

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT JANUARY 2020

The net redemption was HUF 195.0 billion; out of which net HUF-denominated issuance was HUF 274.2 billion and net foreign currency denominated redemption was HUF 469.2 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	January	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	24,631.3	83.2	274.2	1.1
Loans	1,208.1	4.1	1,208.1	4.1	0.0	0.0
Government bonds	13,417.7	45.2	13,510.1	45.6	92.4	0.7
Retail securities	9,074.0	30.6	9,211.3	31.1	137.3	1.5
Discount treasury bills	657.3	2.2	701.8	2.4	44.5	6.8
Foreign exchange denominated debt	5,121.2	17.3	4,749.0	16.0	-372.2	-7.3
Total	29,478.3	99.3	29,380.3	99.2	-98.0	-0.3
Other obligations	203.7	0.7	227.5	0.8	23.8	11.7
Total central government debt	29,682.0	100.0	29,607.8	100.0	-74.2	-0.2

The HUF denominated debt of the central government increased by HUF 274.2 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 92.4 billion and the total amount of retail government securities increased by HUF 137.3 billion. The significant increase of the retail government securities portfolio was mainly due to the 5-year long government security, the Hungarian Government Security Plus. The amount of discount Treasury bills increased by HUF 44.5 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans hasn't increased in 2020.

The foreign currency debt of the central government decreased by HUF 372.2 billion in 2020. The redemptions of foreign currency bonds worth HUF 475.3 billion, out of which repurchasing of USD 1 billion foreign currency bonds from four high-yield bonds, maturing between 2021-24, was HUF 306.9 billion. The exchange rate revaluations totalling HUF 97.0 billion increased the Hungarian Forint value of the foreign currency debt. The domestic PÉMÁP foreign currency bond issuance was HUF 6.1 billion. The total amount of other liabilities increased by HUF 23.8 billion in 2020.

BENCHMARK YIELDS

Maturity	28.12.2018	31.12.2019	31.01.2020	Change in January basis point
3-month	0.00	-0.01	0.03	4
6-month	0.12	0.01	-0.02	-3
1-year	0.39	0.02	0.08	6
3-year	1.21	0.28	0.50	22
5-year	2.46	1.17	1.32	15
10-year	3.01	2.01	2.07	6
15-year	3.78	2.80	2.69	-11

Monthly OTC turnover of government securities increased by 10% to HUF 4,912.5 billion in January. Primary dealers, who account for the decisive part of all secondary government securities trading, made 68% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 119.2 billion in January and amounted to HUF 4,287.2 billion at the end of the month. This volume represented 18.3% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 336.65 on the last working day of January.

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

GOVERNMENT SECURITIES MARKET

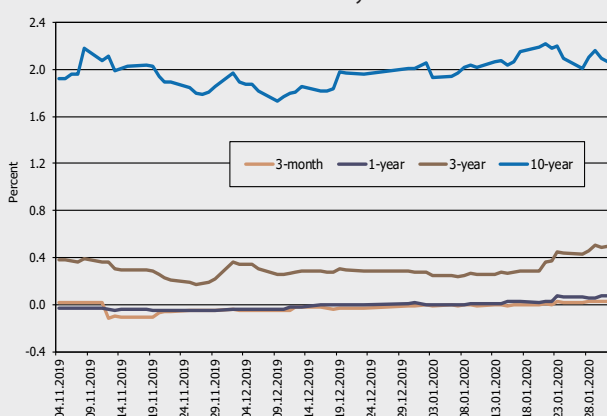
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

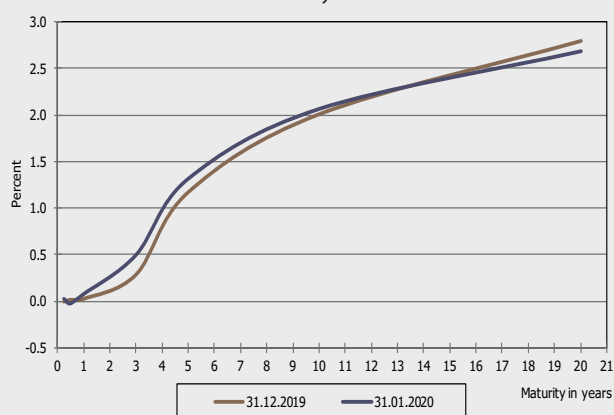
	2014	2015	2016	2017	2018	2019 November	2019 December	2020 January
1. Forint denominated debt	14,612.0	16,207.9	18,430.9	20,689.4	22,796.0	24,139.9	24,357.1	24,631.3
1.1. Loans	623.3	694.1	865.0	1,041.1	1,167.7	1,208.1	1,208.1	1,208.1
1.2. Government securities	13,988.7	15,513.8	17,565.8	19,648.3	21,628.3	22,931.8	23,149.0	23,423.2
1.2.1. Public issues	13,847.7	15,462.3	17,526.7	19,609.2	21,589.1	22,892.6	23,109.8	23,384.0
1.2.1.1. Bonds	9,848.0	11,043.4	11,562.4	11,767.1	12,836.1	13,166.9	13,378.5	13,470.9
1.2.1.2. Discount T-bills	1,588.6	901.6	896.4	1,039.2	1,237.3	716.9	657.3	701.8
1.2.1.3. Retail securities	2,411.1	3,517.4	5,067.9	6,802.9	7,515.7	9,008.8	9,074.0	9,211.3
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	5,336.7	5,121.2	4,749.0
2.1. Loans	2,164.3	1,696.8	1,101.6	929.1	795.0	842.0	825.4	840.7
2.1.1. Foreign loans	1,889.9	1,614.2	1,097.6	929.1	795.0	842.0	825.4	840.7
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	4,494.7	4,295.8	3,908.2
2.2.1. Issued abroad	5,844.6	5,198.9	4,618.9	4,145.9	4,246.2	3,760.6	3,713.5	3,309.2
2.2.2. Issued domestically	948.9	840.1	536.0	707.6	683.6	734.1	582.3	599.0
Total	23,569.9	23,943.7	24,687.4	26,472.0	28,520.7	29,476.6	29,478.3	29,380.3
Other liabilities	311.20	756.00	742.70	274.20	167.40	222.6	203.7	227.5
Total central government debt	23,881.1	24,699.7	25,430.0	26,746.2	28,688.2	29,699.1	29,682.0	29,607.8
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	13,923.0	14,075.0	14,211.9
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.

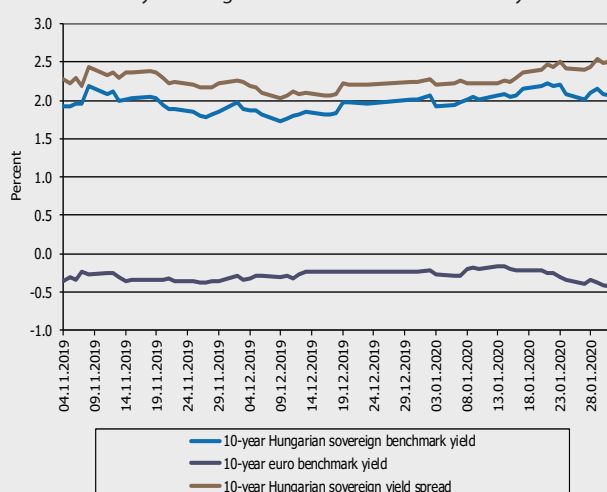
Benchmark yields



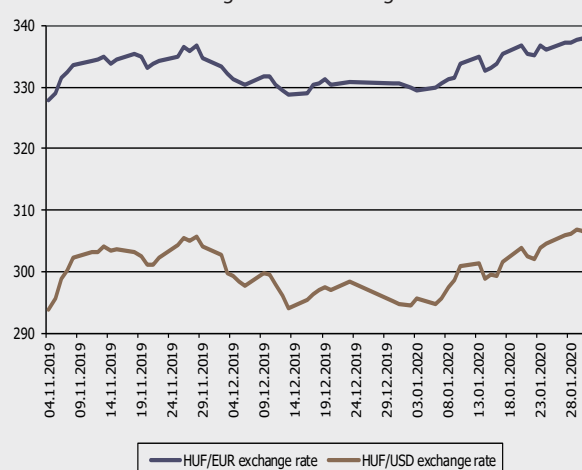
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

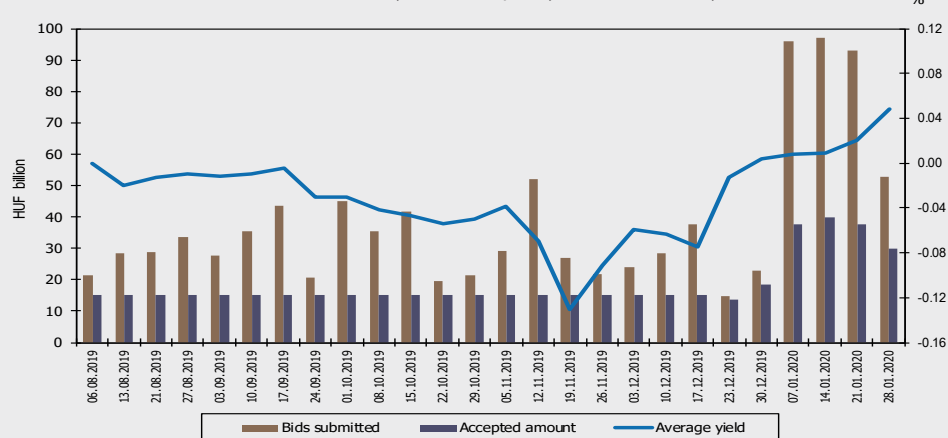


GOVERNMENT SECURITIES MARKET

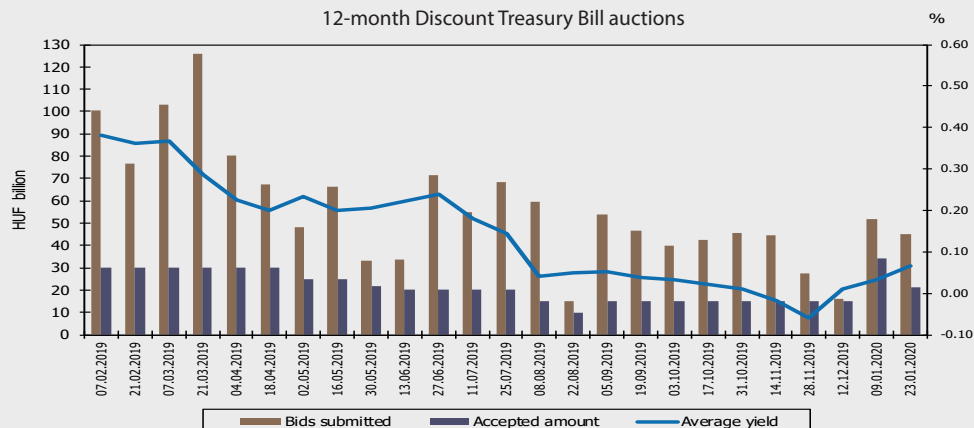
DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D200415	D200422	D200429	D200506	D201223	D201223
ISIN code	HU0000522917	HU0000522933	HU0000522578	HU0000522941	HU0000522925	HU0000522925
Maturity in days	91	91	91	91	343	329
Date of auction	07.01.2020	14.01.2020	21.01.2020	28.01.2020	09.01.2020	23.01.2020
Date of financial settlement	15.01.2020	22.01.2020	29.01.2020	05.02.2020	15.01.2020	29.01.2020
Redemption date	15.04.2020	22.04.2020	29.04.2020	06.05.2020	23.12.2020	23.12.2020
Maximum yield (%) - ISMA	0.02	0.02	0.03	0.09	0.05	0.14
Minimum yield (%) - ISMA	0.00	0.00	0.00	0.00	0.01	0.02
Average yield (%) - ISMA	0.01	0.01	0.02	0.05	0.03	0.06
Maximum yield (%) - EHM	0.02	0.02	0.03	0.09	0.05	0.14
Minimum yield (%) - EHM	0.00	0.00	0.00	0.00	0.01	0.02
Average yield (%) - EHM	0.01	0.01	0.02	0.05	0.03	0.07
Average selling price (%)	99.9981	99.9977	99.9948	99.9879	99.9687	99.9408
Amount offered for sale (HUF million)	25,000.00	30,000.00	30,000.00	30,000.00	25,000.00	30,000.00
Amount of bids submitted (HUF million)	95,875.00	96,875.00	92,962.00	52,656.00	51,663.00	45,065.00
Amount of bids accepted (HUF million)	37,500.00	39,999.96	37,499.98	29,999.99	33,999.99	21,000.00
Bid-to-cover ratio	2.56	2.42	2.48	1.76	1.52	2.15
Bids submitted (pcs)	50	61	41	60	38	33
Bids accepted (pcs)	20	28	30	45	30	21
Market sales* (HUF million)	37,500.00	39,999.96	37,499.98	29,999.99	33,999.99	21,000.00
Retained on ÁKK's own account (HUF million)	11,250.00	12,000.04	7500.02	9,000.01	34,000.01	21,000.00
Total amount issued (HUF million)	48,750.00	52,000.00	45,000.00	39,000.00	68,000.00	42,000.00
* Without issuance onto ÁKK's own account						

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



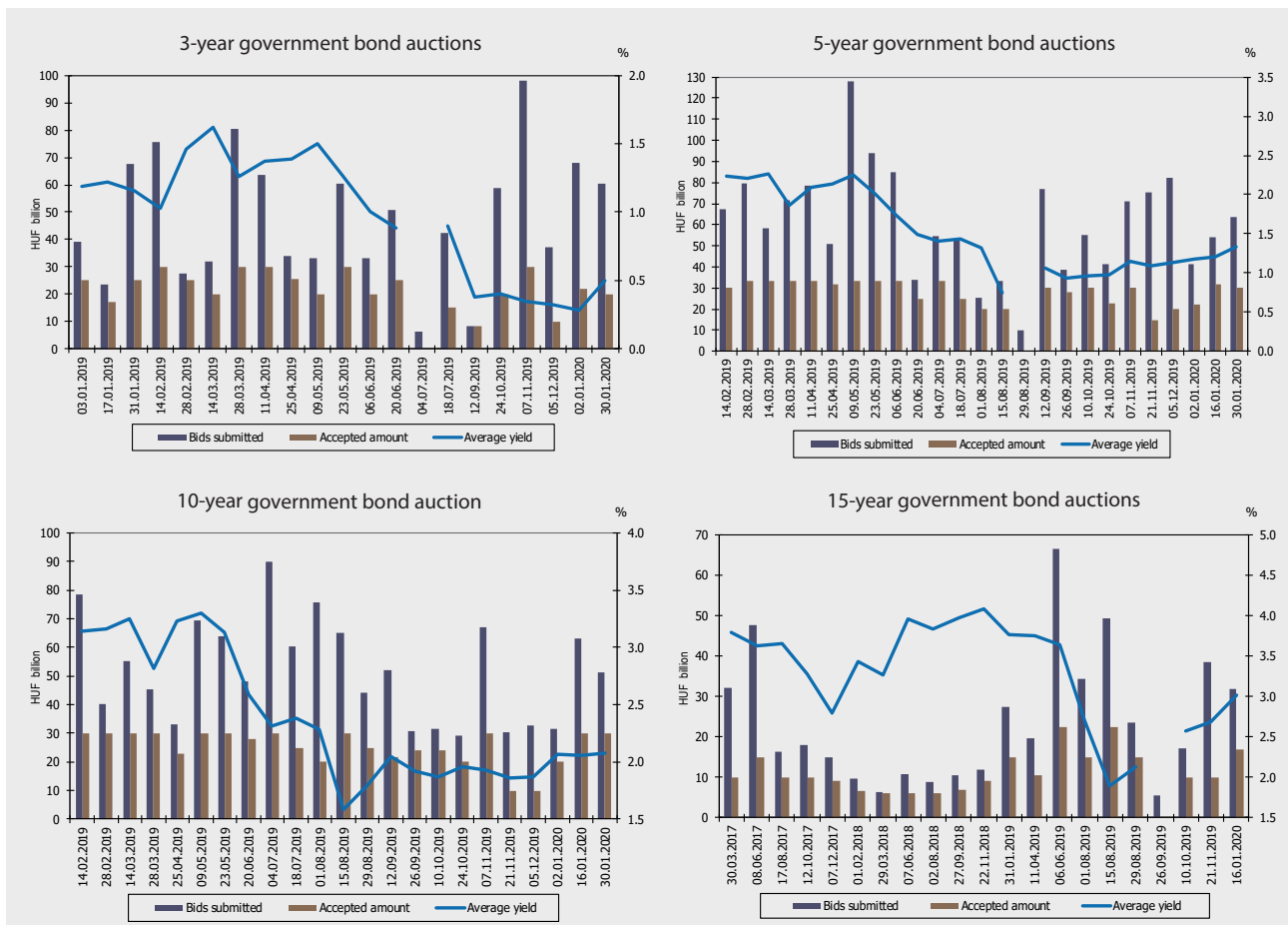
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2022/C	2025/C	2030/A	2027/B	2025/C	2030/A	2041/A	2027/B	2022/C	2025/C	2030/A
ISIN code	HU0000403704	HU0000404058	HU0000403696	HU0000404157	HU0000404058	HU0000403696	HU0000404165	HU0000404157	HU0000403704	HU0000404058	HU0000403696
Maturity (in years)	3	5	10	7	5	10	20	7	3	5	10
Coupon	1.50%	1.00%	3.00%	0.16%	1.00%	3.00%	3.00%	0.16%	1.50%	1.00%	3.00%
Auction	16th auction	4th auction	21st auction	1st auction	5th auction	22nd auction	1st auction	2nd auction	17th auction	6th auction	23rd auction
Date of auction	02.01.2020	02.01.2020	02.01.2020	09.01.2020	16.01.2020	16.01.2020	16.01.2020	23.01.2020	30.01.2020	30.01.2020	30.01.2020
Date of financial settlement	08.01.2020	08.01.2020	08.01.2020	15.01.2020	22.01.2020	22.01.2020	22.01.2020	29.01.2020	05.02.2020	05.02.2020	05.02.2020
Redemption date	24.08.2022	26.11.2025	21.08.2030	22.04.2027	26.11.2025	21.08.2030	25.04.2041	22.04.2027	24.08.2022	26.11.2025	21.08.2030
Maximum annual yield (%) - ISMA	0.29	1.21	2.08	-	1.22	2.07	3.04	-	0.51	1.35	2.10
Minimum annual yield (%) - ISMA	0.27	1.15	2.05	-	1.16	2.04	2.89	-	0.47	1.30	2.05
Average annual yield (%) - ISMA	0.28	1.18	2.07	-	1.20	2.06	3.01	-	0.49	1.33	2.08
Maximum annual yield (%) - EHM	0.29	1.21	2.08	-	1.22	2.07	3.04	-	0.51	1.35	2.10
Minimum annual yield (%) - EHM	0.26	1.15	2.04	-	1.16	2.04	2.89	-	0.47	1.30	2.05
Average annual yield (%) - EHM	0.28	1.18	2.07	-	1.20	2.06	3.01	-	0.49	1.32	2.08
Maximum price (%)	103.2267	99.1549	109.0202	98.0100	99.1041	109.0480	101.7172	97.6000	102.6031	98.3358	108.9170
Minimum price (%)	103.1600	98.8179	108.6770	97.5100	98.7694	108.7476	99.3658	97.1500	102.5110	98.0615	108.4247
Average price (%)	103.1850	98.9752	108.7698	97.7300	98.8602	108.8773	99.7963	97.3700	102.5416	98.1941	108.5963
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	20,000.00	25,000.00	20,000.00	15,000.00	30,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	67,960.50	41,423.00	31,600.00	203,650.00	53,880.00	62,920.00	31,790.00	125,580.00	60,235.00	63,500.00	51,183.73
Amount of bids accepted (HUF million)	22,000.00	22,000.00	20,000.00	30,000.00	31,999.97	29,999.96	17,000.00	40,000.00	20,000.00	30,000.00	30,000.00
Bid-to-cover ratio	3.09	1.88	1.58	6.79	1.68	2.10	1.87	3.14	3.01	2.12	1.71
Bids submitted (pcs)	39	25	23	95	54	62	73	54	32	44	44
Bids accepted (pcs)	13	17	16	16	37	34	29	23	13	25	30
Tail (%) (average price - minimum price)	0.03	0.16	0.09	0.22	0.09	0.13	0.43	0.22	0.03	0.13	0.17
Market sales (HUF million)	22,000.00	22,000.00	20,000.00	30,000.00	31,999.97	29,999.96	17,000.00	40,000.00	20,000.00	30,000.00	30,000.00
Non-competitive offer (HUF million)	8,553.80	8,342.80	7,360.00	11,600.00	6,754.40	3,686.29	5,796.50	13,160.00	7,760.00	11,540.00	11,094.50
Total amount sales (HUF million)	30,553.80	30,342.80	27,360.00	41,600.00	38,754.37	33,686.25	22,796.50	53,160.00	27,760.00	41,540.00	41,094.50



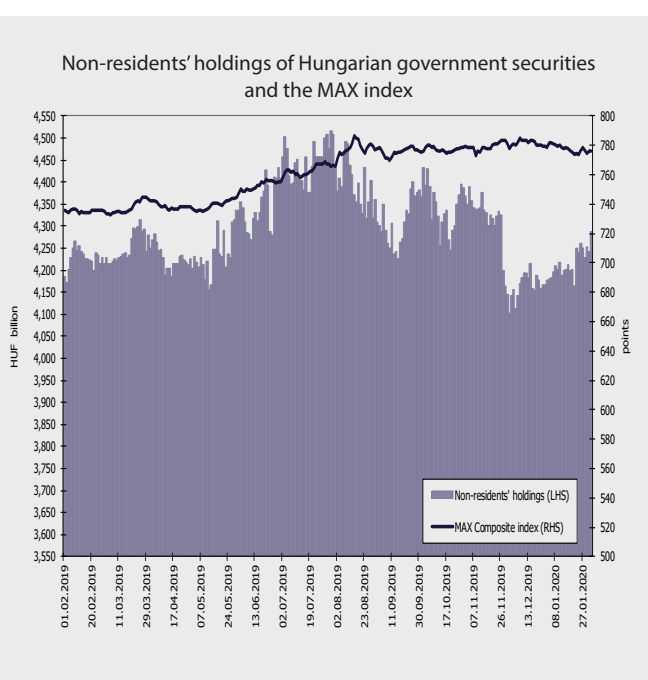
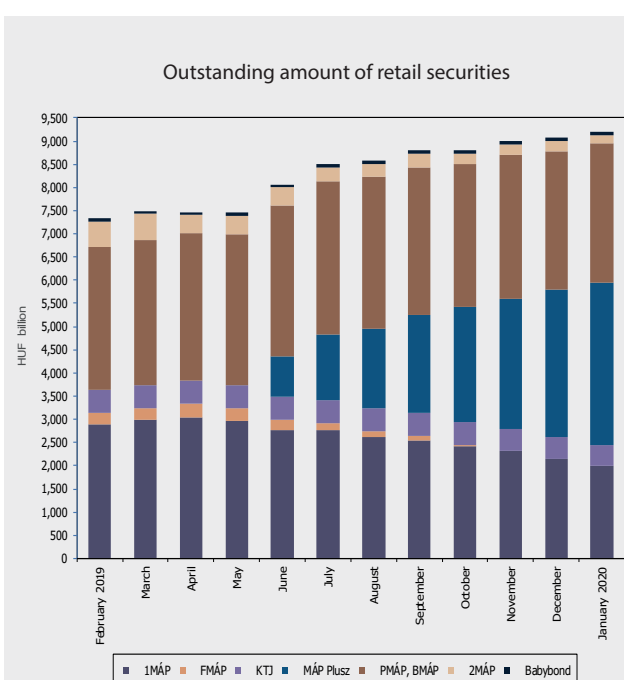
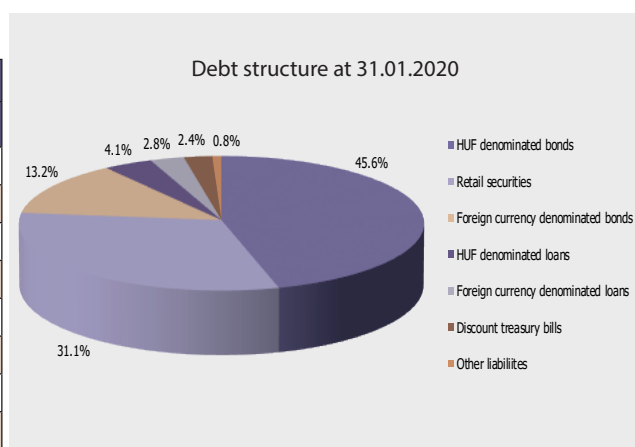
GOVERNMENT SECURITIES MARKET

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JANUARY 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2023/B	23.01.2020	26.01.2020	26.04.2020	27.04.2020	0.18%	0.05%
2027/B	06.01.2020	15.01.2020	22.04.2020	22.04.2020	0.16%	0.04%
2033/S	30.01.2020	01.02.2020	01.02.2021	01.02.2021	6.40%	6.40%
2034/S	30.01.2020	01.02.2020	01.02.2021	01.02.2021	6.40%	6.40%
2035/S	30.01.2020	01.02.2020	01.02.2021	01.02.2021	6.40%	6.40%
2036/S	30.01.2020	01.02.2020	01.02.2021	01.02.2021	6.40%	6.40%
2037/S	28.01.2020	01.02.2020	01.02.2021	01.02.2021	6.40%	6.40%
2038/S	28.01.2020	01.02.2020	01.02.2021	01.02.2021	6.40%	6.40%
2039/S	28.01.2020	03.02.2020	01.02.2021	01.02.2021	6.40%	6.37%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	31.01.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	2,009.1	-148.9
Half-year Hungarian Government Security / FMÁP	0.0	0.0	0.0
Treasury Saving Bills / KTJ	455.1	439.2	-16.0
Hungarian Government Security Plus / MÁP Plusz	3,196.2	3,504.2	308.1
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	2,969.8	2,993.1	23.3
2-year Hungarian Government Security / 2MÁP	215.2	183.5	-31.7
Babybond	79.7	82.3	2.6
Total	9,074.0	9,211.3	137.3



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite	ZMAX index	HMAX index*
Value as at 31.01.2020	821.9343	554.6436	776.2555	536.0871	99.5472
Changes compared to the end of the month before	-3.7291	-0.1126	-3.1697	0.0585	-0.4528
Annual yield earned on the index portfolio (%)	6.31	0.22	5.89	0.07	-

* HMAX government bond index with a maturity of over three years was introduced from 01.01.2020.

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 31.01.2020	778.0757	867.4129	674.1943	458.7134
Changes compared to the end of the month before	-4.0986	-6.4133	-2.4592	8.1891
Reference yield (%)	0.50	1.32	2.07	2.69
Annual yield earned on the index portfolio (%)	4.77	7.08	13.69	19.75

Government bonds with the highest secondary market turnover in January 2020

Government bond	Date of redemption	Turnover (HUF billion)
2026/D	22.12.2026	660,2
2030/A	21.08.2030	622,3
2022/A	24.06.2022	332,0
2024/C	24.10.2024	300,9
2022/C	24.08.2022	293,9
2025/B	24.06.2025	267,2
2022/B	26.10.2022	266,7
2028/A	22.10.2028	244,9
2031/A	22.10.2031	239,8
2023/A	24.11.2023	161,9

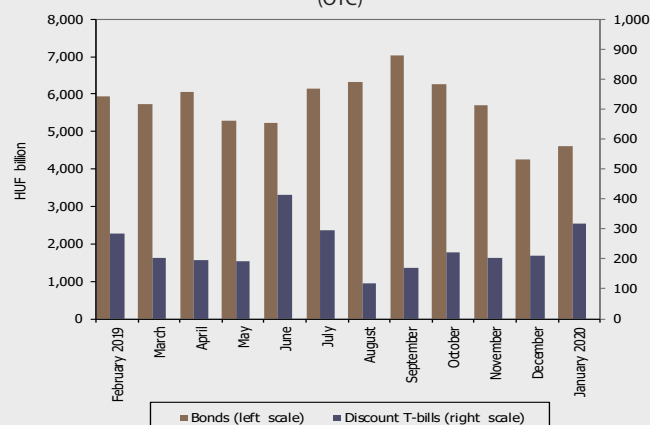
The outstanding volume of government bonds with benchmark status at the end of January 2020

Government bond	HUF billion	
	31.12.2019	31.01.2020
2022/C	378.16	408.85
2024/C	1,132.11	1,132.40
2030/A	618.26	679.50
2038/A	192.20	192.24

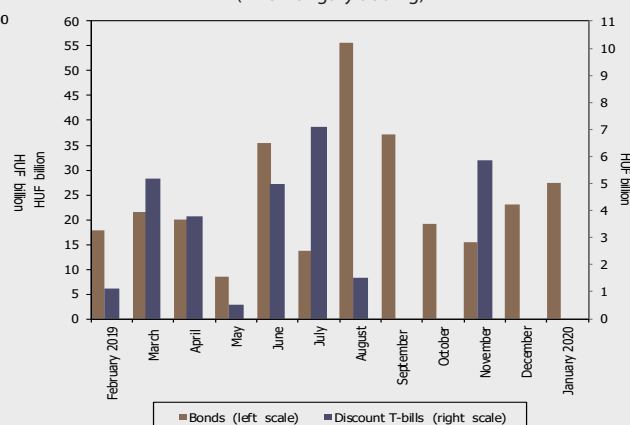
The outstanding volume of the three largest government bonds at the end of January 2020

Government bond	HUF billion
2027/A	1,204.11
2025/B	1,200.05
2022/B	1,139.53

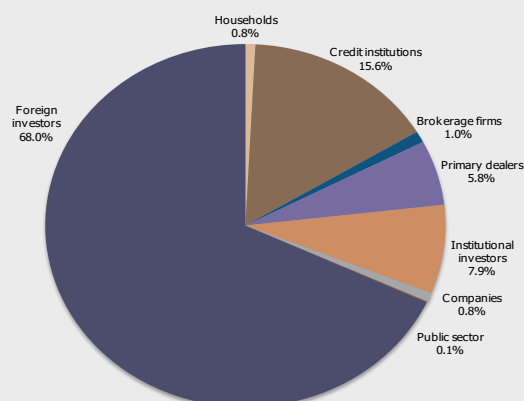
Secondary market trading of Hungarian government securities (OTC)



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



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



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

