

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT AUGUST 2019

The net issuance was HUF 561.6 billion; out of which net HUF-denominated issuance was HUF 1,042.6 billion and net foreign currency denominated redemption was HUF 480.9 billion in 2019.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2018		2019		Change	
	December	%	August	%	HUF billion	%
HUF denominated debt	22,796.0	79.5	23,838.5	80.9	1,042.6	4.6
Loans	1,167.7	4.1	1,173.5	4.0	5.8	0.5
Government bonds	12,875.2	44.9	13,187.7	44.8	312.5	2.4
Retail securities	7,515.7	26.2	8,583.7	29.1	1,068.0	14.2
Discount treasury bills	1,237.3	4.3	893.6	3.0	-343.7	-27.8
Foreign exchange denominated debt	5,724.8	20.0	5,399.3	18.3	-325.5	-5.7
Total	28,520.7	99.4	29,237.8	99.3	717.1	2.5
<i>Other obligations</i>	167.4	0.6	217.4	0.7	49.9	29.8
Total central government debt	28,688.2	100.0	29,455.2	100.0	767.0	2.7

The HUF denominated debt of the central government increased by HUF 1,042.6 billion in 2019. The increase in domestic debt was the result of the net government bond issuance of HUF 312.5 billion and the total amount of retail government securities increased by HUF 1,068.0 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 343.7 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 5.8 billion in 2019.

The foreign currency debt of the central government decreased by HUF 325.5 billion in 2019. The domestic PÉMAK bond issuance was HUF 33.6 billion and the drawdown from foreign currency credit line was HUF 7.8 billion. The redemptions of foreign currency bonds worth HUF 521.2 billion and the repayment of the foreign currency was HUF 1.2 billion. The exchange rate revaluations totalling HUF 155.5 billion increased the Hungarian Forint value of the foreign currency debt in 2019. The total amount of other liabilities increased by HUF 49.9 billion in 2019.

BENCHMARK YIELDS

Maturity	28.12.2018	31.07.2019	30.08.2019	Change in August basis point
3-month	0.00	0.05	0.04	-1
6-month	0.12	0.07	0.05	-2
1-year	0.39	0.05	0.03	-2
3-year	1.21	0.76	0.42	-34
5-year	2.46	1.25	1.00	-25
10-year	3.01	2.28	1.90	-38
15-year	3.78	2.66	2.30	-36

Monthly OTC turnover of government securities increased by 0.3% to HUF 6,448.0 billion in August. Primary dealers, who account for the decisive part of all secondary government securities trading, made 77% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 149.2 billion in August and amounted to HUF 4,360.0 billion at the end of the month. This volume represented 19.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 331.11 on the last working day of August.

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

GOVERNMENT SECURITIES MARKET

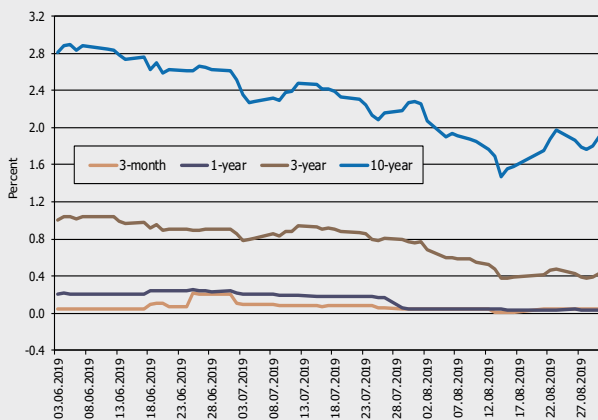
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

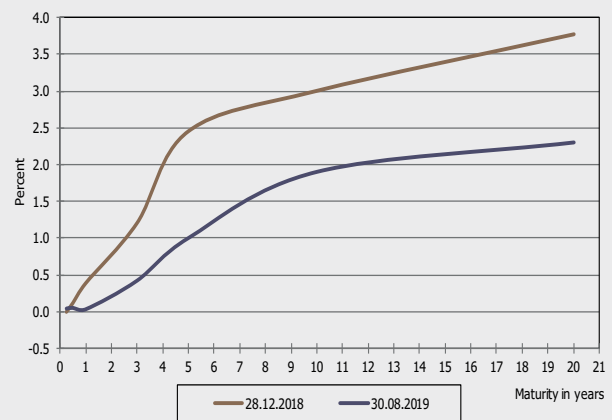
	2014	2015	2016	2017	2018	2019 June	2019 July	2019 August
1. Forint denominated debt	14,612.0	16,207.9	18,430.9	20,689.4	22,796.0	23,349.2	23,586.8	23,838.5
1.1. Loans	623.3	694.1	865.0	1,041.1	1,167.7	1,173.5	1,173.5	1,173.5
1.2. Government securities	13,988.7	15,513.8	17,565.8	19,648.3	21,628.3	22,175.7	22,413.3	22,665.0
1.2.1. Public issues	13,847.7	15,462.3	17,526.7	19,609.2	21,589.1	22,136.5	22,374.1	22,625.8
1.2.1.1. Bonds	9,848.0	11,043.4	11,562.4	11,767.1	12,836.1	13,035.0	13,012.1	13,148.5
1.2.1.2. Discount T-bills	1,588.6	901.6	896.4	1,039.2	1,237.3	1,033.6	867.8	893.6
1.2.1.3. Retail securities	2,411.1	3,517.4	5,067.9	6,802.9	7,515.7	8,067.9	8,494.2	8,583.7
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	5,305.1	5,350.0	5,399.3
2.1. Loans	2,164.3	1,696.8	1,101.6	929.1	795.0	807.1	815.8	825.7
2.1.1. Foreign loans	1,889.9	1,614.2	1,097.6	929.1	795.0	807.1	815.8	825.7
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	4,498.1	4,534.2	4,573.6
2.2.1. Issued abroad	5,844.6	5,198.9	4,618.9	4,145.9	4,246.2	3,784.4	3,809.1	3,837.2
2.2.2. Issued domestically	948.9	840.1	536.0	707.6	683.6	713.7	725.1	736.4
Total	23,569.9	23,943.7	24,687.4	26,472.0	28,520.7	28,654.3	28,936.8	29,237.8
Other liabilities	311.20	756.00	742.70	274.20	167.40	199.7	193.2	217.4
Total central government debt	23,881.1	24,699.7	25,430.0	26,746.2	28,688.2	28,854.0	29,130.0	29,455.2
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	14,107.8	13,919.1	14,081.3
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.

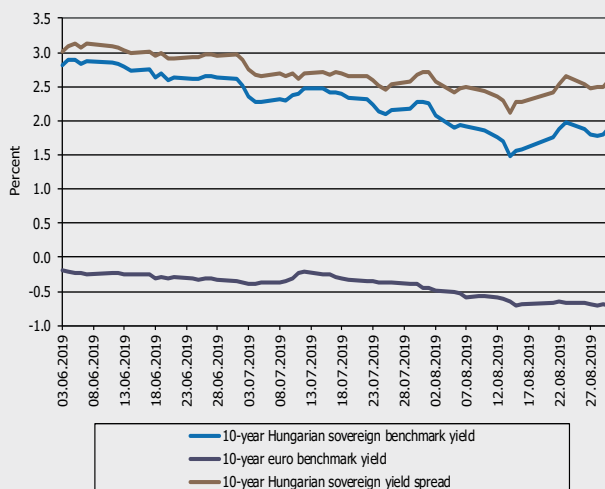
Benchmark yields



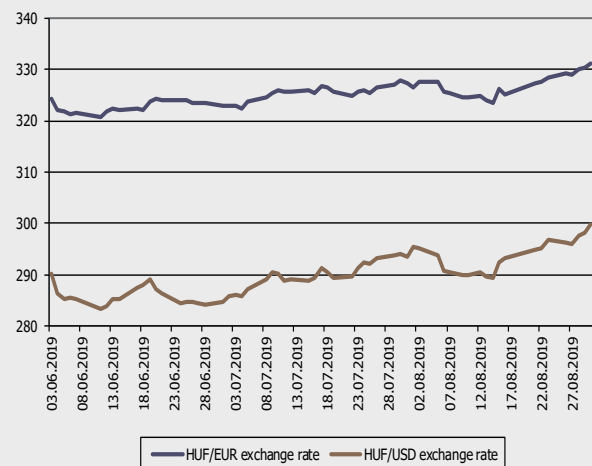
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



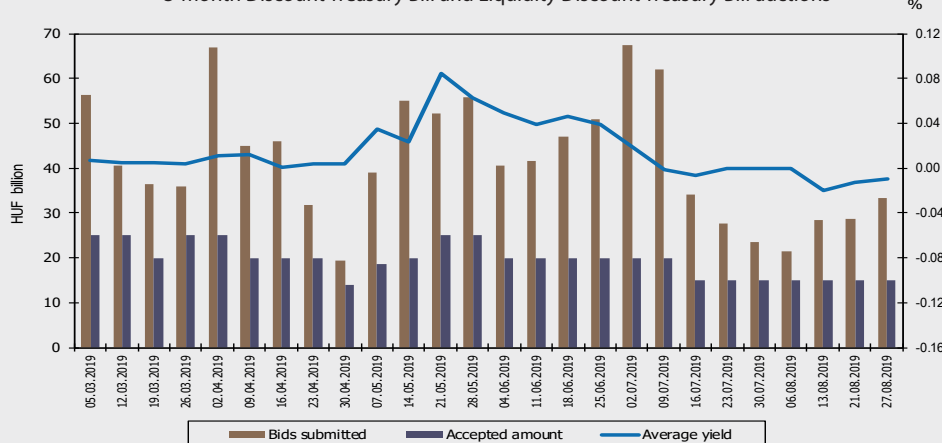
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

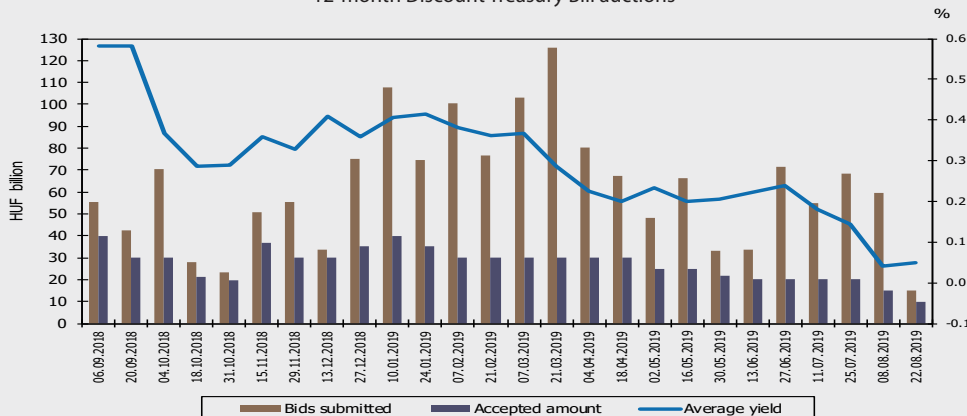
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D191113	D191120	D191127	D191204	D200624	D200826
ISIN code	HU0000522719	HU0000522347	HU0000522727	HU0000522743	HU0000522644	HU0000522735
Maturity in days	91	91	91	91	315	364
Date of auction	06.08.2019	13.08.2019	21.08.2019	27.08.2019	08.08.2019	22.08.2019
Date of financial settlement	14.08.2019	21.08.2019	28.08.2019	04.09.2019	14.08.2019	28.08.2019
Redemption date	13.11.2019	20.11.2019	27.11.2019	04.12.2019	24.06.2020	26.08.2020
Maximum yield (%) - ISMA	0.00	0.00	0.00	0.00	0.05	0.05
Minimum yield (%) - ISMA	0.00	-0.03	-0.03	-0.02	0.03	0.03
Average yield (%) - ISMA	0.00	-0.02	-0.01	-0.01	0.04	0.05
Maximum yield (%) - EHM	0.00	0.00	0.00	0.00	0.05	0.05
Minimum yield (%) - EHM	0.00	-0.03	-0.03	-0.02	0.03	0.03
Average yield (%) - EHM	0.00	-0.02	-0.01	-0.01	0.04	0.05
Average selling price (%)	100.0001	100.0051	100.0031	100.0025	99.9643	99.9506
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)	21,400.00	28,395.00	28,733.00	33,400.00	59,406.00	15,030.00
Amount of bids accepted (HUF million)	14,999.98	15,000.00	15,000.00	15,000.00	15,000.00	9,999.98
Bid-to-cover ratio	1.43	1.89	1.92	2.23	3.96	1.50
Bids submitted (pcs)	19	12	19	15	41	24
Bids accepted (pcs)	9	6	6	6	11	12
Market sales* (HUF million)	14,999.98	15,000.00	15,000.00	15,000.00	15,000.00	9,999.98
Retained on ÁKK's own account (HUF million)	4,500.02	4,500.00	4,500.00	4,500.00	15,000.00	10,000.02
Total amount issued (HUF million)	19,500.00	19,500.00	19,500.00	19,500.00	30,000.00	20,000.00

* Without issuance onto ÁKK's own account

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



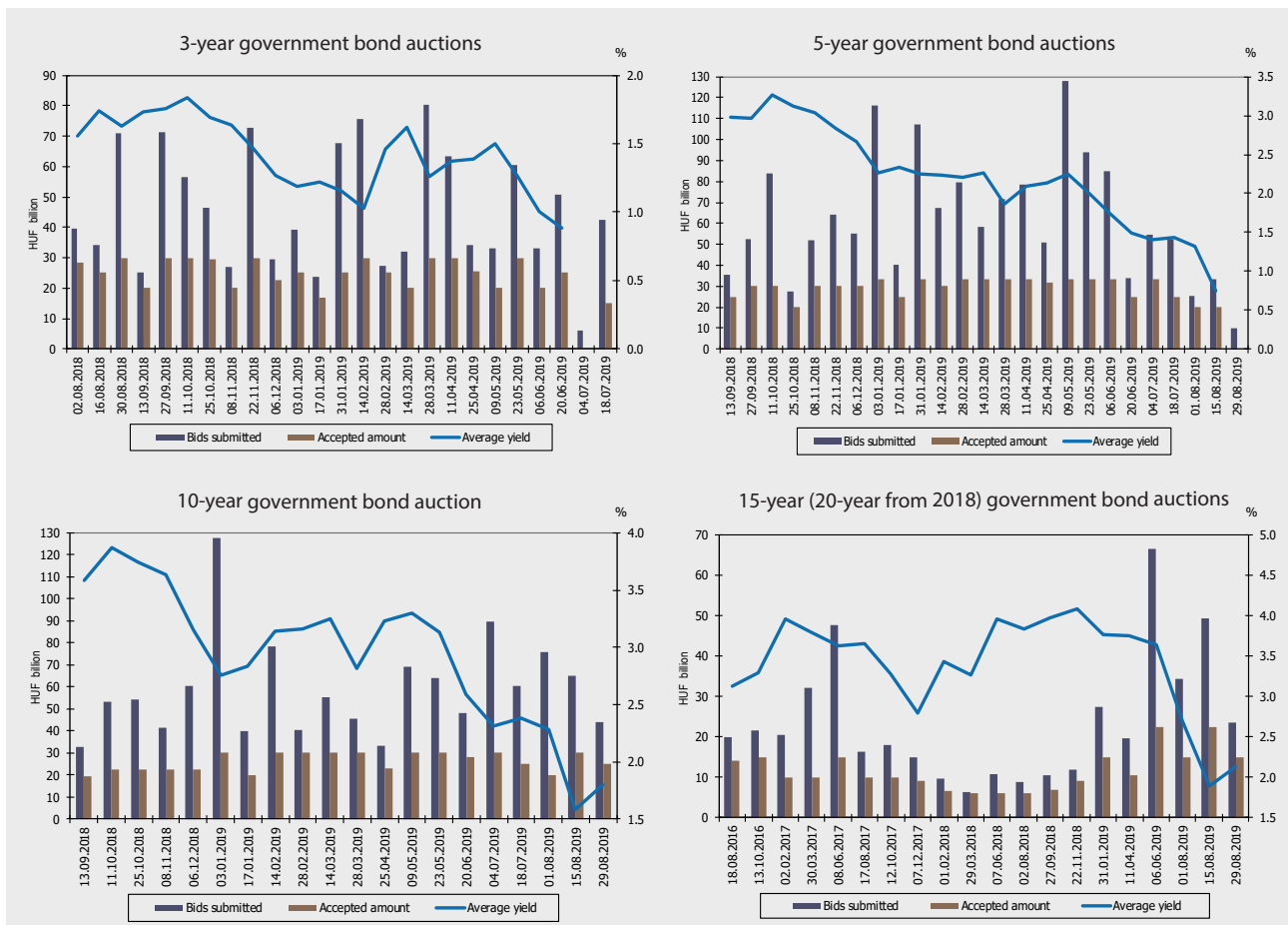
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2024/C	2030/A	2038/A	2023/B	2024/C	2030/A	2038/A	2024/C	2030/A	2038/A
ISIN code	HU0000403571	HU0000403696	HU0000403555	HU0000403456	HU0000403571	HU0000403696	HU0000403555	HU0000403571	HU0000403696	HU0000403555
Maturity (in years)	5	10	15	3	5	10	15	5	10	15
Coupon	2.50%	3.00%	3.00%	0.26%	2.50%	3.00%	3.00%	2.50%	3.00%	3.00%
Auction	29th auction	11th auction	10th auction	40th auction	30th auction	12th auction	11th auction	31st auction	13th auction	12th auction
Date of auction	01.08.2019	01.08.2019	01.08.2019	08.08.2019	15.08.2019	15.08.2019	15.08.2019	29.08.2019	29.08.2019	29.08.2019
Date of financial settlement	07.08.2019	07.08.2019	07.08.2019	14.08.2019	21.08.2019	21.08.2019	21.08.2019	04.09.2019	04.09.2019	04.09.2019
Redemption date	24.10.2024	21.08.2030	27.10.2038	26.07.2023	24.10.2024	21.08.2030	27.10.2038	24.10.2024	21.08.2030	27.10.2038
Maximum annual yield (%) - ISMA	1.34	2.29	2.71	-	0.77	1.60	1.92	0.00	1.81	2.17
Minimum annual yield (%) - ISMA	1.27	2.27	2.67	-	0.73	1.56	1.86	0.00	1.77	2.07
Average annual yield (%) - ISMA	1.32	2.28	2.70	-	0.75	1.58	1.89	0.00	1.80	2.13
Maximum annual yield (%) - EHM	1.34	2.29	2.71	-	0.77	1.60	1.92	0.00	1.81	2.17
Minimum annual yield (%) - EHM	1.27	2.27	2.67	-	0.73	1.56	1.86	0.00	1.77	2.07
Average annual yield (%) - EHM	1.32	2.28	2.70	-	0.75	1.58	1.89	0.00	1.80	2.13
Maximum price (%)	106.1674	107.0617	104.9048	98.5400	108.9600	114.4531	118.2486	0.0000	112.1580	114.5739
Minimum price (%)	105.8038	106.8706	104.2942	98.5200	108.7500	114.0200	117.1907	0.0000	111.7351	112.8865
Average price (%)	105.9253	106.9400	104.4795	98.5300	108.8487	114.1880	117.6471	0.0000	111.8414	113.5944
Amount offered for sale (HUF million)	25,000.00	15,000.00	15,000.00	6,000.00	20,000.00	20,000.00	15,000.00	20,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	25,300.00	75,650.00	34,393.00	25,300.00	33,400.00	65,100.00	49,338.00	9,800.00	44,009.42	23,497.50
Amount of bids accepted (HUF million)	20,000.00	20,000.00	15,000.00	8,000.00	20,000.00	29,999.98	22,500.00	0.00	24,999.98	14,999.99
Bid-to-cover ratio	1.27	3.78	2.29	3.16	1.67	2.17	2.19	-	1.76	1.57
Bids submitted (pcs)	28	52	50	32	32	51	47	17	33	28
Bids accepted (pcs)	24	16	25	7	16	27	25	0	22	26
Tail (%) (average price - minimum price)	0.12	0.07	0.19	0.01	0.10	0.17	0.46	0.00	0.11	0.71
Market sales (HUF million)	20,000.00	20,000.00	15,000.00	8,000.00	20,000.00	29,999.98	22,500.00	0.00	24,999.98	14,999.99
Non-competitive offer (HUF million)	0.00	7,360.00	5,280.00	0.00	0.00	11,439.98	8,304.80	0.00	9,421.01	4,520.98
Total amount sales (HUF million)	20,000.00	27,360.00	20,280.00	8,000.00	20,000.00	41,439.96	30,804.80	0.00	34,420.99	19,520.97



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

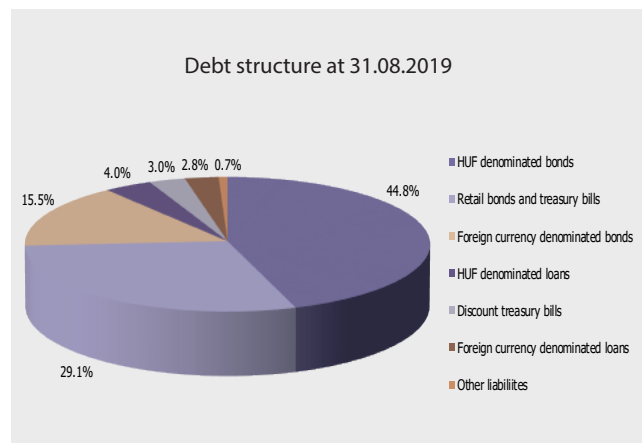
Government bond	2020/C	2020/A	2021/C	2020/B	2020/C	2021/C
ISIN code	HU0000403258	HU0000402235	HU0000403464	HU0000402953	HU0000403258	HU0000403464
Coupon (%)	1.00	7.50	0.50	3.50	1.00	0.50
Date of reverse auction	14.08.2019	14.08.2019	14.08.2019	28.08.2019	28.08.2019	28.08.2019
Date of financial settlement	21.08.2019	21.08.2019	21.08.2019	04.09.2019	04.09.2019	04.09.2019
Redemption date	23.09.2020	12.11.2020	21.04.2021	24.06.2020	23.09.2020	21.04.2021
Minimum annual yield (%)	0.02	0.02	0.04	0.01	0.01	0.03
Average annual yield- ISMA (%)	0.03	0.02	0.06	0.01	0.01	0.03
Average annual yield - EHM (%)	0.03	0.02	0.06	0.01	0.01	0.03
Amount of bids submitted (HUF million)	6,514.00	1,488.93	116,944.13	4,369.09	1,267.43	171,238.94
Amount of bids accepted (HUF million)	6,514.00	1,488.93	87,693.13	3,919.09	1,267.43	121,711.50

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2019

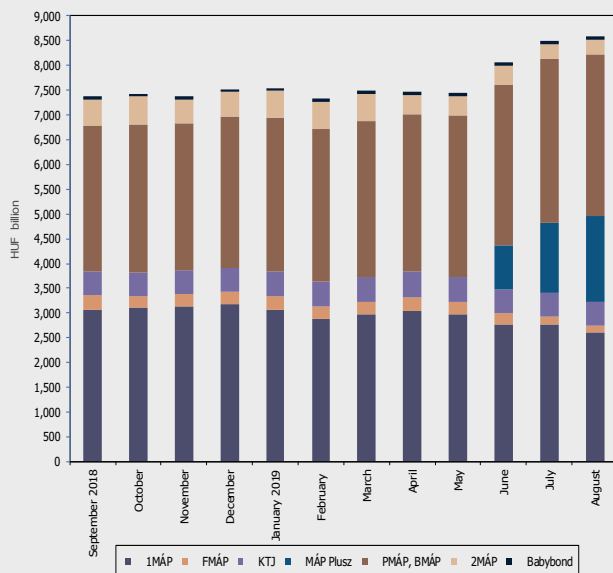
Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2020/J	23.08.2019	26.08.2019	26.08.2020	26.08.2020	6.30%	6.30%
2021/K	22.08.2019	26.08.2019	26.08.2020	26.08.2020	3.90%	3.90%
2024/N	26.08.2019	26.08.2019	26.08.2020	26.08.2020	2.62%	2.66%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

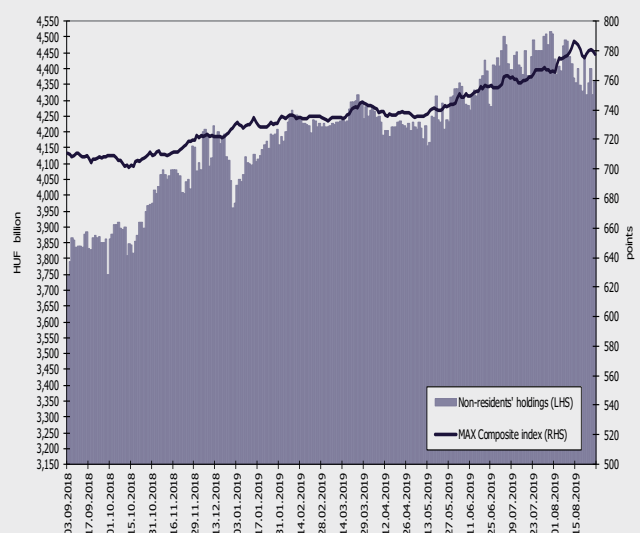
Retail securities	HUF billion		Change
	31.12.2018	31.08.2019	HUF billion
1-year Hungarian Government Security / 1MÁP	3,169.8	2,609.9	-559.9
Half-year Hungarian Government Security / FMÁP	253.8	130.8	-123.0
Treasury Saving Bills / KTJ	495.9	486.4	-9.6
Hungarian Government Security Plus / MÁP Plusz	0.0	1,725.0	1,725.0
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	3,041.1	3,269.4	228.3
2-year Hungarian Government Security / 2MÁP	500.2	292.8	-207.4
Babybond	54.8	69.3	14.5
Total	7,515.7	8,583.6	1,068.0



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 30.08.2019	823.0492	554.5416	777.2075	535.9132
Changes compared to the end of the month before	12.4494	-0.0380	10.8350	-0.0924
Annual yield earned on the index portfolio (%)	10.17	0.48	9.32	0.05

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 30.08.2019	778.2585	870.5012	679.1614	479.6039
Changes compared to the end of the month before	8.1322	11.1334	24.4584	25.1518
Reference yield (%)	0.42	1	1.9	2.3
Annual yield earned on the index portfolio (%)	6.67	11.94	22.53	29.75

Government bonds with the highest secondary market turnover in August 2019

Government bond	Date of redemption	Turnover (HUF billion)
2030/A	21.08.2030	809.2
2026/D	22.12.2026	734.1
2024/C	24.10.2024	553.1
2027/A	27.10.2027	478.0
2022/C	24.08.2022	265.0
2021/C	21.04.2021	258.6
2028/A	22.10.2028	250.2
2025/B	24.06.2025	226.3
2038/A	27.10.2038	166.2
2031/A	22.10.2031	160.1

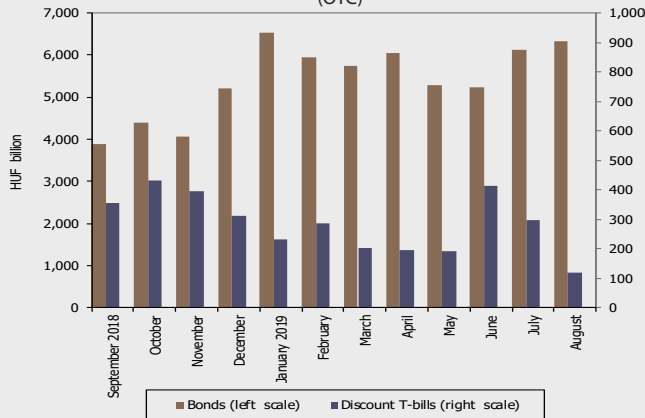
The outstanding volume of government bonds with benchmark status at the end of August 2019

Government bond	HUF billion	
	31.07.2019	31.08.2019
2022/C	286.19	287.50
2024/C	957.46	997.72
2030/A	363.47	432.48
2038/A	99.71	150.79

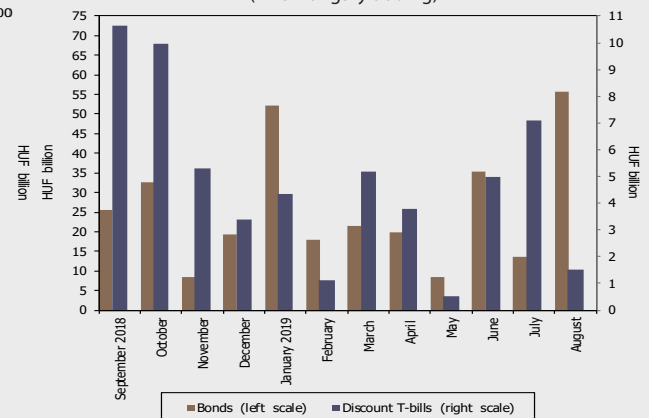
The outstanding volume of the three largest government bonds at the end of August 2019

Government bond	HUF billion
2027/A	1,201.90
2025/B	1,194.56
2022/B	1,131.51

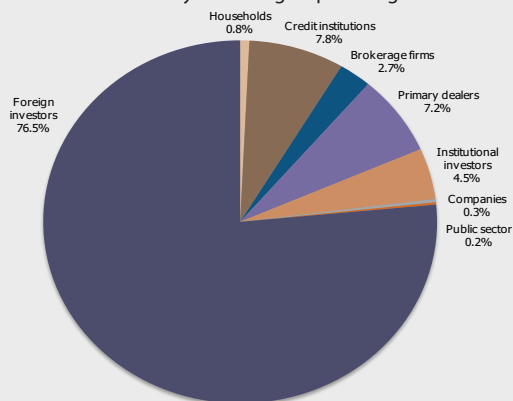
Secondary market trading of Hungarian government securities (OTC)



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



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



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

