

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

August 2020

The Central Government Debt increased by HUF 2,712.9 billion to HUF 32,394.9 billion by August 2020. Total net issuance was HUF 2,394.8 billion; out of which net HUF-denominated issuance was HUF 1,970.6 billion and net foreign currency denominated issuance was HUF 424.1 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	August	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	26,327.7	81.3	1,970.6	8.1
Loans	1,208.1	4.1	1,161.6	3.6	-46.5	-3.8
Government bonds	13,417.7	45.2	15,764.0	48.7	2,346.4	17.5
Retail securities	9,074.0	30.6	8,649.7	26.7	-424.4	-4.7
Discount treasury bills	657.3	2.2	752.4	2.3	95.1	14.5
Foreign exchange denominated debt	5,121.2	17.3	5,885.8	18.2	764.6	14.9
Total	29,478.3	99.3	32,213.5	99.4	2,735.2	9.3
<i>Other obligations</i>	203.7	0.7	181.4	0.6	-22.3	-10.9
Total central government debt	29,682.0	100.0	32,394.9	100.0	2,712.9	9.1

The HUF denominated debt of the central government increased by HUF 1,970.6 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 2,346.4 billion and the increase of discount Treasury bills by HUF 95.1 billion. The total amount of retail government securities decreased by HUF 424.4 billion. The decrease was mainly due to the precarious situation caused by the coronavirus epidemic. As a result of restrictions on movement, the demand for retail government securities decreased significantly, however the sale of the 5-year long Hungarian Government Securities Plus accounted for the majority. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans decreased by HUF 46.5 billion in 2020.

The foreign currency debt of the central government increased by HUF 764.6 billion in 2020. The foreign currency debt was increased by the EUR 1 billion (HUF 353.6 billion) 6-year foreign currency bonds and the EUR 1 billion (HUF 353.6 billion) 12-year foreign currency bonds issued in April. Hungary's first international green bond was issued in the amount of EUR 1.5 billion (HUF 518.4 billion) in June. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 23.7 billion and the drawdown of foreign currency loans by HUF 75.9 billion. The exchange rate revaluations totalling HUF 340.4 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 901.4 billion. The total amount of other liabilities decreased by HUF 22.3 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	31.07.2020	31.08.2020	Change in August basis point
3-month	-0.01	0.27	0.31	4
6-month	0.01	0.32	0.36	4
1-year	0.02	0.31	0.42	11
3-year	0.28	0.95	1.12	17
5-year	1.17	1.25	1.59	34
10-year	2.01	2.07	2.30	23
15-year	2.80	2.64	2.76	12
20-year*	-	2.79	2.85	6

*The 20-year Hungarian Government Bond was added to the list of the benchmark securities from 20 May 2020.

Monthly OTC turnover of government securities decreased by 28% to HUF 3,092.8 billion in August. Primary dealers, who account for the decisive part of all secondary government securities trading, made 54% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 340.3 billion in August and amounted to HUF 4,080.4 billion at the end of the month. This volume represented 16.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 354.06 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

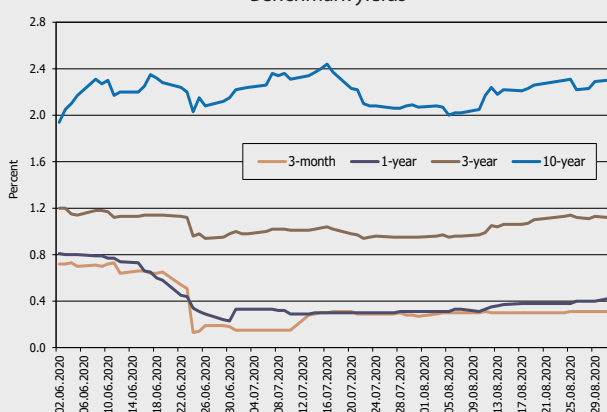
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

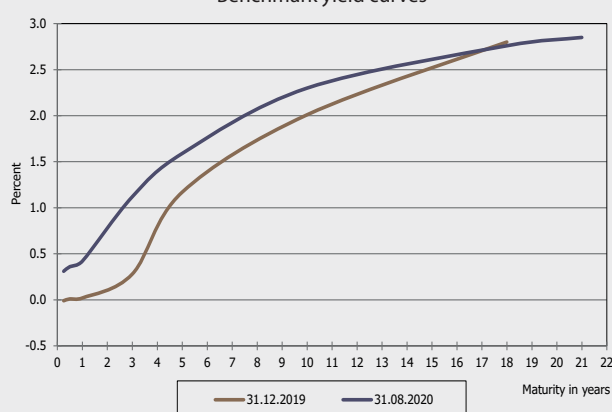
	2015	2016	2017	2018	2019	2020 June	2020 July	2020 August
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	25,559.2	25,776.3	26,327.7
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	24,397.6	24,614.7	25,166.1
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	24,358.4	24,575.5	25,126.9
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	14,668.8	15,291.8	15,724.9
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	824.7	818.1	752.4
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	8,864.9	8,465.6	8,649.7
1.2.2. Private placements	51.5	39.2	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	7,735.8	6,256.5	5,782.5	5,724.8	5,121.2	6,042.5	5,794.2	5,885.8
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	966.6	934.3	959.6
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	966.6	934.3	959.6
2.1.2. Domestic loans	82.6	4.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,039.0	5,154.9	4,853.5	4,929.8	4,295.8	5,075.9	4,859.9	4,926.2
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	4,432.8	4,235.8	4,282.0
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	643.1	624.1	644.2
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	31,601.7	31,570.5	32,213.5
Other liabilities	756.00	742.70	274.20	167.40	203.7	251.5	208.6	181.4
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	31,853.3	31,779.1	32,394.9
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	11,996.5	12,498.0	12,845.5	14,112.6	14,075.0	15,532.7	16,149.1	16,516.5
Gross debt/GDP	71.0%	70.8%	68.9%	67.2%	63.5%			

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

Benchmark yields

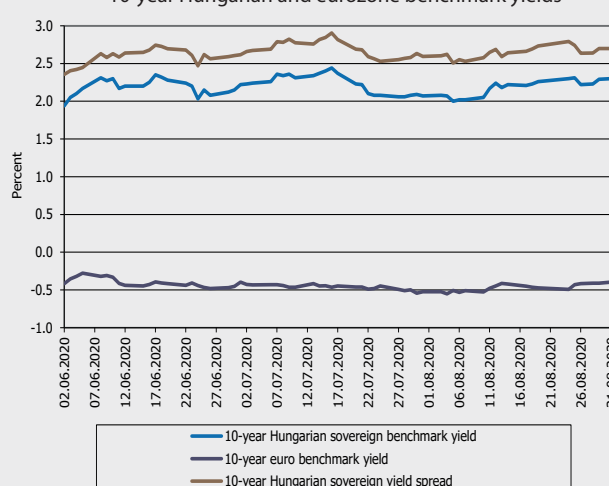


Benchmark yield curves

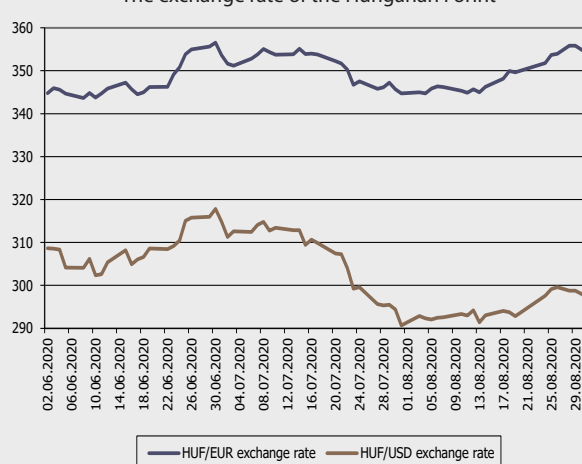


The range of reference government securities has been expanded with the 20-year government bond from 20 May 2020.

10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

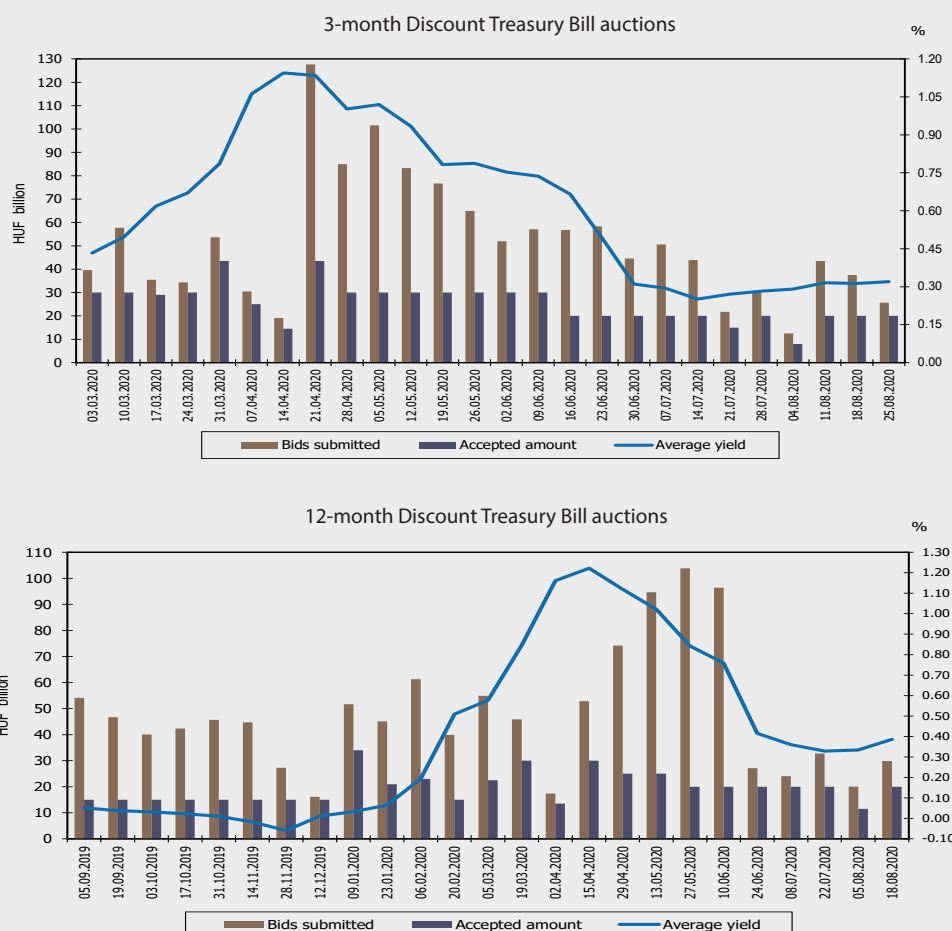


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D201111	D201118	D201125	D201202	D210630	D210825
ISIN code	HU0000523220	HU0000523238	HU0000523246	HU0000523261	HU0000523170	HU0000523253
Maturity in days	91	91	91	91	322	364
Date of auction	04.08.2020	11.08.2020	18.08.2020	25.08.2020	05.08.2020	18.08.2020
Date of financial settlement	12.08.2020	19.08.2020	26.08.2020	02.09.2020	12.08.2020	26.08.2020
Redemption date	11.11.2020	18.11.2020	25.11.2020	02.12.2020	30.06.2021	25.08.2021
Maximum yield (%) - ISMA	0.31	0.35	0.34	0.35	0.35	0.41
Minimum yield (%) - ISMA	0.28	0.29	0.29	0.29	0.30	0.34
Average yield (%) - ISMA	0.29	0.32	0.31	0.32	0.33	0.39
Maximum yield (%) - EHM	0.32	0.35	0.34	0.35	0.35	0.42
Minimum yield (%) - EHM	0.28	0.29	0.29	0.29	0.30	0.34
Average yield (%) - EHM	0.29	0.32	0.32	0.32	0.34	0.39
Average selling price (%)	99.9265	99.9203	99.9210	99.9192	99.7019	99.6114
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	12,494.50	43,548.81	37,563.01	25,630.82	20,028.80	29,872.49
Amount of bids accepted (HUF million)	8,000.00	19,999.98	19,999.99	19,999.98	11,499.96	19,999.97
Bid-to-cover ratio	1.56	2.18	1.88	1.28	1.74	1.49
Bids submitted (pcs)	14	32	36	22	34	29
Bids accepted (pcs)	11	15	20	21	21	23
Market sales* (HUF million)	8,000.00	19,999.98	19,999.99	19,999.98	11,499.96	19,999.97
Retained on ÁKK's own account (HUF million)	4,000.00	6,000.02	6000.01	6,000.02	11500.04	20,000.03
Total amount issued (HUF million)	12,000.00	26,000.00	26,000.00	26,000.00	23,000.00	40,000.00

* Without issuance onto ÁKK's own account



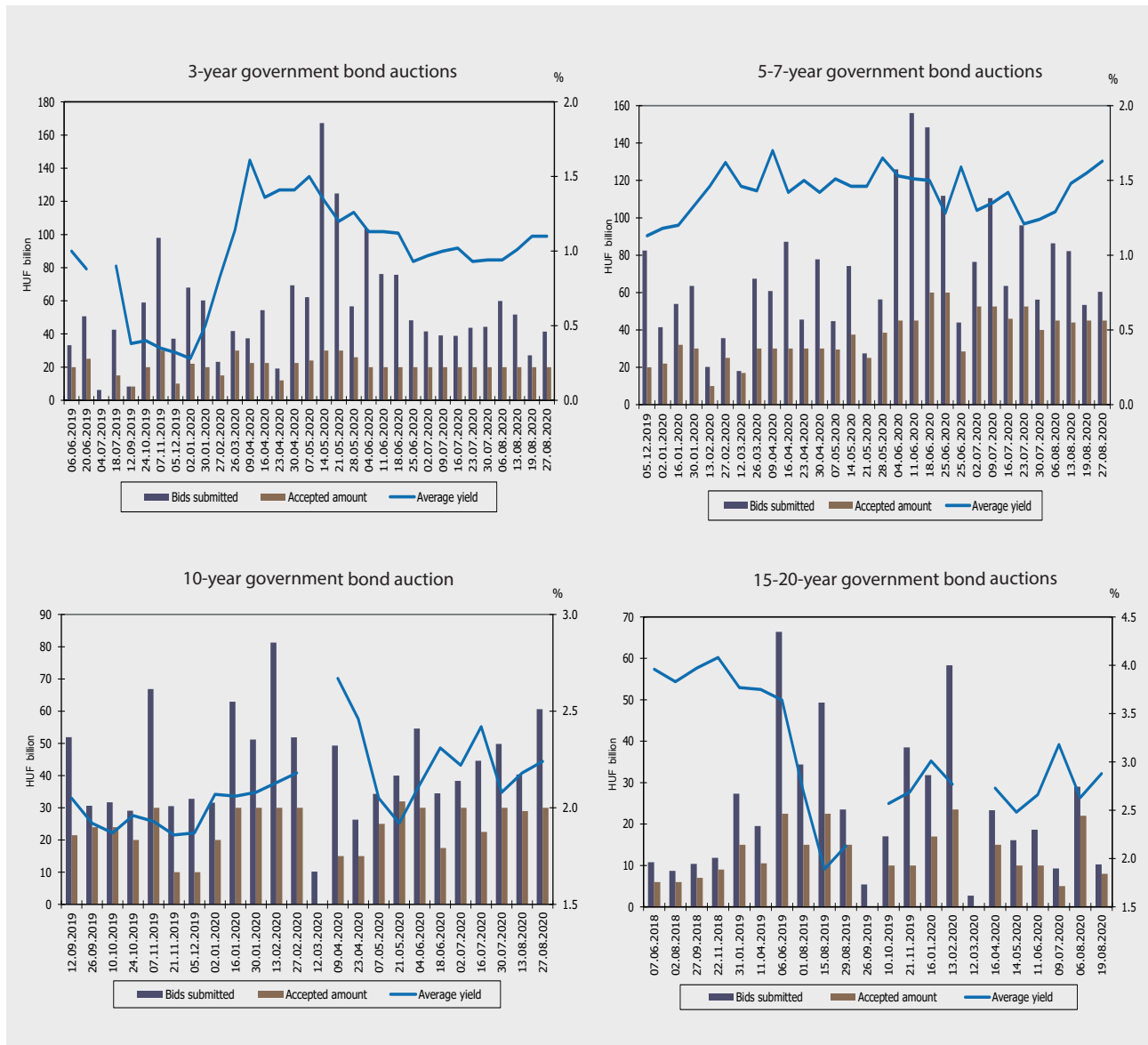
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2023/C	2025/C	2038/A	2023/C	2025/C
ISIN code	HU0000404157	HU0000404280	HU0000404058	HU0000403555	HU0000404280	HU0000404058
Maturity (in years)	7	3	5	15	3	5
Coupon	0.16%	1.50%	1.00%	3.00%	1.50%	1.00%
Auction	11th auction	18th auction	28th auction	20th auction	19th auction	29th auction
Date of auction	05.08.2020	06.08.2020	06.08.2020	06.08.2020	13.08.2020	13.08.2020
Date of financial settlement	12.08.2020	12.08.2020	12.08.2020	12.08.2020	19.08.2020	19.08.2020
Redemption date	22.04.2027	23.08.2023	26.11.2025	27.10.2038	23.08.2023	26.11.2025
Maximum annual yield (%) - ISMA	-	0.96	1.30	2.64	1.02	1.49
Minimum annual yield (%) - ISMA	-	0.92	1.26	2.59	1.00	1.46
Average annual yield (%) - ISMA	-	0.94	1.29	2.63	1.01	1.48
Maximum annual yield (%) - EHM	-	0.96	1.30	2.64	1.02	1.49
Minimum annual yield (%) - EHM	-	0.92	1.26	2.59	1.00	1.46
Average annual yield (%) - EHM	-	0.94	1.29	2.63	1.01	1.48
Maximum price (%)	96.5000	101.7226	98.6805	105.8861	101.4598	97.6866
Minimum price (%)	96.3300	101.6103	98.4789	105.1081	101.3999	97.5367
Average price (%)	96.4000	101.6539	98.5489	105.3419	101.4253	97.5785
Amount offered for sale (HUF million)	10,000.00	20,000.00	30,000.00	15,000.00	20,000.00	30,000.00
Amount of bids submitted (HUF million)	18,552.00	59,953.00	86,395.00	29,001.00	51,705.00	82,140.00
Amount of bids accepted (HUF million)	9,999.99	20,000.00	44,999.98	22,000.00	19,999.97	44,000.00
Bid-to-cover ratio	1.86	3.00	1.92	1.32	2.59	1.87
Bids submitted (pcs)	37	52	67	46	41	66
Bids accepted (pcs)	26	19	43	39	24	37
Tail (%) (average price - minimum price)	0.07	0.04	0.07	0.23	0.03	0.04
Market sales (HUF million)	9,999.99	20,000.00	44,999.98	22,000.00	19,999.97	44,000.00
Non-competitive offer (HUF million)	2,319.99	3,120.00	13,980.74	4,539.60	4,219.31	16,473.00
Total amount sales (HUF million)	12,319.98	23,120.00	58,980.72	26,539.60	24,219.28	60,473.00

Government Bond	2030/A	2023/C	2025/C	2038/A	2023/C	2026/E	2031/A
ISIN code	HU0000403696	HU0000404280	HU0000404058	HU0000403555	HU0000404280	HU0000404611	HU0000403001
Maturity (in years)	10	3	5	15	3	5	10
Coupon	3.00%	1.50%	1.00%	3.00%	1.50%	1.50%	3.25%
Auction	36th auction	20th auction	30th auction	21st auction	21st auction	1st auction	31st auction
Date of auction	13.08.2020	19.08.2020	19.08.2020	19.08.2020	27.08.2020	27.08.2020	27.08.2020
Date of financial settlement	19.08.2020	26.08.2020	26.08.2020	26.08.2020	02.09.2020	02.09.2020	02.09.2020
Redemption date	21.08.2030	23.08.2023	26.11.2025	21.08.2030	23.08.2023	22.04.2026	22.10.2031
Maximum annual yield (%) - ISMA	2.20	1.11	1.58	2.90	1.11	1.66	2.26
Minimum annual yield (%) - ISMA	2.17	1.08	1.52	2.86	1.08	1.59	2.23
Average annual yield (%) - ISMA	2.18	1.10	1.55	2.88	1.10	1.63	2.24
Maximum annual yield (%) - EHM	2.20	1.11	1.58	2.90	1.11	1.66	2.26
Minimum annual yield (%) - EHM	2.17	1.08	1.52	2.86	1.08	1.59	2.23
Average annual yield (%) - EHM	2.18	1.10	1.55	2.88	1.10	1.63	2.24
Maximum price (%)	107.3800	101.2403	97.3982	101.9703	101.2220	99.5188	109.9703
Minimum price (%)	107.0990	101.1419	97.1100	101.3205	101.1267	99.1503	109.6480
Average price (%)	107.2867	101.1850	97.2573	101.7163	101.1546	99.3067	109.8208
Amount offered for sale (HUF million)	20,000.00	20,000.00	30,000.00	10,000.00	20,000.00	30,000.00	20,000.00
Amount of bids submitted (HUF million)	40,318.00	27,110.00	53,370.00	10,270.00	41,470.00	60,415.00	60,590.00
Amount of bids accepted (HUF million)	29,000.00	20,000.00	45,000.00	8,000.00	20,000.00	45,000.00	30,000.00
Bid-to-cover ratio	1.39	1.36	1.19	1.28	2.07	1.34	2.02
Bids submitted (pcs)	45	26	43	15	39	49	51
Bids accepted (pcs)	32	23	38	14	21	38	21
Tail (%) (average price - minimum price)	0.19	0.04	0.15	0.40	0.03	0.16	0.17
Market sales (HUF million)	29,000.00	20,000.00	45,000.00	8,000.00	20,000.00	45,000.00	30,000.00
Non-competitive offer (HUF million)	3,327.20	6,236.00	4,600.00	0.00	2,480.00	400.00	6,189.00
Total amount sales (HUF million)	32,327.20	26,236.00	49,600.00	8,000.00	22,480.00	45,400.00	36,189.00

GOVERNMENT SECURITIES MARKET



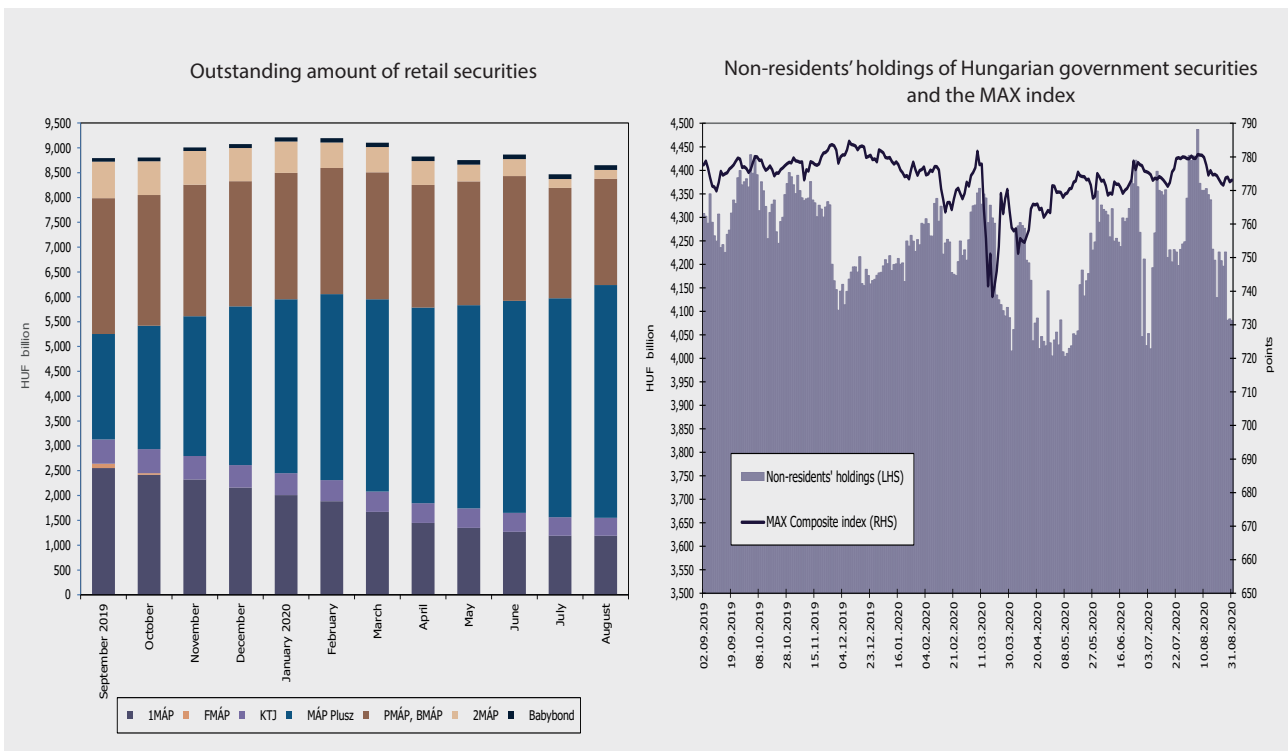
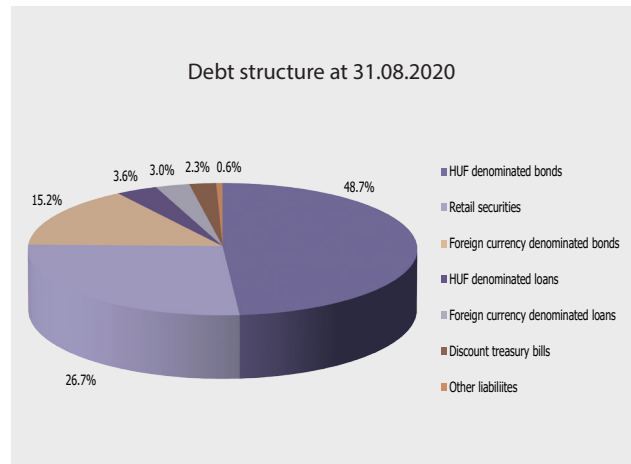
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/K	19.08.2020	26.08.2020	26.08.2021	26.08.2021	4.50%	4.50%
2024/N	24.08.2020	26.08.2020	26.08.2021	26.08.2021	2.86%	2.90%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	31.07.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,188.7	-969.4
Treasury Saving Bills	455.1	361.5	-93.7
Hungarian Government Security Plus / MÁP Plusz	3,196.2	4,688.9	1,492.7
Premium Hungarian Government / PMÁP	2,518.3	2,137.5	-832.2
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	666.6	176.6	-38.6
Babybond	79.7	96.4	16.7
Total	9,074.0	8,649.6	-424.4



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 31.08.2020	818.5647	555.6859	773.0917	537.5495	99.1454
Changes compared to the end of the month before	-7.8775	-0.0543	-7.1401	0.0871	-1.2172
Annual yield earned on the index portfolio (%)	-0.54%	0.21%	-0.53%	0.30%	-

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

BENCHMARK INDICES**

** Government Debt Management Agency (ÁKK) discontinued the publication of BMX indices from 31 March 2020.

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in August 2020

Government bond	Date of redemption	Turnover (HUF billion)
2025/C	26.11.2025	338.5
2023/C	23.08.2023	298.1
2030/A	21.08.2030	284.2
2026/D	22.12.2026	217.4
2022/B	26.10.2022	215.4
2025/B	24.06.2025	135.2
2038/A	27.10.2038	128.5
2022/C	24.08.2022	124.7
2020/A	12.11.2020	115.2
2024/C	24.10.2024	110.1

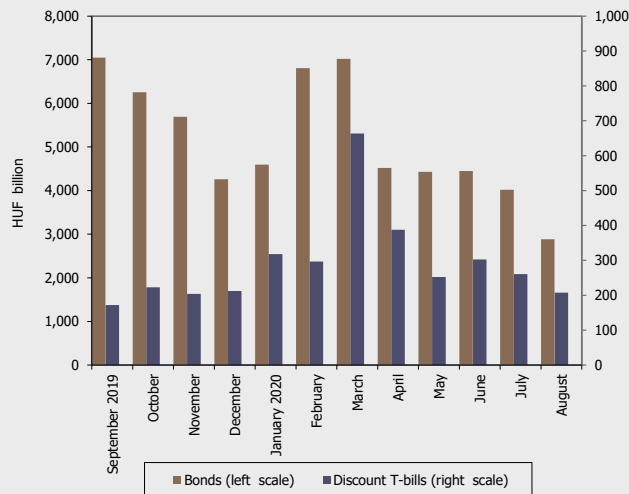
The outstanding volume of government bonds with benchmark status at the end of August 2020

Government bond	HUF billion	
	2020.07.31	2020.08.31
2022/C	366.94	336.20
2024/C	1,137.02	1,136.93
2030/A	1,014.49	1,083.35
2038/A	267.60	302.23
2041/A	51.30	64.34

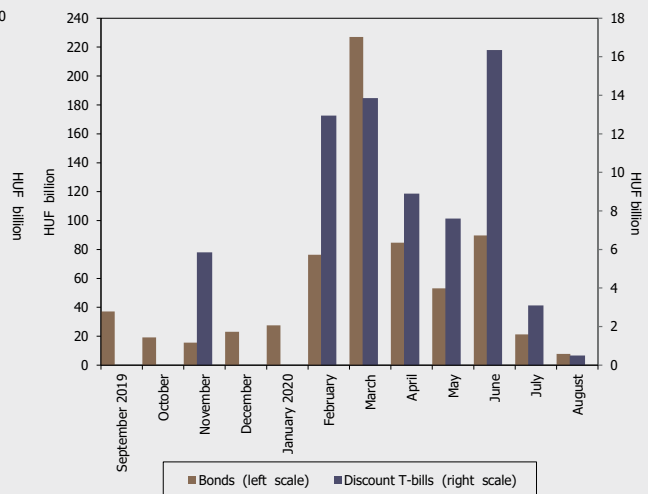
The outstanding volume of the three largest government bonds at the end of August 2020

Government bond	HUF billion
2027/A	1,236.00
2025/B	1,199.92
2024/C	1,136.93

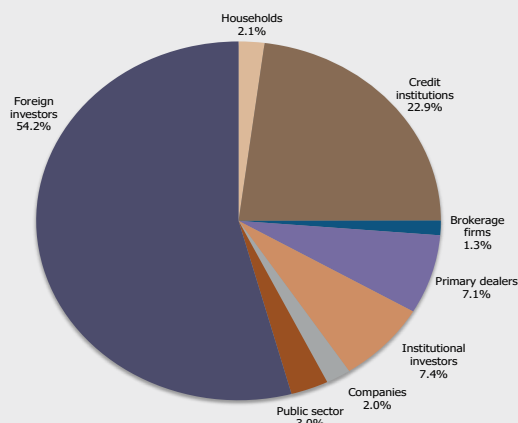
Secondary market trading of Hungarian government securities (OTC)



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 2020



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

