

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT FEBRUARY 2020

The net redemption was HUF 170.2 billion; out of which net HUF-denominated issuance was HUF 562.6 billion and net foreign currency denominated redemption was HUF 732.8 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	February	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	24,919.7	84.0	562.6	2.3
Loans	1,208.1	4.1	1,208.1	4.1	0.0	0.0
Government bonds	13,417.7	45.2	13,805.4	46.5	387.7	2.9
Retail securities	9,074.0	30.6	9,193.3	31.0	119.3	1.3
Discount treasury bills	657.3	2.2	712.8	2.4	55.5	8.4
Foreign exchange denominated debt	5,121.2	17.3	4,529.3	15.3	-591.9	-11.6
Total	29,478.3	99.3	29,449.0	99.2	-29.3	-0.1
<i>Other obligations</i>	203.7	0.7	235.0	0.8	31.3	15.4
Total central government debt	29,682.0	100.0	29,683.9	100.0	2.0	0.0

The HUF denominated debt of the central government increased by HUF 562.6 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 387.7 billion and the total amount of retail government securities increased by HUF 119.3 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 55.5 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 591.9 billion in 2020. The redemptions of foreign currency bonds worth HUF 745.0 billion, out of which the redemption of the outstanding amount of EUR 1 billion 15-year foreign currency bond was HUF 269.4 billion in February. The exchange rate revaluations totalling HUF 140.9 billion increased the Hungarian Forint value of the foreign currency debt. The domestic PÉMÁP foreign currency bond issuance was HUF 9.3 billion and the drawdown from foreign currency credit line was HUF 2.9 billion. The total amount of other liabilities increased by HUF 31.3 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	31.01.2020	28.02.2020	Change in February basis point
3-month	-0.01	0.03	0.29	26
6-month	0.01	-0.02	0.30	32
1-year	0.02	0.08	0.48	40
3-year	0.28	0.50	0.85	35
5-year	1.17	1.32	1.59	27
10-year	2.01	2.07	2.17	10
15-year	2.80	2.69	2.69	0

Monthly OTC turnover of government securities increased by 45% to HUF 7,101.4 billion in February. Primary dealers, who account for the decisive part of all secondary government securities trading, made 65% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 56.6 billion in February and amounted to HUF 4,230.7 billion at the end of the month. This volume represented 17.8% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 339.88 on the last working day of February.

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

GOVERNMENT SECURITIES MARKET

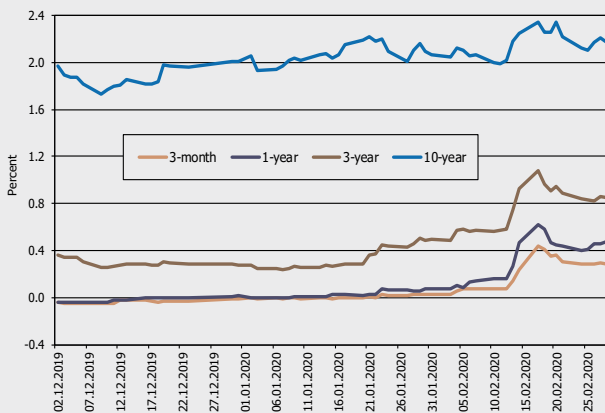
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

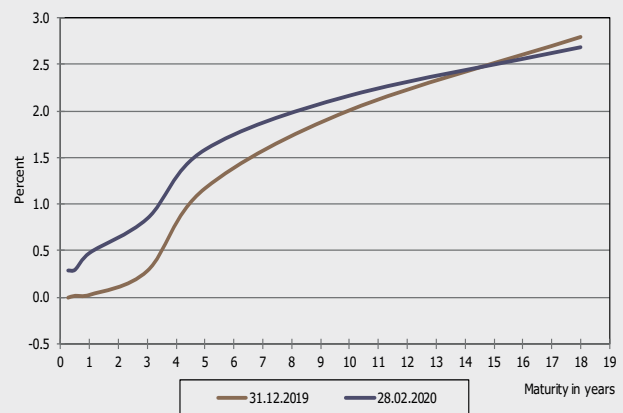
	2014	2015	2016	2017	2018	2019 December	2020 January	2020 February
1. Forint denominated debt	14,612.0	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	24,631.3	24,919.7
1.1. Loans	623.3	694.1	865.0	1,041.1	1,167.7	1,208.1	1,208.1	1,208.1
1.2. Government securities	13,988.7	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	23,423.2	23,711.6
1.2.1. Public issues	13,847.7	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	23,384.0	23,672.4
1.2.1.1. Bonds	9,848.0	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	13,470.9	13,766.2
1.2.1.2. Discount T-bills	1,588.6	901.6	896.4	1,039.2	1,237.3	657.3	701.8	712.8
1.2.1.3. Retail securities	2,411.1	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	9,211.3	9,193.3
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	5,121.2	4,749.0	4,529.3
2.1. Loans	2,164.3	1,696.8	1,101.6	929.1	795.0	825.4	840.7	851.7
2.1.1. Foreign loans	1,889.9	1,614.2	1,097.6	929.1	795.0	825.4	840.7	851.7
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	4,295.8	3,908.2	3,677.6
2.2.1. Issued abroad	5,844.6	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	3,309.2	3,069.8
2.2.2. Issued domestically	948.9	840.1	536.0	707.6	683.6	582.3	599.0	607.7
Total	23,569.9	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	29,380.3	29,449.0
Other liabilities	311.20	756.00	742.70	274.20	167.40	203.7	227.5	235.0
Total central government debt	23,881.1	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	29,607.8	29,683.9
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	14,075.0	14,211.9	14,518.2
Gross debt/GDP	73.0%	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.

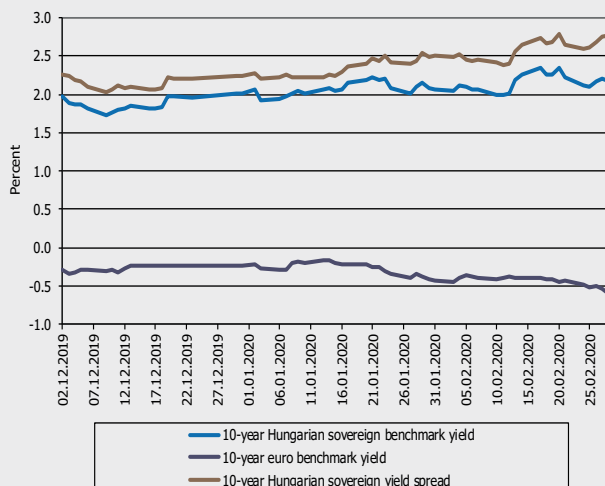
Benchmark yields



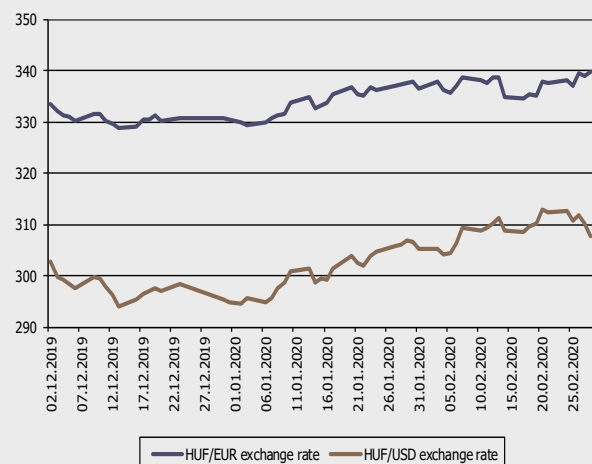
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



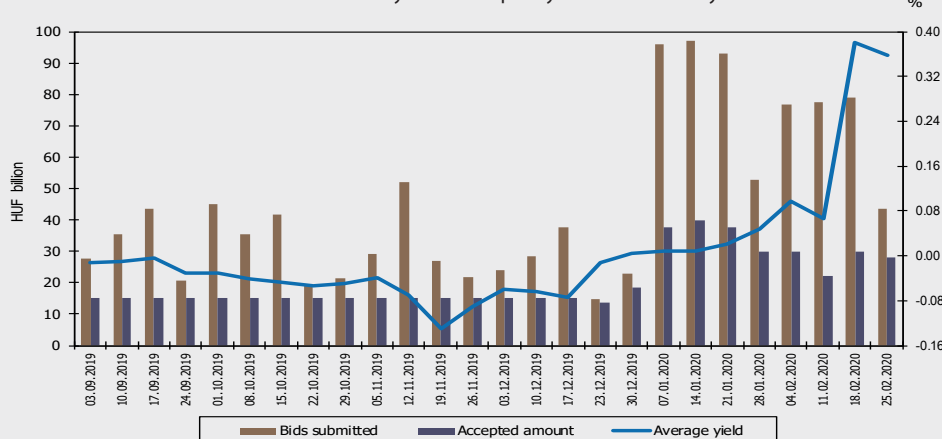
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

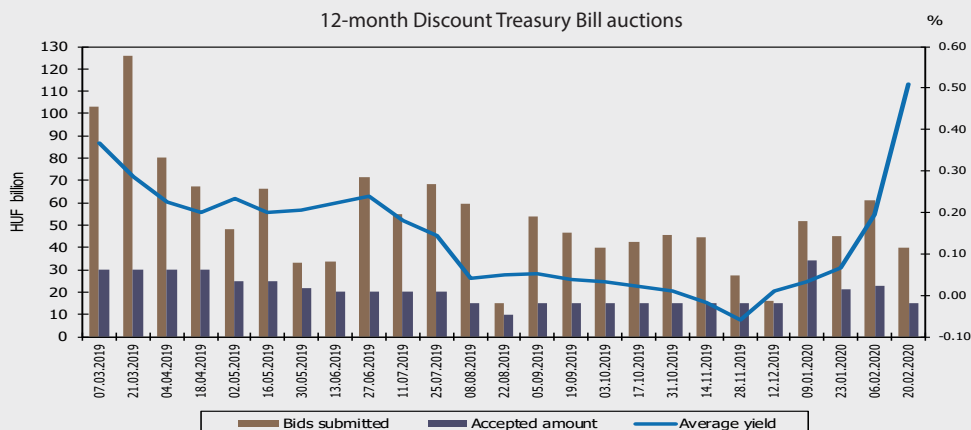
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D200513	D200520	D200527	D200603	D201223	D210224
ISIN code	HU0000522966	HU0000522974	HU0000522982	HU0000523006	HU0000522925	HU0000522990
Maturity in days	91	91	91	91	315	364
Date of auction	04.02.2020	11.02.2020	18.02.2020	25.02.2020	06.02.2020	20.02.2020
Date of financial settlement	12.02.2020	19.02.2020	26.02.2020	04.03.2020	12.02.2020	26.02.2020
Redemption date	13.05.2020	20.05.2020	27.05.2020	03.06.2020	23.12.2020	24.02.2021
Maximum yield (%) - ISMA	0.12	0.08	0.41	0.41	0.22	0.55
Minimum yield (%) - ISMA	0.04	0.05	0.28	0.28	0.13	0.45
Average yield (%) - ISMA	0.10	0.07	0.38	0.36	0.19	0.51
Maximum yield (%) - EHM	0.12	0.08	0.42	0.42	0.22	0.56
Minimum yield (%) - EHM	0.04	0.05	0.28	0.28	0.13	0.46
Average yield (%) - EHM	0.10	0.07	0.39	0.36	0.20	0.52
Average selling price (%)	99.9753	99.9834	99.9037	99.9095	99.8304	99.4881
Amount offered for sale (HUF million)	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	15,000.00
Amount of bids submitted (HUF million)	76,874.00	77,642.00	79,140.77	43,416.00	61,283.00	39,881.00
Amount of bids accepted (HUF million)	29,999.98	22,000.00	30,000.00	28,000.00	22,999.99	15,000.00
Bid-to-cover ratio	2.56	3.53	2.64	1.55	2.66	2.66
Bids submitted (pcs)	57	56	64	44	43	49
Bids accepted (pcs)	24	10	23	38	27	30
Market sales* (HUF million)	29,999.98	22,000.00	30,000.00	28,000.00	22,999.99	15,000.00
Retained on ÁKK's own account (HUF million)	9,000.02	6,600.00	6000.00	8,400.00	23,000.01	15,000.00
Total amount issued (HUF million)	39,000.00	28,600.00	36,000.00	36,400.00	46,000.00	30,000.00

* Without issuance onto ÁKK's own account

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



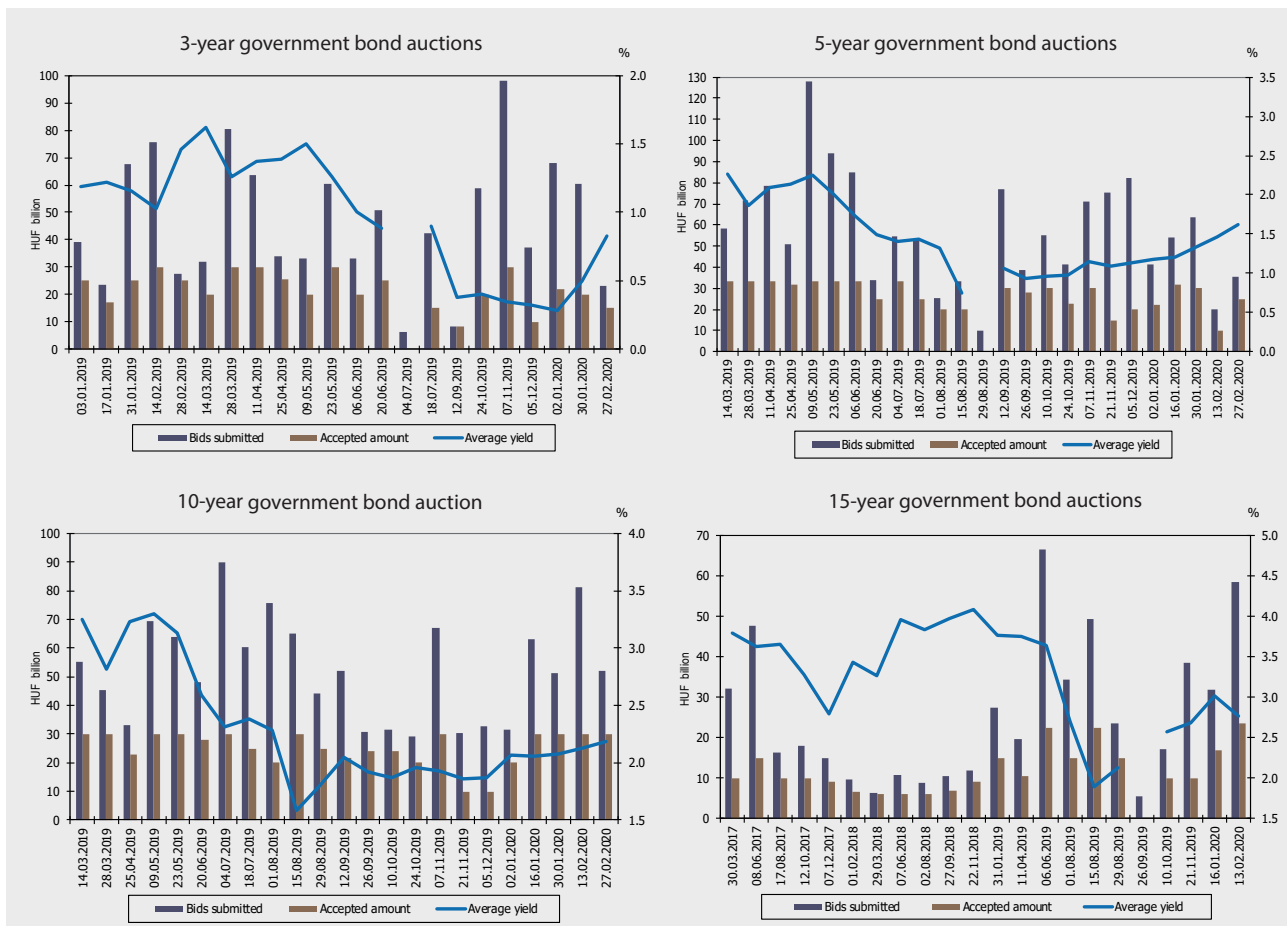
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2025/C	2030/A	2038/A	2027/B	2022/C	2025/C	2030/A
ISIN code	HU0000404157	HU0000404058	HU0000403696	HU0000403555	HU0000404157	HU0000403704	HU0000404058	HU0000403696
Maturity (in years)	7	5	10	15	7	3	5	10
Coupon	0.16%	1.00%	3.00%	3.00%	0.16%	1.50%	1.00%	3.00%
Auction	3rd auction	7th auction	24th auction	16th auction	4th auction	18th auction	8th auction	25th auction
Date of auction	06.02.2020	13.02.2020	13.02.2020	13.02.2020	20.02.2020	27.02.2020	27.02.2020	27.02.2020
Date of financial settlement	12.02.2020	19.02.2020	19.02.2020	19.02.2020	26.02.2020	04.03.2020	04.03.2020	04.03.2020
Redemption date	22.04.2027	26.11.2025	21.08.2030	27.10.2038	22.04.2027	24.08.2022	26.11.2025	21.08.2030
Maximum annual yield (%) - ISMA	-	1.47	2.14	2.78	-	0.86	1.63	2.20
Minimum annual yield (%) - ISMA	-	1.44	2.11	2.75	-	0.80	1.59	2.16
Average annual yield (%) - ISMA	-	1.46	2.13	2.77	-	0.83	1.62	2.18
Maximum annual yield (%) - EHM	-	1.47	2.14	2.78	-	0.86	1.63	2.20
Minimum annual yield (%) - EHM	-	1.44	2.11	2.75	-	0.80	1.59	2.16
Average annual yield (%) - EHM	-	1.46	2.13	2.77	-	0.83	1.61	2.18
Maximum price (%)	97.4100	97.5841	108.3020	103.6066	97.2700	101.7056	96.7980	107.8000
Minimum price (%)	97.0800	97.4217	108.0060	103.1640	97.0000	101.5576	96.5827	104.4000
Average price (%)	97.2100	97.4795	108.0991	103.3280	97.1400	101.6194	96.6581	107.5768
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	20,000.00	15,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	69,924.00	20,260.00	81,290.00	58,335.50	66,220.00	23,145.06	35,600.00	51,864.82
Amount of bids accepted (HUF million)	24,999.99	10,000.00	30,000.00	23,499.98	10,000.00	14,999.98	25,000.00	30,000.00
Bid-to-cover ratio	2.80	2.03	2.71	2.48	6.62	1.54	1.42	1.73
Bids submitted (pcs)	68	25	75	60	86	31	39	40
Bids accepted (pcs)	18	12	25	27	19	24	29	24
Tail (%) (average price - minimum price)	0.13	0.06	0.09	0.16	0.14	0.06	0.08	3.18
Market sales (HUF million)	24,999.99	10,000.00	30,000.00	23,499.98	10,000.00	14,999.98	25,000.00	30,000.00
Non-competitive offer (HUF million)	8,533.34	0.00	1,400.00	5,279.98	0.00	0.00	6,400.00	0.00
Total amount sales (HUF million)	33,533.33	10,000.00	31,400.00	28,779.96	10,000.00	14,999.98	31,400.00	30,000.00



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

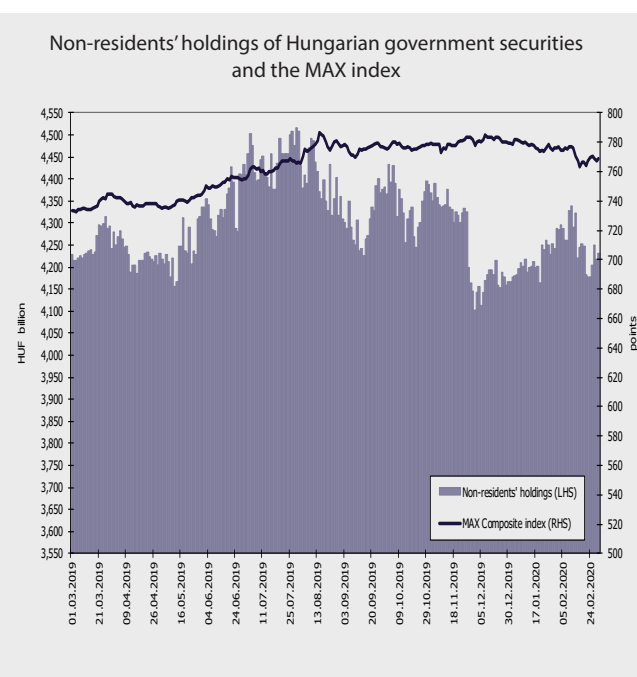
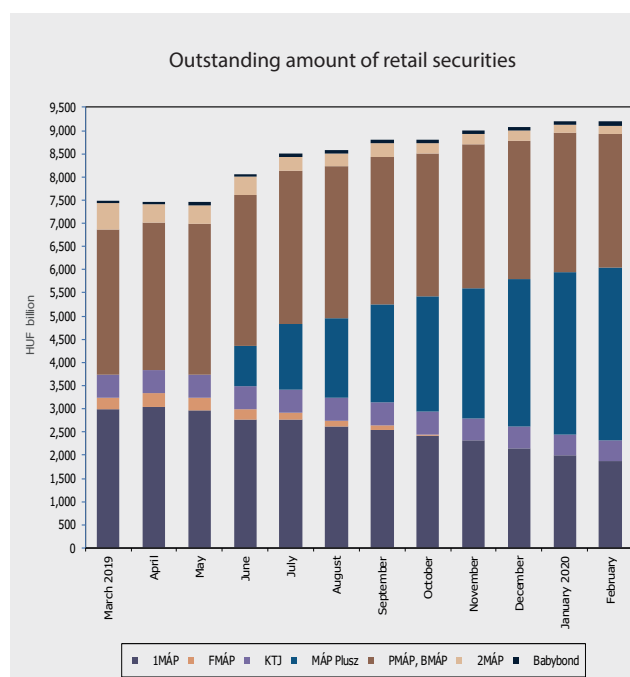
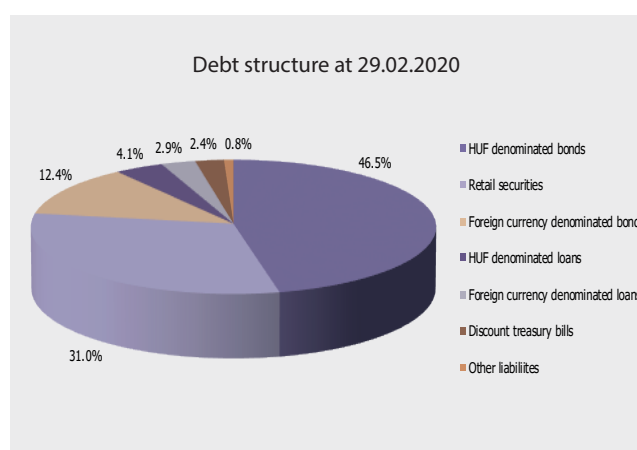
Government bond	2021/C	2021/B
ISIN code	HU0000403464	HU0000403100
Coupon (%)	0.50	2.50
Date of reverse auction	26.02.2020	26.02.2020
Date of financial settlement	04.03.2020	04.03.2020
Redemption date	21.04.2021	27.10.2021
Minimum annual yield (%)	0.50	0.53
Average annual yield- ISMA (%)	0.50	0.53
Average annual yield - EHM (%)	0.50	0.53
Amount of bids submitted (HUF million)	33,250.08	35,465.69
Amount of bids accepted (HUF million)	8,969.08	3,364.50

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN FEBRUARY 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2023/K	11.02.2020	15.02.2020	15.02.2021	15.02.2021	4.40%	4.40%
2024/I	17.02.2020	21.02.2020	21.02.2021	22.02.2021	5.10%	5.10%
2025/I	14.02.2020	20.02.2020	20.02.2021	22.02.2021	4.80%	4.80%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	29.02.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,884.1	-273.9
Half-year Hungarian Government Security / FMÁP	0.0	0.0	0.0
Treasury Saving Bills / KTJ	455.1	425.7	-29.4
Hungarian Government Security Plus / MÁP Plusz	3,196.2	3,744.2	548.0
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	2,969.8	2,871.8	-97.9
2-year Hungarian Government Security / 2MÁP	215.2	181.5	-33.7
Babybond	79.7	85.9	6.2
Total	9,074.0	9,193.3	119.3



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite	ZMAX index	HMAX index*
Value as at 28.02.2020	813.7001	553.6619	769.1053	535.7091	98.4958
Changes compared to the end of the month before	-8.2342	-0.9817	-7.1502	-0.3780	-1.0514
Annual yield earned on the index portfolio (%)	4.92	0.01	4.61	-0.03	-

* 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 28.02.2020	771.8205	855.4816	669.2828	459.6463
Changes compared to the end of the month before	-6.2552	-11.9313	-4.9115	0.9329
Reference yield (%)	0.85	1.59	2.17	2.69
Annual yield earned on the index portfolio (%)	3.40	5.15	12.29	18.65

Government bonds with the highest secondary market turnover in February 2020

Government bond	Date of redemption	Turnover (HUF billion)
2030/A	21.08.2030	909.5
2022/C	24.08.2022	355.1
2024/C	24.10.2024	261.4
2022/A	24.06.2022	254.8
2026/D	22.12.2026	248.9
2025/B	24.06.2025	220.1
2023/A	24.11.2023	187.2
2028/A	22.10.2028	184.4
2027/B	22.04.2027	183.3
2027/A	27.10.2027	180.5

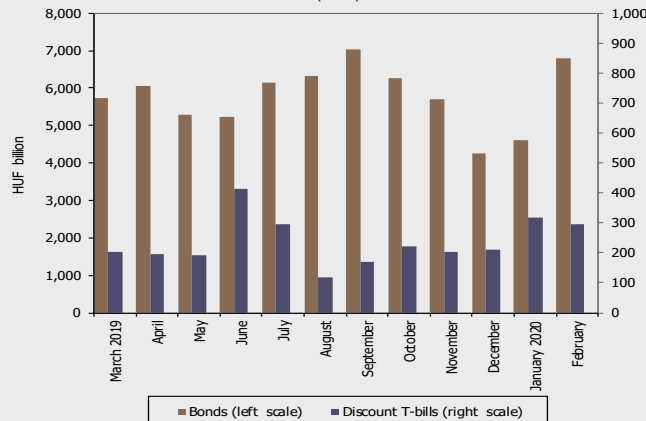
The outstanding volume of government bonds with benchmark status at the end of February 2020

Government bond	HUF billion	
	31.01.2020	29.02.2020
2022/C	408.85	436.77
2024/C	1,132.40	1,134.44
2030/A	679.50	752.29
2038/A	192.24	221.05

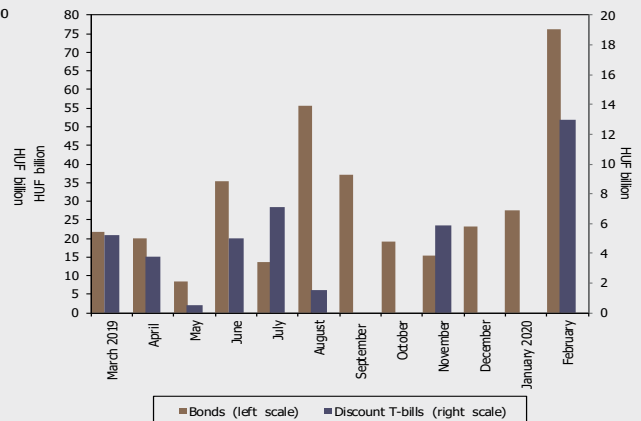
The outstanding volume of the three largest government bonds at the end of February 2020

Government bond	HUF billion
2027/A	1,206.12
2025/B	1,200.24
2022/B	1,139.71

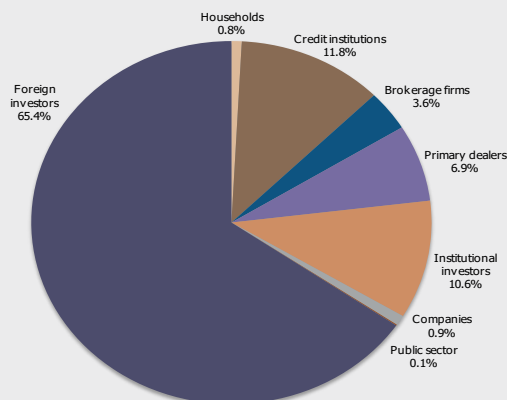
Secondary market trading of Hungarian government securities (OTC)



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



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



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

