

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

September 2021

The Central Government Debt increased by HUF 3,375.5 billion to HUF 40,059.8 billion in the first nine months of the year. Total net issuance was HUF 3,375.0 billion; out of which net HUF denominated issuance was HUF 2,313.6 billion and net foreign currency denominated issuance was HUF 1,061.4 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	September	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	31,550.9	78.8	2,313.6	7.9
Loans	1,161.6	3.2	1,156.8	2.9	-4.8	-0.4
Government bonds	18,245.8	49.7	20,058.2	50.1	1,812.5	9.9
Retail securities	9,171.7	25.0	9,776.5	24.4	604.8	6.6
Discount treasury bills	658.2	1.8	559.3	1.4	-98.9	-15.0
Foreign exchange denominated debt	7,318.2	19.9	8,343.3	20.8	1,025.1	14.0
Total	36,555.5	99.6	39,894.2	99.6	3,338.7	9.1
Other obligations	128.8	0.4	165.7	0.4	36.8	28.6
Total central government debt	36,684.3	100.0	40,059.8	100.0	3,375.5	9.2

The HUF denominated debt of the central government increased by HUF 2,313.6 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 1,812.5 billion and the decrease of discount Treasury bills by HUF 98.9 billion. The total amount of retail government securities further increased by HUF 604.8 billion. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The volume of HUF loans decreased by HUF 4.8 billion in 2021.

The foreign currency debt of the central government increased by HUF 1,025.1 billion in 2021. The increase is mainly due to the issuance of 10-year foreign currency bond USD 2.25 billion (HUF 671.4 billion) and 30-year foreign currency bond USD 2 billion (HUF 596.8 billion) in September. The EUR 1 billion (HUF 352.9 billion) 7-year foreign currency bond was also issued in September and its coupon was the lowest one that ever achieved by the Hungary during euro bond issues. The drawdown of foreign currency loans further increased the foreign currency debt by HUF 157.7 billion and the issuance of domestic foreign currency bonds grew by HUF 58.1 billion. Foreign currency debt was decreased by the redemptions of foreign currency bond by HUF 552.1 billion, the domestic foreign currency bond repayments by HUF 132.5 billion and the foreign currency loan redemptions by HUF 90.9 billion. The exchange rate revaluations totalling HUF 36.3 billion decreased the Hungarian forint value of the foreign currency debt. The total amount of other liabilities increased by HUF 36.8 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	31.08.2021	30.09.2021	Change in September basis point
3-month	0.28	0.87	1.01	14
6-month	0.33	0.96	1.16	20
1-year	0.39	1.13	1.51	38
3-year	0.70	2.11	2.23	12
5-year	1.36	2.38	2.65	27
10-year	2.08	2.93	3.23	30
15-year	2.25	3.33	3.62	29
20-year	2.47	3.43	3.78	35

Monthly OTC turnover of government securities increased by 34% to HUF 7,349.4 billion in September. Primary dealers, who account for the decisive part of all secondary government securities trading, made 74% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 132.9 billion in September and amounted to HUF 4,797.8 billion at the end of September. This volume represented 15.8% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 360.52 on the last working day of September.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of September: BBB (Standard & Poor's); BBB (Fitch); Baa2 (Moody's). On 24 September, Moody's upgraded the Hungarian debt rating from Baa3 to Baa2 and gave a stable outlook for the new rating.

GOVERNMENT SECURITIES MARKET

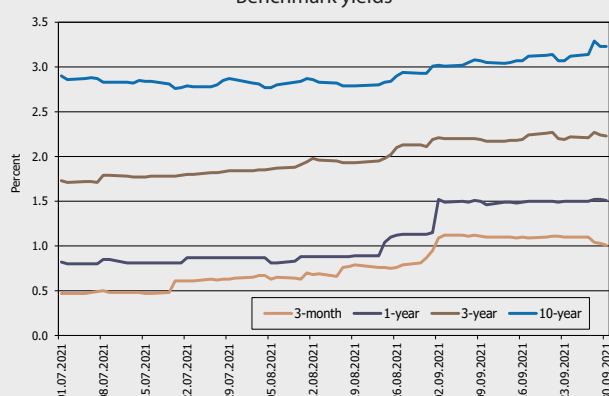
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

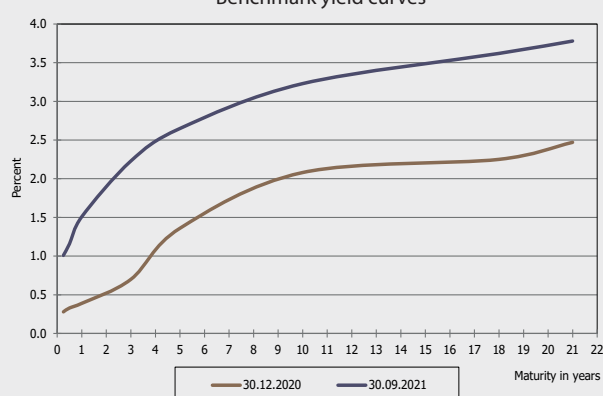
	2016	2017	2018	2019	2020	2021 July	2021 August	2021 September
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	30,945.5	31,049.7	31,550.9
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8	1,156.8
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	29,788.6	29,892.9	30,394.0
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	29,749.5	29,853.7	30,354.9
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	19,453.8	19,671.1	20,019.1
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	586.9	543.9	559.3
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,708.8	9,638.7	9,776.5
1.2.2. Private placements	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	6,256.5	5,782.5	5,724.8	5,121.2	7,318.2	6,735.4	6,534.0	8,343.3
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,364.3	1,298.1	1,342.3
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,364.3	1,298.1	1,342.3
2.1.2. Domestic loans	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	5,154.9	4,853.5	4,929.8	4,295.8	6,027.1	5,371.1	5,235.9	7,001.0
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	4,850.9	4,727.0	6,537.8
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	520.2	509.0	463.1
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	37,680.9	37,583.7	39,894.2
Other liabilities	742.70	274.20	167.40	203.7	128.8	155.7	160.1	165.7
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	37,836.5	37,743.8	40,059.8
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	12,498.0	12,845.5	14,112.6	14,075.0	18,904.0	20,079.9	20,254.2	20,617.6
Gross debt/GDP	70.3%	68.2%	66.2%	62.5%	76.8%			

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

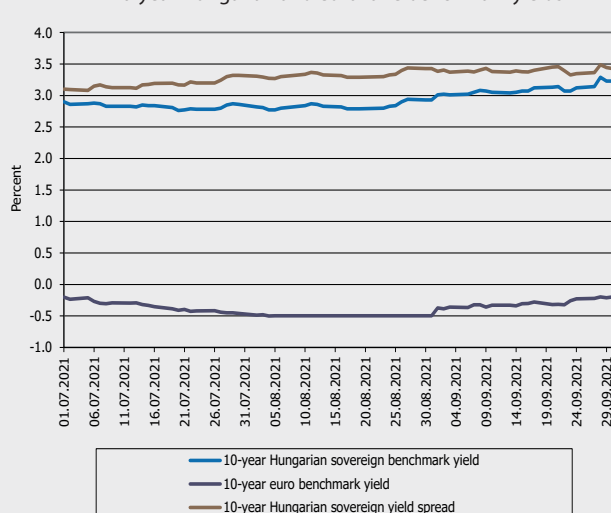
Benchmark yields



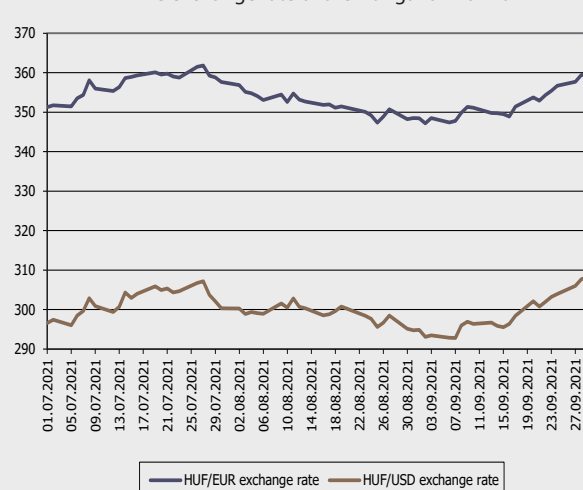
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



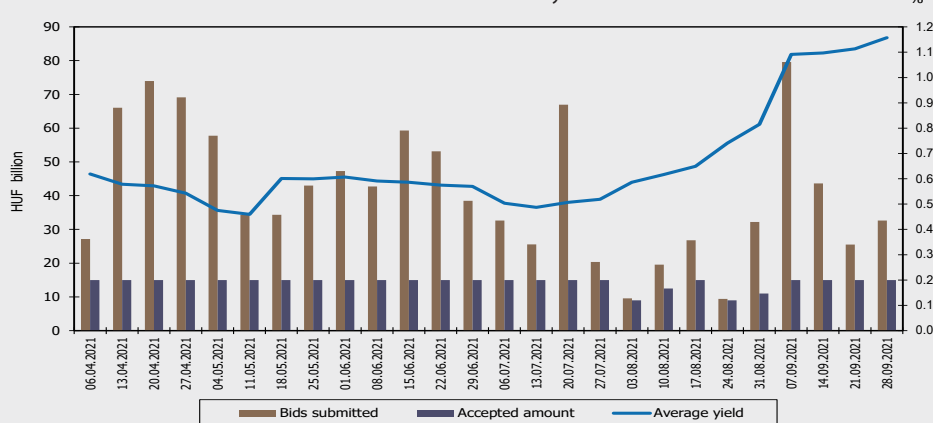
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

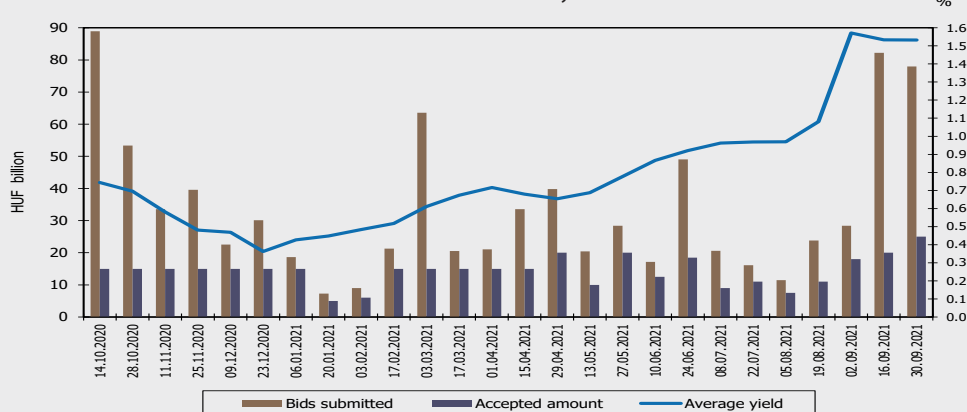
	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D211215	D211222	D211229	D220105	D220824	D220824	D220824
ISIN code	HU0000523808	HU0000523816	HU0000523436	HU0000523824	HU0000523774	HU0000523774	HU0000523774
Maturity in days	91	91	91	91	350	336	322
Date of auction	07.09.2021	14.09.2021	21.09.2021	28.09.2021	02.09.2021	16.09.2021	30.09.2021
Date of financial settlement	15.09.2021	22.09.2021	29.09.2021	06.10.2021	08.09.2021	22.09.2021	06.10.2021
Redemption date	15.12.2021	22.12.2021	29.12.2021	05.01.2022	24.08.2022	24.08.2022	24.08.2022
Maximum yield (%) - ISMA	1.12	1.13	1.20	1.17	1.60	1.57	1.54
Minimum yield (%) - ISMA	1.05	1.07	1.10	1.10	1.28	1.50	1.50
Average yield (%) - ISMA	1.09	1.10	1.11	1.16	1.57	1.53	1.53
Maximum yield (%) - EHM	1.14	1.15	1.22	1.19	1.62	1.59	1.56
Minimum yield (%) - EHM	1.06	1.08	1.11	1.12	1.30	1.52	1.52
Average yield (%) - EHM	1.11	1.11	1.13	1.17	1.59	1.56	1.55
Average selling price (%)	99.7248	99.7234	99.7194	99.7083	98.4953	98.5887	98.6475
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	79,574.00	43,650.00	25,510.00	32,637.00	28,385.00	82,210.00	77,945.00
Amount of bids accepted (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	17,999.99	20,000.00	24,999.99
Bid-to-cover ratio	5.30	2.91	1.70	2.18	1.58	4.11	3.12
Bids submitted (pcs)	41	22	17	20	12	46	41
Bids accepted (pcs)	6	10	16	12	11	15	14
Market sales* (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	17,999.99	20,000.00	24,999.99
Retained on ÁKK's own account (HUF million)	3,000.00	3,000.00	-	3,000.00	18,000.01	20,000.00	0.01
Total amount issued (HUF million)	18,000.00	18,000.00	15,000.00	18,000.00	36,000.00	40,000.00	25,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

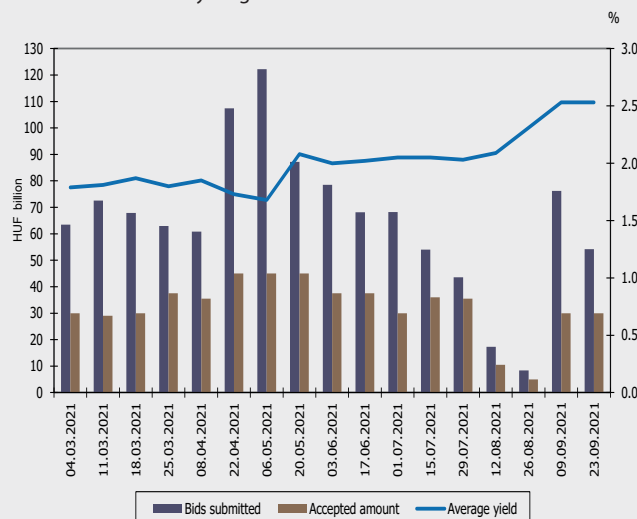
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2029/B	2026/F	2033/A	2041/A
ISIN code	HU0000404926	HU0000404934	HU0000404744	HU0000404165
Maturity (in years)	8	5	10	20
Coupon	1.39%	1.50%	2.25%	3.00%
Auction	10th auction	18th auction	29th auction	24th auction
Date of auction	02.09.2021	09.09.2021	09.09.2021	09.09.2021
Date of financial settlement	08.09.2021	15.09.2021	15.09.2021	15.09.2021
Redemption date	22.08.2029	26.08.2026	20.04.2033	25.04.2041
Maximum annual yield (%) - ISMA	-	2.54	3.08	3.57
Minimum annual yield (%) - ISMA	-	2.51	3.05	3.54
Average annual yield (%) - ISMA	-	2.53	3.07	3.56
Maximum annual yield (%) - EHM	-	2.54	3.08	3.57
Minimum annual yield (%) - EHM	-	2.51	3.05	3.54
Average annual yield (%) - EHM	-	2.53	3.07	3.55
Maximum price (%)	97.8500	95.3610	92.2780	92.4603
Minimum price (%)	97.5000	95.2300	92.0011	92.0471
Average price (%)	97.6900	95.2763	92.1036	92.2308
Amount offered for sale (HUF million)	15,000.00	20,000.00	20,000.00	12,000.00
Amount of bids submitted (HUF million)	33,300.00	76,220.00	47,603.00	32,523.00
Amount of bids accepted (HUF million)	19,999.99	30,000.00	28,500.00	17,999.98
Bid-to-cover ratio	1.67	2.54	1.67	1.81
Bids submitted (pcs)	34	59	51	43
Bids accepted (pcs)	24	24	24	27
Tail (%) (average price - minimum price)	0.19	0.05	0.10	0.18
Market sales (HUF million)	19,999.99	30,000.00	28,500.00	17,999.98
Non-competitive offer (HUF million)	2,000.00	7,792.00	5,892.80	3,281.97
Total amount sales (HUF million)	21,999.99	37,792.00	34,392.80	21,281.95

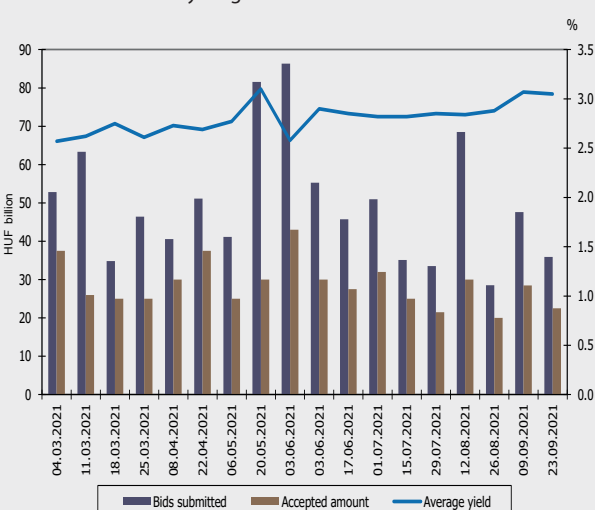
Government Bond	2029/B	2026/F	2033/A	2038/A	2051/G
ISIN code	HU0000404926	HU0000404934	HU0000404744	HU0000403555	HU0000404991
Maturity (in years)	8	5	10	15	30
Coupon	1.39%	1.50%	2.25%	3.00%	4.00%
Auction	11th auction	19th auction	30th auction	45th auction	3rd auction
Date of auction	16.09.2021	23.09.2021	23.09.2021	23.09.2021	30.09.2021
Date of financial settlement	22.09.2021	29.09.2021	29.09.2021	29.09.2021	06.10.2021
Redemption date	22.08.2029	26.08.2026	20.04.2033	27.10.2038	28.04.2051
Maximum annual yield (%) - ISMA	-	2.54	3.06	3.52	3.65
Minimum annual yield (%) - ISMA	-	2.52	3.02	3.51	3.53
Average annual yield (%) - ISMA	-	2.53	3.05	3.52	3.58
Maximum annual yield (%) - EHM	-	2.54	3.06	3.52	3.65
Minimum annual yield (%) - EHM	-	2.52	3.02	3.51	3.53
Average annual yield (%) - EHM	-	2.53	3.05	3.52	3.58
Maximum price (%)	97.6500	95.3565	92.5903	93.5403	108.5222
Minimum price (%)	97.3700	95.2568	92.1666	93.4062	106.2603
Average price (%)	97.4800	95.3016	92.3145	93.4120	107.4741
Amount offered for sale (HUF million)	15,000.00	20,000.00	20,000.00	10,000.00	20,000.00
Amount of bids submitted (HUF million)	33,450.00	54,235.00	35,932.00	38,260.00	12,150.00
Amount of bids accepted (HUF million)	15,000.00	29,999.98	22,500.00	14,999.98	10,000.00
Bid-to-cover ratio	2.23	1.81	1.60	2.55	1.22
Bids submitted (pcs)	45	51	51	40	46
Bids accepted (pcs)	19	23	33	15	38
Tail (%) (average price - minimum price)	0.11	0.04	0.15	0.01	1.21
Market sales (HUF million)	15,000.00	29,999.98	22,500.00	14,999.98	10,000.00
Non-competitive offer (HUF million)	4,050.00	5,272.41	2,800.00	2,269.55	0.00
Total amount sales (HUF million)	19,050.00	35,272.39	25,300.00	17,269.53	10,000.00

GOVERNMENT SECURITIES MARKET

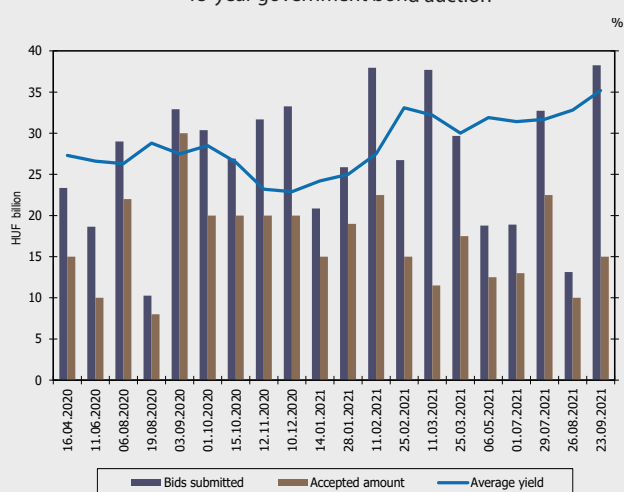
5-year government bond auctions



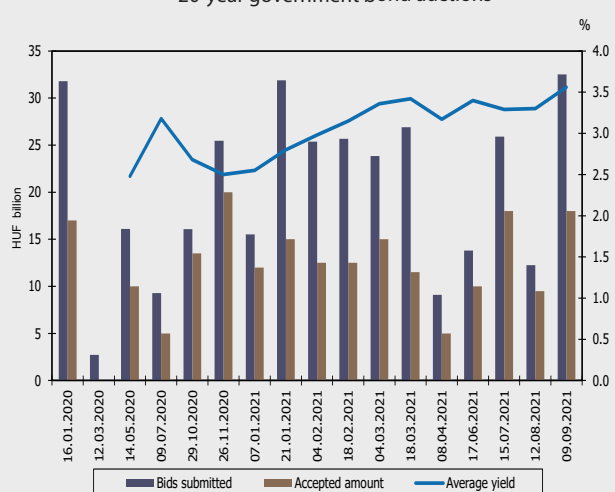
10-year government bond auctions



15-year government bond auction



20-year government bond auctions



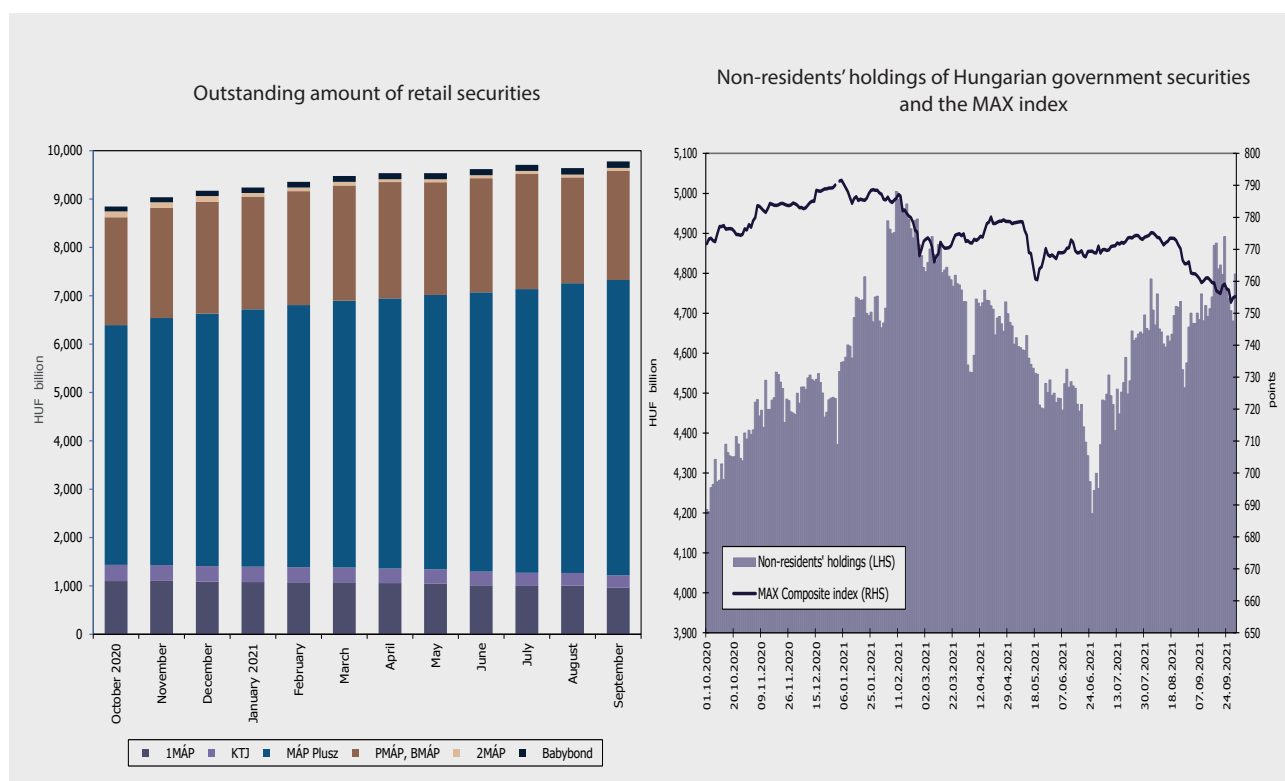
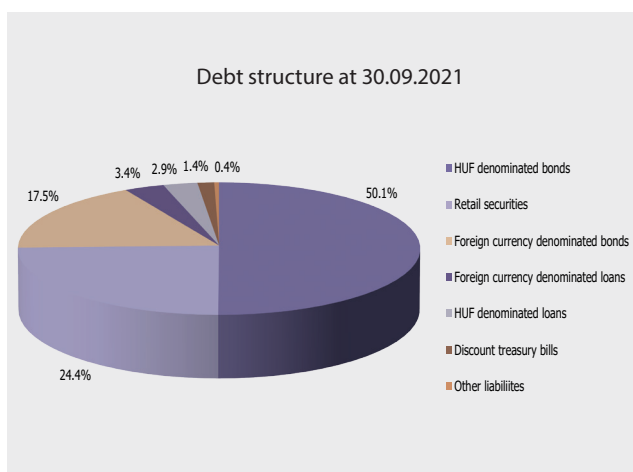
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN SEPTEMBER 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2022/N	18.09.2021	20.09.2021	20.09.2022	20.09.2022	3.88%	3.93%
2022/L	17.09.2021	21.09.2021	21.09.2022	21.09.2022	4.70%	4.70%
2023/J	24.09.2021	28.09.2021	28.09.2022	28.09.2022	4.70%	4.70%
2024/J	21.09.2021	25.09.2021	25.09.2022	26.09.2022	5.00%	5.00%
2026/N	20.09.2021	22.09.2021	22.09.2022	22.09.2022	4.13%	4.19%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	30.09.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	962.5	-125.9
Treasury Saving Bills / KTJ	320.9	254.4	-66.5
Hungarian Government Security Plus / MÁP Plusz	5,221.2	6,108.2	886.9
Premium Hungarian Government / PMÁP	2,310.0	2,257.8	-52.2
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	61.0	-59.9
Babybond	110.3	132.7	22.4
Total	9,171.6	9,776.4	604.8



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 30.09.2021	798.7438	557.1832	755.1951	540.0824	95.9702
Changes compared to the end of the month before	-11.9552	-1.2951	-10.9281	0.2100	-1.8323
Annual yield earned on the index portfolio (%)	-2.15%	0.39%	-2.05%	0.48%	-3.00%

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in September 2021

Government bond	Date of redemption	Turnover (HUF billion)
2026/E	22.04.2026	1,062.6
2025/C	26.11.2025	461.8
2033/A	20.04.2033	339.4
2026/F	26.08.2026	316.0
2023/C	23.08.2023	255.5
2029/A	23.05.2029	171.8
2034/A	22.06.2034	170.9
2031/A	22.10.2031	163.4
2024/B	26.06.2024	163.1
2021/B	27.10.2021	156.3

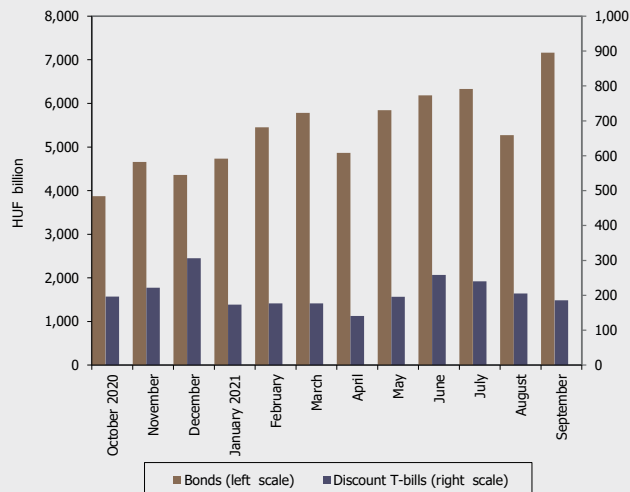
The outstanding volume of government bonds with benchmark status at the end of September 2021

Government bond	HUF billion	
	31.08.2021	30.09.2021
2024/C	1,138.30	1,138.27
2026/F	646.76	724.98
2033/A	909.20	990.89
2038/A	681.13	708.42
2041/A	289.69	311.05

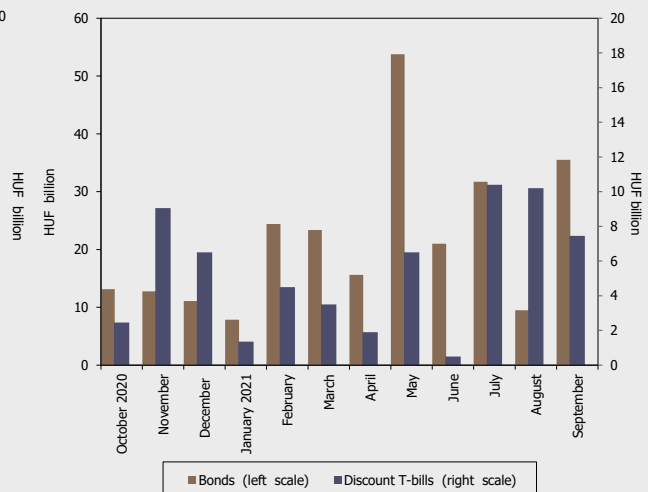
The outstanding volume of the three largest government bonds at the end of September 2021

Government bond	HUF billion
2031/A	1,438.15
2025/C	1,346.83
2026/E	1,248.95

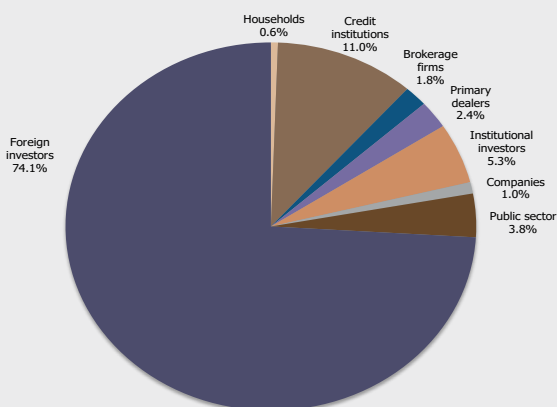
Secondary market trading of Hungarian government securities (OTC)



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



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in September 2021



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in September 2021

