GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

ÁKK

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT
AUGUST 2022

The Central Government Debt increased by HUF 3,542.6 billion to HUF 44,239.6 billion in 2022. Total net issuance was HUF 2,272.2 billion; out of which net HUF denominated issuance including repos was HUF 1,038.1 billion and net foreign currency denominated issuance was HUF 1,234.1 billion in 2022.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2021		2022		Change	
	December	%	August	%	HUF billion	%
HUF denominated debt	32,121.2	78.9	33,159.4	75.0	1,038.1	3.2
Loans	1,307.7	3.2	1,261.7	2.9	-46.0	-3.5
Government bonds	20,220.0	49.7	21,544.1	48.7	1,324.1	6.5
Retail securities	10,010.3	24.6	9,435.7	21.3	-574.5	-5.7
Discount treasury bills	583.2	1.4	917.8	2.1	334.5	57.4
Foreign exchange denominated debt	8,395.2	20.6	10,512.8	23.8	2,117.6	25.2
Total	40,516.4	99.6	43,672.1	98.7	3,155.7	7.8
Other obligations	180.6	0.4	567.5	1.3	386.9	214.2
Total central government debt	40,697.0	100.0	44,239.6	100.0	3,542.6	8.7

The HUF denominated debt of the central government increased by HUF 1,038.1 billion in 2022. The increase in domestic debt was the result of the net government bond issuance of HUF 1,324.1 billion and the increase of discount Treasury bills by HUF 334.5 billion. The total amount of retail government securities decreased by HUF 574.5 billion. The majority of the demand for retail government securities was the sale of Premium Hungarian Government Securities with a maturity of more than one year. The volume of HUF loans decreased by HUF 46.0 billion in 2022.
The foreign currency debt of the central government increased by HUF 2,117.6 billion in 2022. The increase was mainly due to the foreign currency bonds issuance in February and June. The issuance of Japanese yen-denominated Samurai bonds was in total amount of 205.4 billion forints (75.3 billion yen) in February, and the foreign currency bonds issuance was in total amount of 1,441.3 billion forints (3 billion USD and 750 million EUR) in June. The drawdown of foreign currency loans further increased the foreign currency debt by HUF 123.1 billion and the issuance of domestic foreign currency bonds grew by HUF 102.5 billion. The exchange rate revaluations totalling HUF 883.5 billion increased the Hungarian forint value of the foreign currency debt. Foreign currency debt was decreased by the redemptions of domestic foreign currency bond by HUF 192.9 billion, the foreign currency bond repayments by HUF 414.0 billion and the foreign currency loan redemptions by HUF 31.3 billion.
The total amount of other liabilities increased by HUF 386.9 billion in 2022.

BENCHMARK YIELDS

Maturity	30.12.2021	29.07.2022	31.08.2022	Change in August basis point
3-month	2.16	8.64	8.00	-64
6-month	2.61	8.85	8.04	-81
1-year	3.57	9.84	10.05	21
3-year	4.19	10.34	10.92	58
5-year	4.35	9.47	9.70	23
10-year	4.51	8.17	8.83	66
15-year	4.72	7.90	8.56	66
20-year	4.75	7.69	8.48	79

Monthly OTC turnover of government securities decreased by 11% to HUF 12,153.5 billion in August. Primary dealers, who account for the decisive part of all secondary government securities trading, made 60% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 37.3 billion in August and mounted to HUF 5,290.1 billion at the end of August. This volume represented 16.6% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 405.11 on the last working day of August.

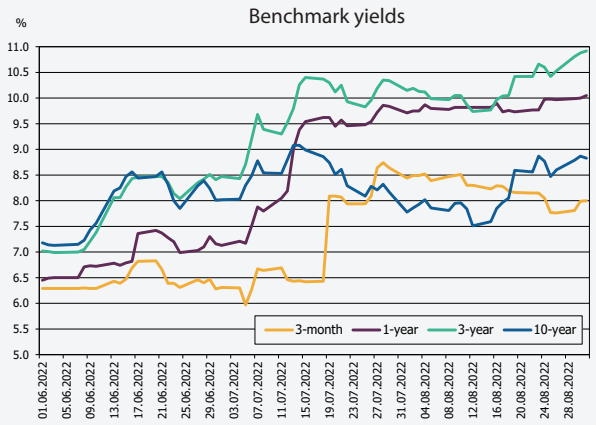
The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of August: BBB (Standard & Poor's); Baa2 (Moody's); BBB (Fitch). On 12 August, Standard & Poor's revised its outlook on Hungary's credit rating to negative from stable.

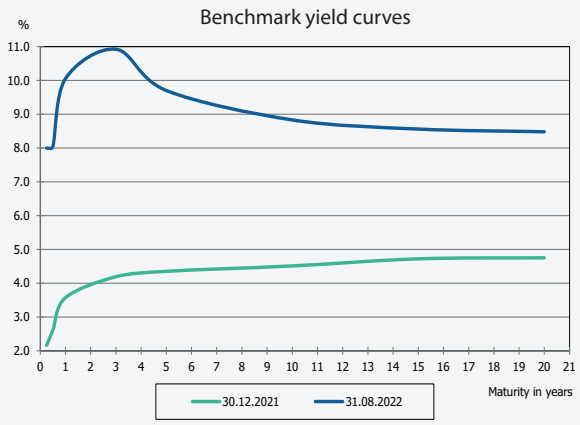
CENTRAL GOVERNMENT GROSS DEBT

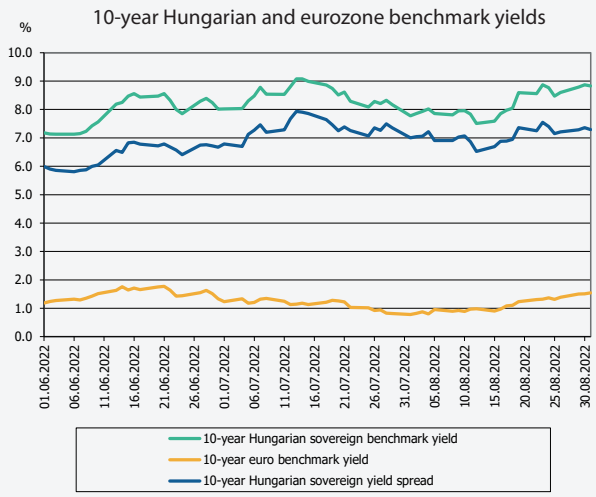
HUF BILLION

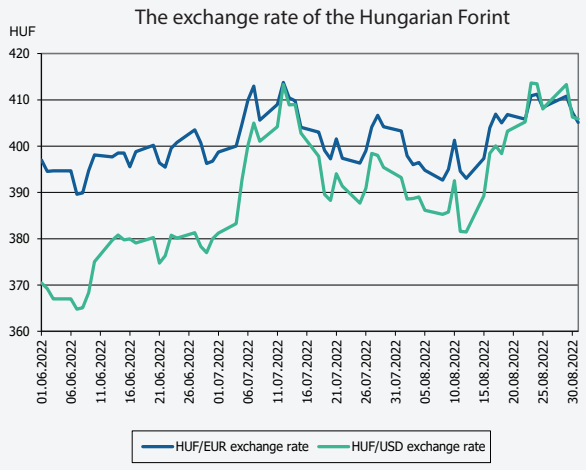
	2017	2018	2019	2020	2021	2022 June	2022 July	2022 August
1. Forint denominated debt	20,689.4	22,796.0	24,357.1	29,237.3	32,121.2	33,643.4	33,319.3	33,159.4
1.1. Loans	1,041.1	1,167.7	1,208.1	1,161.6	1,307.7	1,272.5	1,272.5	1,261.7
1.2. Government securities	19,648.3	21,628.3	23,149.0	28,075.7	30,813.5	32,370.9	32,046.8	31,897.6
1.2.1. Public issues	19,609.2	21,589.1	23,109.8	28,036.5	30,813.5	32,370.9	32,046.8	31,897.6
1.2.1.1. Bonds	11,767.1	12,836.1	13,378.5	18,206.6	20,220.0	21,294.9	21,393.0	21,544.1
1.2.1.2. Discount T-bills	1,039.2	1,237.3	657.3	658.2	583.2	989.0	922.4	917.8
1.2.1.3. Retail securities	6,802.9	7,515.7	9,074.0	9,171.7	10,010.2	10,087.0	9,731.4	9,435.7
1.2.2. Private placements	39.2	39.2	39.2	39.2	0.0	0.0	0.0	0.0
2. Foreign currency denominated debt*	5,782.5	5,724.8	5,121.2	7,318.2	8,395.2	10,246.7	10,423.8	10,512.8
2.1. Loans	929.1	795.0	825.4	1,291.1	1,345.2	1,511.7	1,515.7	1,575.8
2.1.1. Foreign loans	929.1	795.0	825.4	1,291.1	1,345.2	1,511.7	1,515.7	1,575.8
2.1.2. Domestic loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	4,853.5	4,929.8	4,295.8	6,027.1	7,049.9	8,735.1	8,908.1	8,937.0
2.2.1. Issued abroad	4,145.9	4,246.2	3,713.5	5,481.3	6,594.9	8,348.8	8,505.8	8,525.3
2.2.2. Issued domestically	707.6	683.6	582.3	545.9	455.0	386.3	402.3	411.7
Total	26,472.0	28,520.7	29,478.3	36,555.5	40,516.4	43,890.2	43,743.1	43,672.1
Other liabilities	274.20	167.40	203.70	128.80	180.60	390.00	463.80	567.50
Total central government debt	26,746.2	28,688.2	29,682.0	36,684.3	40,697.0	44,280.2	44,206.9	44,239.6
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	12,845.5	14,112.6	14,075.0	18,904.0	20,803.2	22,283.9	22,315.4	22,461.9
Gross debt/GDP	68.1%	66.1%	62.4%	76.0%	73.7%			

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



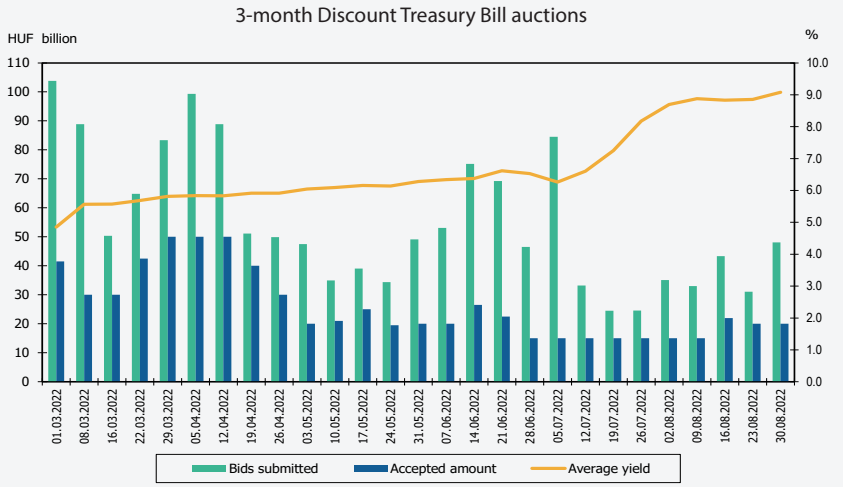


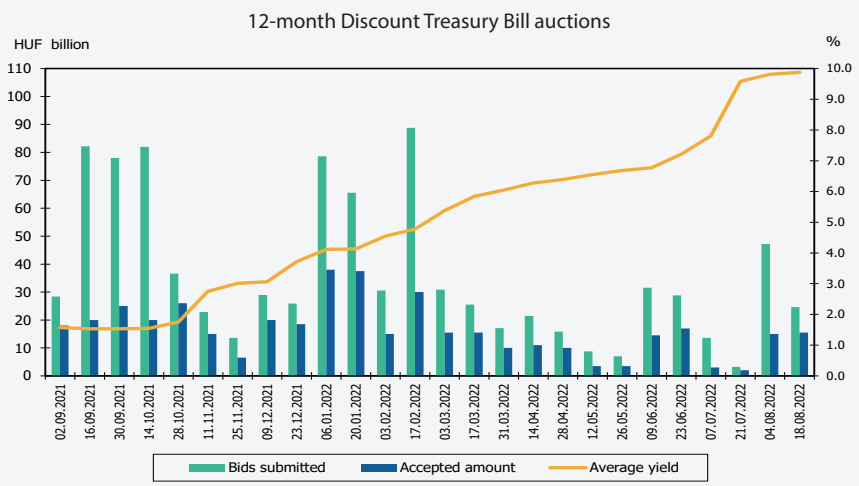




DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D221109	D221116	D221123	D221130	D221207	D230628	D230823
ISIN code	HU0000524269	HU0000524277	HU0000524285	HU0000524301	HU0000524319	HU0000524210	HU0000524293
Maturity in days	91	91	91	91	91	322	364
Date of auction	02.08.2022	09.08.2022	16.08.2022	23.08.2022	30.08.2022	04.08.2022	18.08.2022
Date of financial settlement	10.08.2022	17.08.2022	24.08.2022	31.08.2022	07.09.2022	10.08.2022	24.08.2022
Redemption date	09.11.2022	16.11.2022	23.11.2022	30.11.2022	07.12.2022	28.06.2023	23.08.2023
Maximum yield (%) - ISMA	9.05	9.15	8.99	8.99	9.49	10.00	10.20
Minimum yield (%) - ISMA	8.00	7.50	8.45	7.50	8.50	9.55	9.50
Average yield (%) - ISMA	8.70	8.88	8.83	8.86	9.08	9.82	9.88
Maximum yield (%) - EHM	9.18	9.28	9.11	9.11	9.62	10.14	10.34
Minimum yield (%) - EHM	8.11	7.60	8.57	7.60	8.62	9.68	9.63
Average yield (%) - EHM	8.82	9.00	8.95	8.98	9.20	9.95	10.01
Average selling price (%)	97.8490	97.8055	97.8169	97.8101	97.7571	91.9284	90.9216
Amount offered for sale (HUF million)	15,000.00	20,000.00	15,000.00	20,000.00	20,000.00	15,000.00	20,000.00
Amount of bids submitted (HUF million)	35,092.33	33,027.26	43,349.09	31,046.36	48,044.19	47,203.35	24,633.90
Amount of bids accepted (HUF million)	15,000.00	14,999.99	21,999.99	19,999.99	20,000.00	14,999.99	15,500.00
Bid-to-cover ratio	2.34	2.20	1.97	1.55	2.40	3.15	1.59
Bids submitted (pcs)	60	56	57	60	68	48	33
Bids accepted (pcs)	48	35	24	41	50	29	29
Market sales (HUF million)	15,000.00	14,999.99	21,999.99	19,999.99	20,000.00	14,999.99	15,500.00
Retained on ÁKK's own account (HUF million)	5,000.00	15,000.01	15,000.01	15,000.01	15,000.00	4,500.01	15,500.00
Total amount issued (HUF million)	20,000.00	30,000.00	37,000.00	35,000.00	35,000.00	19,500.00	31,000.00



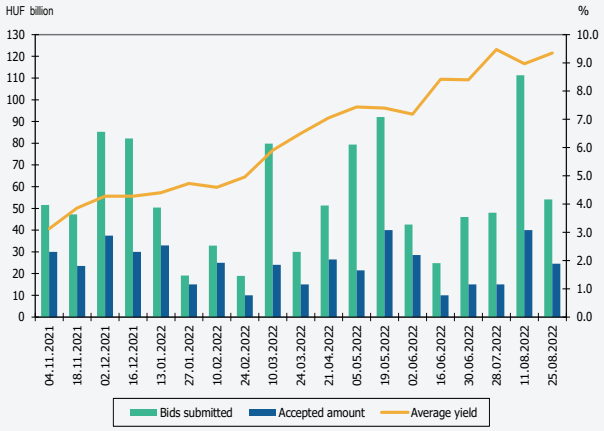


GOVERNMENT BOND AUCTION RESULTS

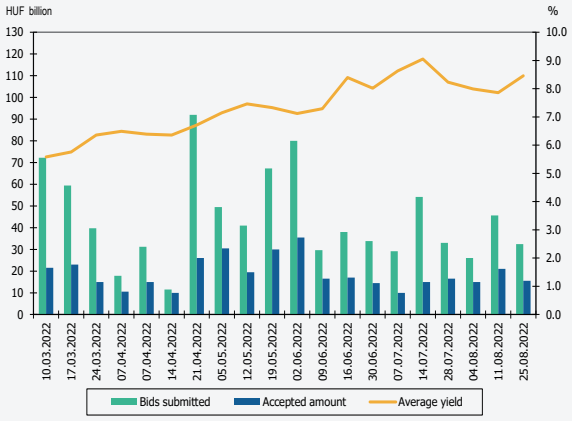
Government Bond	2032/G	2029/B	2028/B	2032/A
ISIN code	HU0000405535	HU0000404926	HU0000405543	HU0000405550
Maturity (in years)	10	7	5	10
Coupon	4.50%	6.81%	4.50%	4.75%
Auction	24th auction	40th auction	2nd auction	14th auction
Date of auction	04.08.2022	04.08.2022	11.08.2022	11.08.2022
Date of financial settlement	10.08.2022	10.08.2022	17.08.2022	17.08.2022
Redemption date	27.05.2032	22.08.2029	23.03.2028	24.11.2032
Maximum annual yield (%) - ISMA	8.01	-	9.02	7.87
Minimum annual yield (%) - ISMA	7.96	-	8.93	7.83
Average annual yield (%) - ISMA	7.99	-	8.97	7.86
Maximum annual yield (%) - EHM	8.00	-	9.01	7.86
Minimum annual yield (%) - EHM	7.95	-	8.92	7.82
Average annual yield (%) - EHM	7.98	-	8.96	7.85
Maximum price (%)	77.0338	97.8500	81.0486	78.7768
Minimum price (%)	76.7537	97.6800	80.7096	78.5411
Average price (%)	76.8595	97.7400	80.9014	78.6167
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	12,000.00
Amount of bids submitted (HUF million)	26,050.00	92,326.48	111,300.00	45,654.00
Amount of bids accepted (HUF million)	14,999.99	21,999.99	40,000.00	21,000.00
Bid-to-cover ratio	1.74	4.20	2.78	2.17
Bids submitted (pcs)	44	74	66	41
Bids accepted (pcs)	26	18	16	16
Tail (%) (average price - minimum price)	0.11	0.06	0.19	0.08
Market sales (HUF million)	14,999.99	21,999.99	40,000.00	21,000.00
Non-competitive offer (HUF million)	0.00	0.00	15,400.00	7,880.00
Total amount sales (HUF million)	14,999.99	21,999.99	55,400.00	28,880.00

Government Bond	2041/A	2029/B	2028/B	2032/A	2038/A
ISIN code	HU0000404165	HU0000404926	HU0000405543	HU0000405550	HU0000403555
Maturity (in years)	20	7	5	10	15
Coupon	3.00%	6.81%	4.50%	4.75%	3.00%
Auction	25th auction	21st auction	6th auction	15th auction	26th auction
Date of auction	11.08.2022	18.08.2022	25.08.2022	25.08.2022	25.08.2022
Date of financial settlement	17.08.2022	24.08.2022	31.08.2022	31.08.2022	31.08.2022
Redemption date	25.04.2041	22.08.2029	23.03.2028	24.11.2032	27.10.2038
Maximum annual yield (%) - ISMA	7.52	-	9.37	8.49	8.28
Minimum annual yield (%) - ISMA	7.37	-	9.28	8.38	8.25
Average annual yield (%) - ISMA	7.49	-	9.35	8.46	8.26
Maximum annual yield (%) - EHM	7.51	-	9.36	8.48	8.27
Minimum annual yield (%) - EHM	7.36	-	9.27	8.37	8.24
Average annual yield (%) - EHM	7.48	-	9.34	8.45	8.26
Maximum price (%)	56.3822	98.9000	79.8589	75.6727	54.0278
Minimum price (%)	55.3749	98.7300	79.5319	75.0607	53.8620
Average price (%)	55.5866	98.7900	79.5939	75.2387	53.9527
Amount offered for sale (HUF million)	8,000.00	15,000.00	15,000.00	10,000.00	5,000.00
Amount of bids submitted (HUF million)	16,256.00	91,881.30	54,150.00	32,433.47	10,713.89
Amount of bids accepted (HUF million)	7,999.98	32,499.98	24,500.00	15,500.00	5,000.00
Bid-to-cover ratio	2.03	2.83	2.21	2.09	2.14
Bids submitted (pcs)	22	57	43	33	17
Bids accepted (pcs)	18	23	14	18	1
Tail (%) (average price - minimum price)	0.21	0.06	0.06	0.18	0.09
Market sales (HUF million)	7,999.98	32,499.98	24,500.00	15,500.00	5,000.00
Non-competitive offer (HUF million)	1,081.48	7,639.98	8,560.00	3,600.00	880.00
Total amount sales (HUF million)	9,081.46	40,139.96	33,060.00	19,100.00	5,880.00

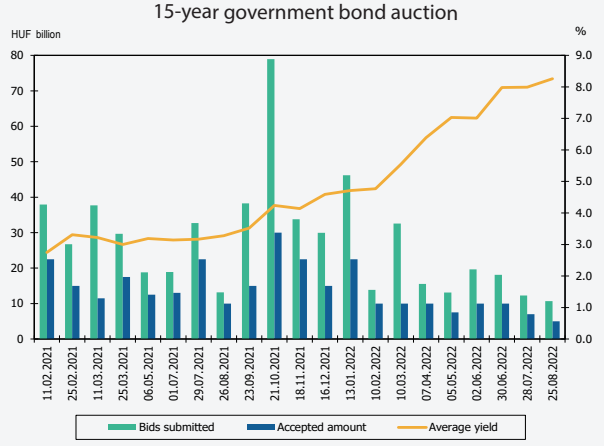
5-year government bond auctions



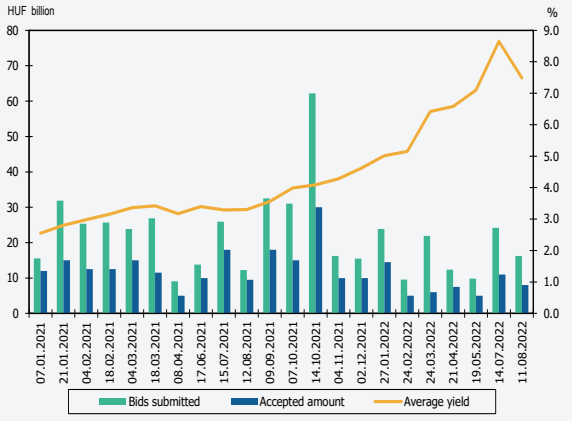
10-year government bond auctions



15-year government bond auction



20-year government bond auctions



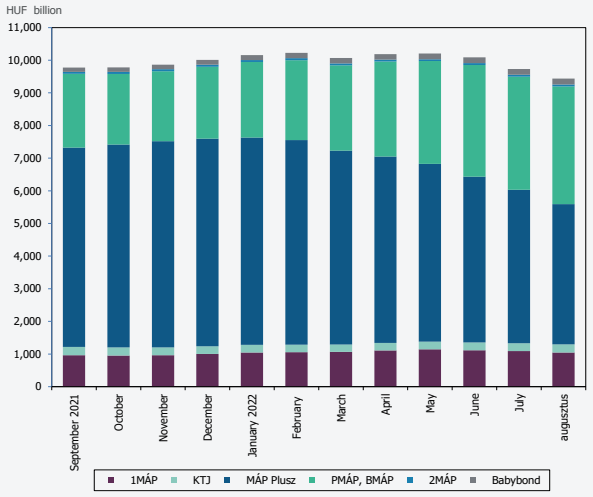
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2022

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2024/N	23.08.2022	26.08.2022	26.08.2023	28.08.2023	12.16%	12.33%
2029/B	17.08.2022	22.08.2022	22.11.2022	22.11.2022	12.02%	3.07%

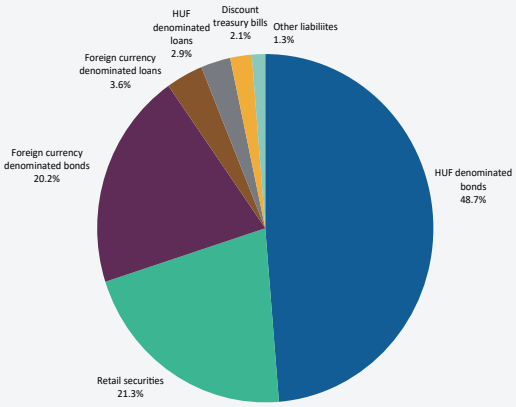
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2021	31.08.2022	Change
1-year Hungarian Government Security / 1MÁP	1,001.6	1,047.3	45.8
Treasury Saving Bills / KTJ	234.8	250.5	15.8
Hungarian Government Security Plus / MÁP Plusz	6,361.5	4,292.2	-2,069.3
Premium Hungarian Government Security / PMÁP	2,202.7	3,608.7	1,406.0
Bonus Hungarian Government Security / BMÁP	60.8	55.9	-4.9
Babybond	148.8	181.0	32.2
Total	10,010.2	9,435.7	-574.5

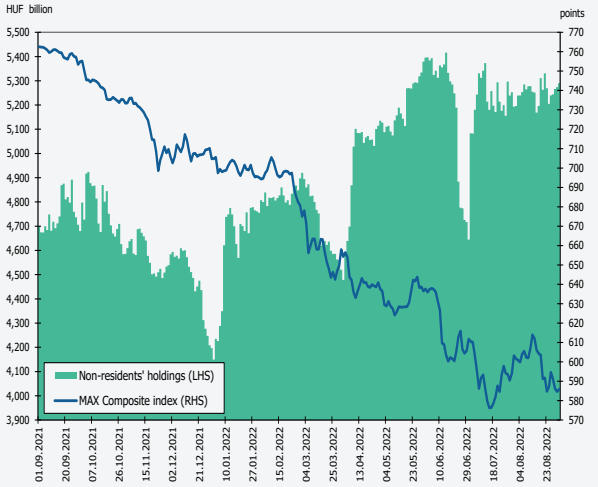
Changes in the stock of retail securities



Debt structure at 31.08.2022



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



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	HMAX index	MAX Composite index	RMAX index	ZMAX index
Value as at 31.08.2022	607.6998	69.2109	585.8608	561.2354	553.5153
Changes compared to the end of the prevoius month	-8.6991	-1.5789	-8.1203	5.1978	4.3304
Annual yield earned on the index portfolio (%)	-25.04	-29.23	-23.53	0.49	2.53

Government bonds with the highest secondary market turnover in August 2022

Government bond	Date of redemption	Turnover (HUF billion)
2032/A	24.11.2032	332.9
2028/B	23.03.2028	258.9
2031/A	22.10.2031	199.0
2029/B	22.08.2029	196.5
2033/A	20.04.2033	171.7
2030/A	21.08.2030	136.9
2027/A	27.10.2027	136.1
2029/A	23.05.2029	125.0
2025/C	26.11.2025	117.1
2041/A	25.04.2041	103.0

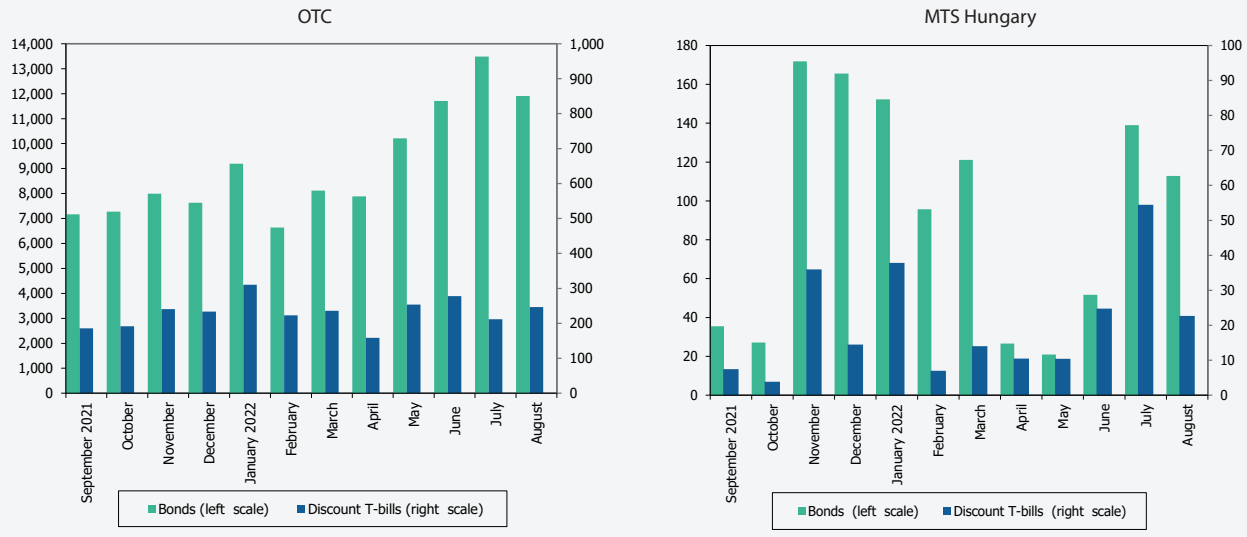
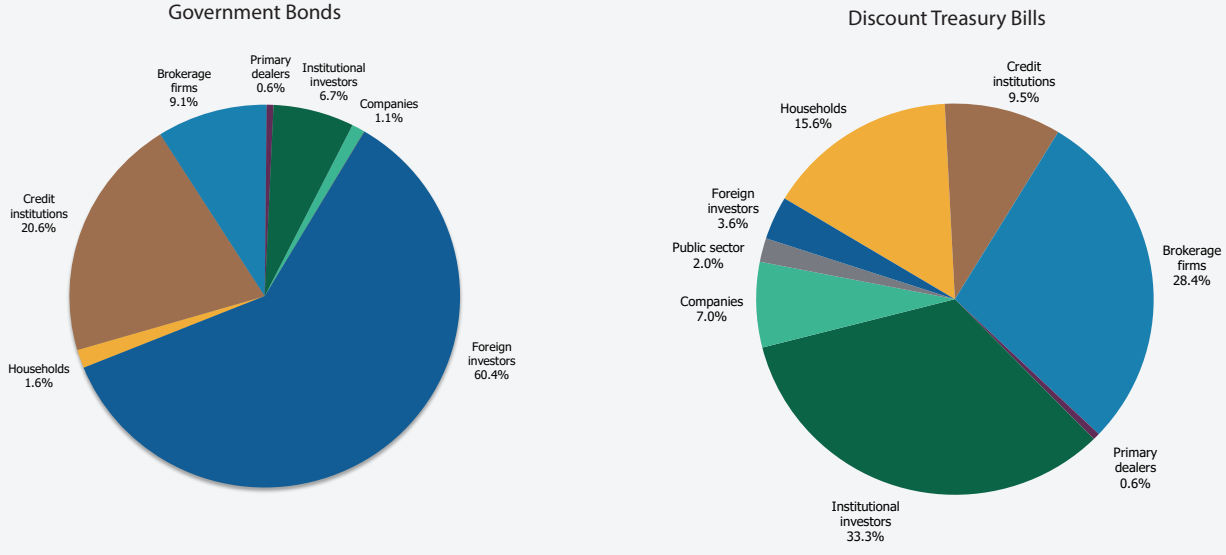
The outstanding volume of government bonds with benchmark status at the end of August 2022

Government bond	HUF billion	
	31.07.2022	31.08.2022
2025/C	1,337.03	1,339.18
2028/B	309.88	414.10
2032/A	381.04	445.83
2038/A	873.09	886.02
2041/A	475.55	484.76

The outstanding volume of the three largest government bonds at the end of August 2022

Government bond	HUF billion
2031/A	1,526.58
2025/C	1,339.18
2033/A	1,308.42

Secondary market trading of Hungarian government securities (HUF billion)



Breakdown of primary dealers' secondary market turnover by investor groups in August 2022