.27	3.24	-	1.26	1.85	2.81
Maximum price (%)	98.3800	99.7347	101.2895	98.0306	98.5200	100.7950	103.4500	102.1319
Minimum price (%)	98.2900	99.5038	101.0802	97.5680	98.5100	100.7769	103.2625	101.2600
Average price (%)	98.3300	99.6165	101.1669	97.6933	98.5200	100.7580	103.3608	101.7781
Amount offered for sale (HUF million)	8,000.00	20,000.00	25,000.00	20,000.00	10,000.00	20,000.00	25,000.00	20,000.00
Amount of bids submitted (HUF million)	31,223.00	32,000.00	58,500.00	55,369.45	47,400.00	80,300.00	71,715.82	45,450.00
Amount of bids accepted (HUF million)	9,000.00	20,000.00	33,500.00	30,000.00	15,000.00	30,000.00	33,500.00	29,999.99
Bid-to-cover ratio	3.47	1.60	1.75	1.85	3.16	2.68	2.14	1.52
Bids submitted (pcs)	56	28	60	82	57	44	60	41
Bids accepted (pcs)	23	22	32	44	13	14	29	26
Tail (%) (average price - minimum price)	0.04	0.11	0.09	0.13	0.01	-0.02	0.10	0.52
Market sales (HUF million)	9,000.00	20,000.00	33,500.00	30,000.00	15,000.00	30,000.00	33,500.00	29,999.99
Non-competitive offer (HUF million)	3,040.00	1,360.00	11,940.00	9,380.00	5,200.00	4,800.00	5,452.00	8,196.92
Total amount sales (HUF million)	12,040.00	21,360.00	45,440.00	39,380.00	20,200.00	34,800.00	38,952.00	38,196.91



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

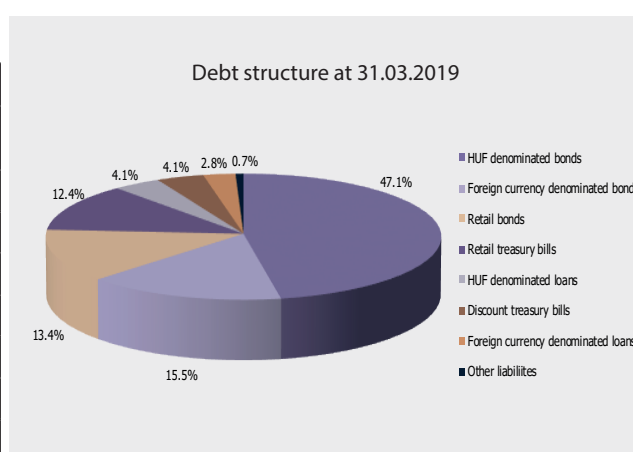
Government bond	2019/A	2020/B
ISIN code	HU0000402433	HU0000402953
Coupon (%)	6.50	3.50
Date of reverse auction	27.03.2019	27.03.2019
Date of financial settlement	03.04.2019	03.04.2019
Redemption date	24.06.2019	24.06.2020
Minimum annual yield (%)	0.00	0.06
Average annual yield- ISMA (%)	0.01	0.08
Average annual yield - EHM (%)	0.01	0.08
Amount of bids submitted (HUF million)	9,605.72	17,986.80
Amount of bids accepted (HUF million)	9,605.72	16,986.80

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2019

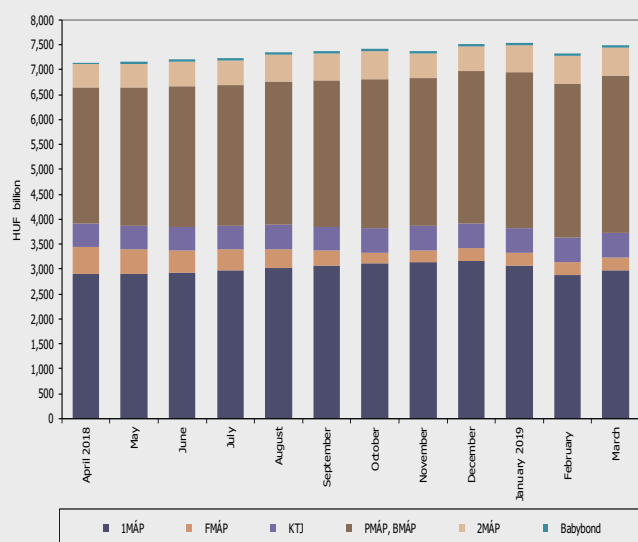
Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/A	20.03.2019	23.03.2019	23.06.2019	24.06.2019	0.14%	0.04%
2023/I	18.03.2019	22.03.2019	22.03.2020	23.03.2020	4.30%	4.30%
2028/N	18.03.2019	22.03.2019	22.03.2020	23.03.2020	3.38%	3.44%
2028/O	18.03.2019	22.03.2019	22.03.2020	23.03.2020	3.38%	3.44%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

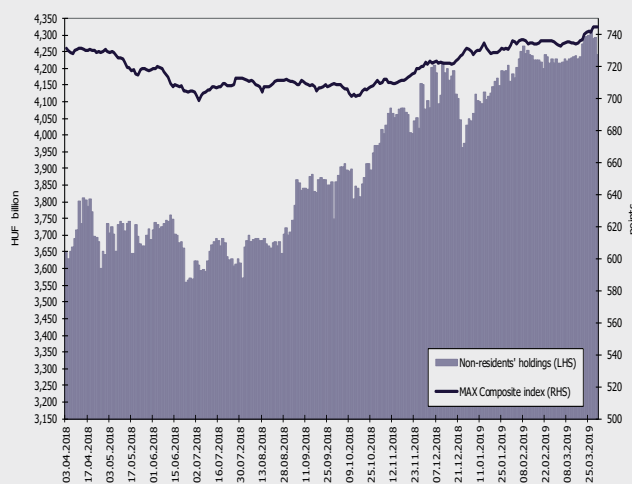
Retail securities	HUF billion		Change HUF billion
	31.12.2018	31.03.2019	
1-year Hungarian Government Security / 1MÁP	3,169.8	2,978.6	-191.2
Half-year Hungarian Government Security / FMÁP	253.8	255.3	1.5
Treasury Saving Bills / KTJ	495.9	504.0	8.0
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	3,041.1	3,131.9	90.8
2-year Hungarian Government Security / 2MÁP	500.2	565.1	64.9
Babybond	54.8	62.3	7.4
Total	7,515.7	7,497.1	-18.5



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 29.03.2019	786.2612	554.2330	744.7998	535.8879
Changes compared to the end of the month before	10.6922	0.6090	9.6042	0.0446
Annual yield earned on the index portfolio (%)	2.21	0.45	1.86	0.07

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 29.03.2019	754.8750	828.7310	614.7060	404.8171
Changes compared to the end of the month before	8.4653	15.1714	18.6667	17.4120
Reference yield (%)	1.29	1.88	2.86	3.4
Annual yield earned on the index portfolio (%)	1.58	2.37	3.28	2.28

Government bonds with the highest secondary market turnover in March 2019

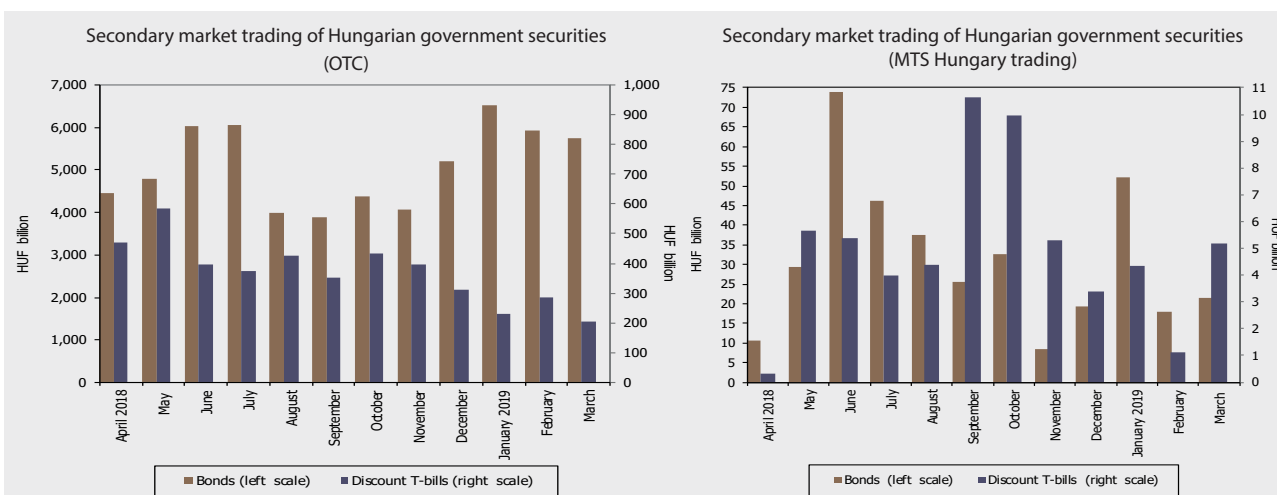
Government bond	Date of redemption	Turnover (HUF billion)
2022/B	26.10.2022	407.6
2026/D	22.12.2026	395.8
2024/C	24.10.2024	362.9
2027/A	27.10.2027	320.3
2021/C	21.04.2021	277.6
2030/A	21.08.2030	265.6
2023/A	24.11.2023	253.0
2025/B	24.06.2025	205.8
2022/A	24.06.2022	178.2
2021/B	27.10.2021	128.7

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

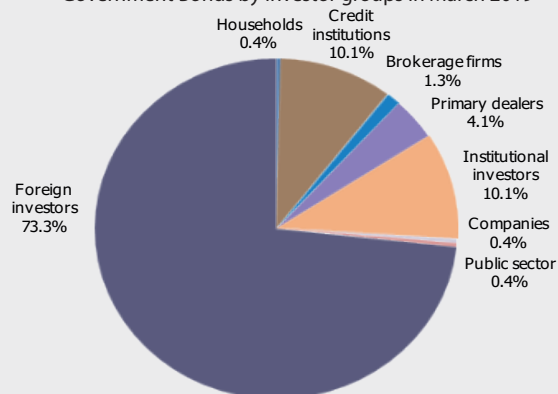
Government bond	HUF billion	
	28.02.2019	31.03.2019
2021/C - 2022/C	813.25	46.36
2024/C	516.29	608.33
2027/A - 2030/A	1,201.91	115.10
2038/A	58.61	58.66

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

Government bond	HUF billion
2027/A	1,201.77
2025/B	1,194.42
2022/B	1,130.91



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



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

