FINANCING OF THE CENTRAL GOVERNMENT IN SEPTEMBER 2022

1. Government debt data

The debt of the central government increased by HUF 4,059.9 billion in September due to the following reasons:

- **The first increasing factor** is the net forint issuance of HUF 1,026.1 billion, which finances the deficit of the central government budget.
- **The second – increasing – factor** is the net foreign currency issuance of HUF 1,260.9 billion, which increased the debt of the central government.
- **The third – also increasing — factors** is the depreciation of the forint that increased the HUF value of the foreign currency debt by HUF 1,309.0 billion.
- **The fourth – additional increasing – factor** is the change of the foreign currency exchange rates and other factors that increased the mark-to-market deposits placed at GDMA by HUF 463.9 billion.

According to the preliminary data **the domestic and foreign currency debt of the central government** was the following in 2022.

Central government gross debt and debt transactions in 2022

	31.12.2021		Issuance (increase in debt)	Redemption (decrease in debt)	Other changes	Net change	30.09.2022		change
	Debt stock (preliminary data)	Breakdown	I-IX. month				Debt stock (preliminary data)	Breakdown	percent
1. HUF denominated debt	***32,121.236***	***78.9%***	**8,419.931**	**7,393.857**	***0.000***	**1,026.074**	**33,147.310**	***74.1%***	***-4.87%***
1.1. Loans	**1,307.744**	***3.2%***	**0.000**	**94.527**	**0.000**	**-94.527**	**1,213.217**	***2.7%***	***-0.50%***
1.1.1. Foreign	1,307.744	*3.2%*	0.000	94.527	0.000	-94.527	1,213.217	***2.7%***	***-0.50%***
1.1.2. Domestic	0.000	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.00%***
1.2. Government securities	**30,813.492**	***75.7%***	**8,419.931**	**7,299.330**	**0.000**	**1,120.601**	**31,934.093**	***71.4%***	***-4.36%***
1.2.1. Bonds	20,220.031	49.7%	2,806.092	1,120.210	0.000	1,685.882	21,905.913	***48.9%***	***-0.74%***
1.2.2. Discount T-bills	583.208	1.4%	1,926.623	1,436.909	0.000	489.714	1,072.922	***2.4%***	***0.96%***
1.2.3. Retail securities	10,010.253	24.6%	3,687.216	4,742.211	0.000	-1054.995	8,955.258	***20.0%***	***-4.59%***
2. Foreign currency denominated debt	**8,395.157**	***20.6%***	**1,935.666**	**674.770**	**1,309.030**	**2,569.926**	**10,965.083**	***24.5%***	***3.87%***
2.1. Loans	**1,345.240**	***3.3%***	**178.484**	**31.912**	**205.466**	**352.038**	**1,697.277**	***3.8%***	***0.49%***
2.1.1. Foreign	1,345.240	*3.3%*	178.484	31.912	205.466	352.038	1,697.277	***3.8%***	***0.49%***
2.1.2. Domestic	*0.000*	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.00%***
2.2. Government securities	**7,049.917**	***17.3%***	**1,757.183**	**642.858**	**1,103.564**	**2217.889**	**9,267.806**	***20.7%***	***3.38%***
2.2.1. Issued abroad	6,594.948	*16.2%*	1,646.776	413.994	1,040.784	2,273.566	8,868.514	***19.8%***	***3.61%***
2.2.2. Issued in Hungary	454.969	*1.1%*	110.407	228.865	62.781	-55.677	399.291	***0.9%***	***-0.23%***
Total	**40,516.393**	***99.6%***	**10,355.598**	**8,068.627**	**1,309.030**	**3,596.000**	**44,112.393**	***98.6%***	***-1.00%***
Other debt	180.629	*0.4%*	1,635.556	1,216.354	44.652	463.854	644.483	***1.4%***	***1.00%***
Total central government debt	**40,697.022**	***100.0%***	**11,991.154**	**9,284.981**	**1,353.682**	**4,059.855**	**44,756.877**	***100.0%***	***0.00%***

The foreign currency debt of the central government increased by HUF 2,569.9 billion in 2022 and amounted to HUF 10,965.1 billion at the end of September 2022. The share of foreign currency denominated debt within the total debt increased from 20.6% to 24.5% in 2022.

The increase is due to the HUF 205.4 billion of Samurai bonds issued in February, the HUF 1,441.3 billion of foreign currency bonds issued in June and the depreciation of the forint.

The forint denominated debt increased by HUF 1,026.1 billion to HUF 33,147.3 billion. The share of HUF-denominated debt reached 74.1% of the total debt, while in December 2021 this proportion was 78.9%.

The stock of retail securities decreased by HUF 1,055.0 billion since the end of 2021 to HUF 8,955.3 billion at the end of September. The portfolio of Premium Hungarian Government Securities with a maturity of more than one year increased by HUF 1,343.3 billion, thus amounted to HUF 3,546.0 billion. The stock of the 1-year Government Securities increased by HUF 0.4 billion to HUF 1,002.0 billion at the end of September. The stock of the Hungarian Government Securities Plus (dematerialised and printed) decreased by HUF 2,491.2 billion this year and amounted to HUF 3,870.4 billion at the end of September. From 29 September, the Bonus Hungarian Government Security was reintroduced, increasing its holdings by HUF 20.2 billion and amounted to HUF 81.0 billion at the end of the month, including the previous issues.

The volume of non-resident holdings of Hungarian government securities decreased by HUF 577.7 billion to HUF 4,712.4 in September. 99.8% of non-resident holdings was T-bonds, which amounted to HUF 4,704.6 billion. The non-resident holdings of Discount T-Bills amounted to HUF 7.8 billion, that represented only 0.2% of total non-resident holdings. The duration of the non-resident stock was 6.7 years at the end of September 2022.

In order to reduce counterparty risk associated with the swap transactions concluded by GDMA, so-called marked-to-market deposits are being placed as collateral covering the net value of the swap positions. Such deposits placed at GDMA are counted as part of the government debt as 'other obligations'. During the first nine month of the year marked-to-market deposits increased by HUF 463.9 billion and reached HUF 644.5 billion (EUR 1.5 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions decreased from 2.1 to 1.5. The bid-to-cover ratio of T-bond auctions decreased from 4.4. to 2.8 in September.

The average yield of the last 3-month Discount Treasury Bill auction in September was 11.29%, 221 basis points higher than in the previous month. The average yield of the last 12-month Discount Treasury Bill auction in September was 12.84%, 296 basis points higher compared to August.

The average yield of the last 5-year government bond auction in September was 10.37%, 102 basis points higher compared to the previous month. The average yield of the last 10-year government bond auction was 9.25%, 79 basis points higher compared to August. The average yield of the last auction of 15-year government bond was 8.76%, higher by 50 basis point compared to the last August's average yield. The average yield of the last 20-year government bond auction was 8.50%, 101 basis points higher than the average yield at the previous auction (mid-August).
The average yield of 10-year green government bond was 9.79% in the September auction, which was 180 basis points higher than its average yield at the previous auction in August. In the September auction of the 30-year green bond, the average yield was 8.59%, which was 65 basis points higher than the average yield at the previous auction (at the end of June).

H-1013 Budapest, Krisztina tér 2. | Postal address: H-1255 Budapest, PO BOX. 85.
E-mail: akk@akk.hu | Registered at the Budapest Capital City Court (Hungary), Registration No.: 01-10-044549