

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

January 2021

The Central Government Debt decreased by HUF 252.2 billion to HUF 36,432.1 billion in January 2021. Total net issuance was HUF -122.6 billion; out of which net HUF-denominated issuance was HUF -124.5 billion and net foreign currency denominated issuance was HUF 1.9 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	January	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	29,112.8	79.9	-124.5	-0.4
Loans	1,161.6	3.2	1,156.8	3.2	-4.8	-0.4
Government bonds	18,245.8	49.7	18,040.8	49.5	-205.0	-1.1
Retail securities	9,171.7	25.0	9,237.3	25.4	65.6	0.7
Discount treasury bills	658.2	1.8	677.8	1.9	19.7	3.0
Foreign exchange denominated debt	7,318.2	19.9	7,187.6	19.7	-130.7	-1.8
Total	36,555.5	99.6	36,300.3	99.6	-255.2	-0.7
<i>Other obligations</i>	128.8	0.4	131.8	0.4	3.0	2.3
Total central government debt	36,684.3	100.0	36,432.1	100.0	-252.2	-0.7

The HUF denominated debt of the central government decreased by HUF 124.5 billion in 2021. The decrease in domestic debt was the result of the net government bond issuance of HUF -205.0 billion and the increase of discount Treasury bills by HUF 19.7 billion. The negative net issuance was caused by the HUF 690.3 billion liquidity repo portfolio maturing at the beginning of the year, which was only partially compensated by the HUF 485.3 billion net bond issuance to finance the budget deficit.

The total amount of retail government securities increased by HUF 65.6 billion. Despite the significant increase in the stock held by households, the moderate growth figure is due to the repurchases from non-retail investors. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans decreased by HUF 4.8 billion in 2021.

The foreign currency debt of the central government decreased by HUF 130.7 billion in 2021. The decrease was mainly due to the exchange rate revaluations totalling HUF 132.6 billion compared to the end of the last year. Foreign currency debt was increased by the issuance of domestic foreign currency bonds by HUF 2.5 billion and decreased by the redemptions of domestic foreign currency bonds worth HUF 0.5 billion. The total amount of other liabilities increased by HUF 3.0 billion in 2021.

BENCHMARK YIELDS

Maturity	31.12.2019	30.12.2020	29.01.2021	Change in January basis point
3-month	-0.01	0.28	0.36	8
6-month	0.01	0.33	0.39	6
1-year	0.02	0.39	0.45	6
3-year	0.28	0.70	1.03	33
5-year	1.17	1.36	1.45	9
10-year	2.01	2.08	2.31	23
15-year	2.80	2.25	2.55	30
20-year*	-	2.47	2.83	36

Monthly OTC turnover of government securities increased by 5% to HUF 4,905.4 billion in January. 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 309.0 billion in January and amounted to HUF 4,680.4 billion at the end of January. This volume represented 16.7% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 358.51 on the last working day of January.

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

GOVERNMENT SECURITIES MARKET

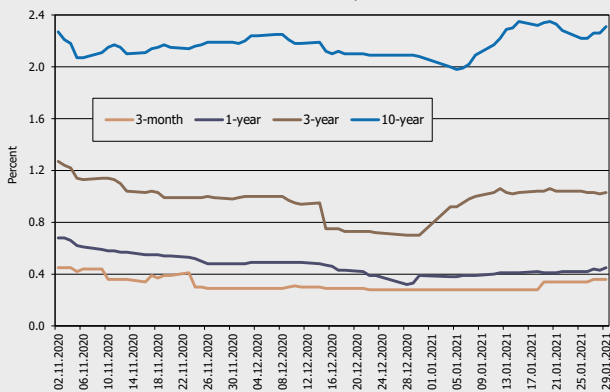
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

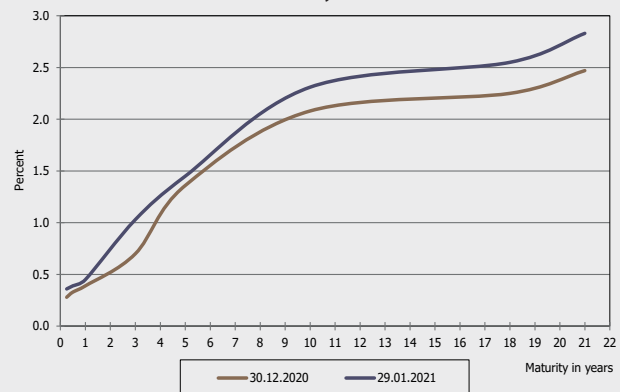
	2015	2016	2017	2018	2019	2020 November	2020 December	2021 January
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	27,876.7	29,237.3	29,112.8
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,156.8
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	26,715.1	28,075.7	27,955.9
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	26,676.0	28,036.5	27,916.8
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	16,960.5	18,206.6	18,001.6
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	678.2	658.2	677.8
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	9,037.2	9,171.7	9,237.3
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	7,086.1	7,318.2	7,187.6
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	1,020.6	1,291.1	1,267.7
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	1,020.6	1,291.1	1,267.7
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	6,065.5	6,027.1	5,919.9
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	5,409.2	5,481.3	5,382.0
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	656.4	545.9	537.9
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	34,962.9	36,555.5	36,300.3
Other liabilities	756.00	742.70	274.20	167.40	203.7	176.6	128.8	131.8
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	35,139.5	36,684.3	36,432.1
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	17,677.9	18,904.0	18,718.6
Gross debt/GDP	70.7%	70.3%	68.2%	66.2%	62.5%			

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

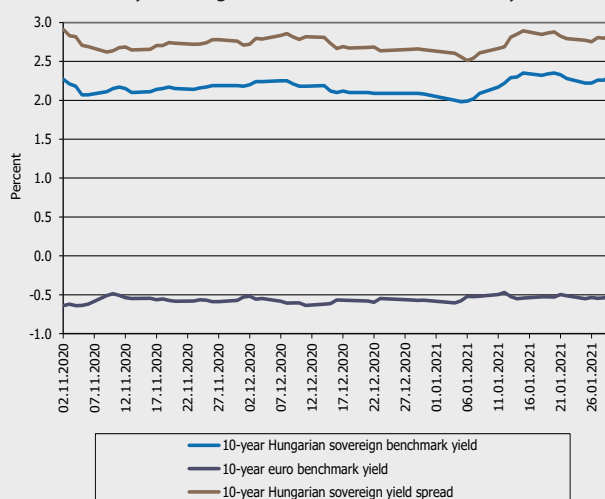
Benchmark yields



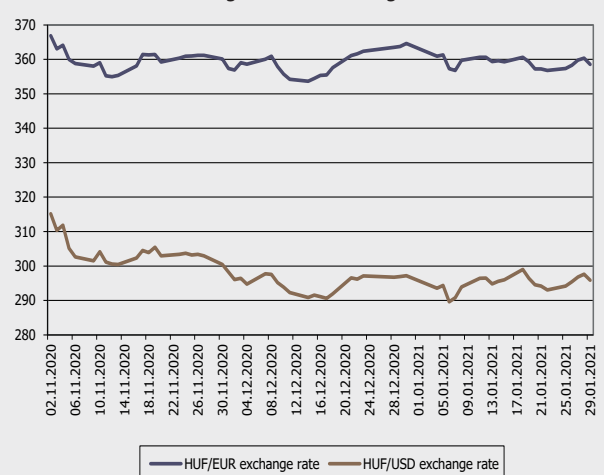
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

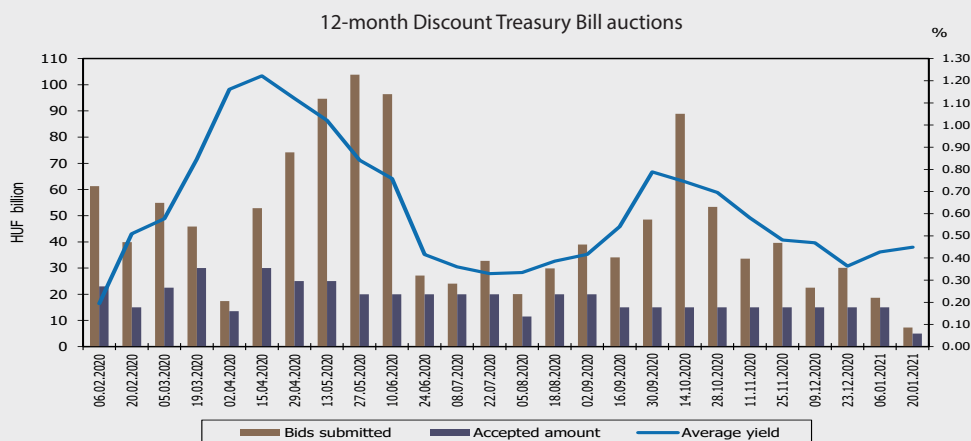
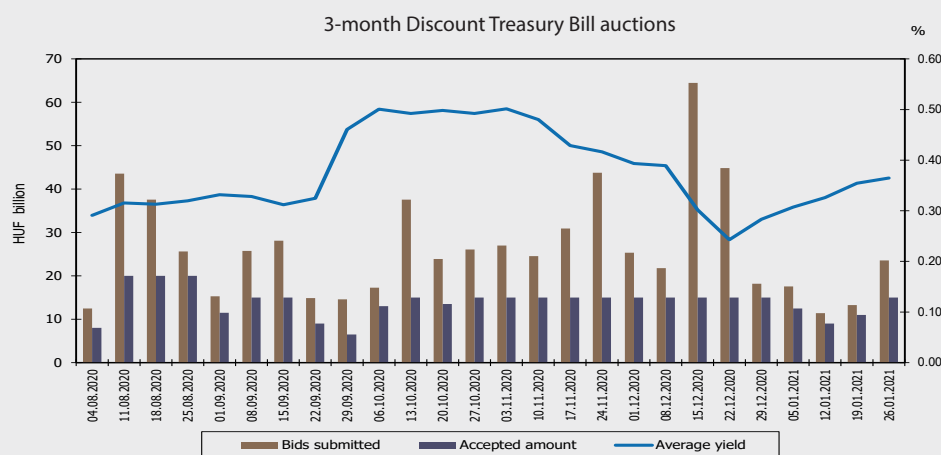


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D210310	D210317	D210324	D210407	D211229	D211229
ISIN code	HU0000523394	HU0000523402	HU0000523410	HU0000523501	HU0000523436	HU0000523436
Maturity in days	91	91	91	91	350	336
Date of auction	01.12.2020	08.12.2020	15.12.2020	29.12.2020	06.01.2021	20.01.2021
Date of financial settlement	09.12.2020	16.12.2020	23.12.2020	06.01.2021	13.01.2021	27.01.2021
Redemption date	10.03.2021	17.03.2021	24.03.2021	07.04.2021	29.12.2021	29.12.2021
Maximum yield (%) - ISMA	0.41	0.40	0.32	0.33	0.45	0.48
Minimum yield (%) - ISMA	0.38	0.38	0.28	0.24	0.40	0.41
Average yield (%) - ISMA	0.39	0.39	0.30	0.28	0.43	0.45
Maximum yield (%) - EHM	0.42	0.41	0.32	0.33	0.46	0.49
Minimum yield (%) - EHM	0.39	0.38	0.28	0.24	0.41	0.42
Average yield (%) - EHM	0.40	0.39	0.31	0.29	0.43	0.45
Average selling price (%)	99.9007	99.9017	99.9237	99.9284	99.5866	99.5832
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	25,322.85	21,777.75	64,466.00	18,200.00	18,670.00	7,283.00
Amount of bids accepted (HUF million)	14,999.99	14,999.99	15,000.00	15,000.00	15,000.00	5,000.00
Bid-to-cover ratio	1.69	1.45	4.30	1.21	1.24	1.46
Bids submitted (pcs)	22	17	40	12	14	24
Bids accepted (pcs)	17	13	14	11	13	20
Market sales* (HUF million)	14,999.99	14,999.99	15,000.00	15,000.00	15,000.00	5,000.00
Retained on ÁKK's own account (HUF million)	4,500.01	4,500.01	4,500.00	4,500.00	15,000.00	5,000.00
Total amount issued (HUF million)	19,500.00	19,500.00	19,500.00	19,500.00	30,000.00	10,000.00

* Without issuance onto ÁKK's own account



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2026/E	2033/A	2041/A	2026/E	2033/A	2038/A
ISIN code	HU0000404157	HU0000404611	HU0000404744	HU0000404165	HU0000404611	HU0000404744	HU0000403555
Maturity (in years)	6	5	10	20	5	10	15
Coupon	0.16%	1.50%	2.25%	3.00%	1.50%	2.25%	3.00%
Auction	21st auction	18th auction	6th auction	11th auction	19th auction	7th auction	28th auction
Date of auction	06.01.2021	07.01.2021	07.01.2021	07.01.2021	14.01.2021	14.01.2021	14.01.2021
Date of financial settlement	13.01.2021	13.01.2021	13.01.2021	13.01.2021	20.01.2021	20.01.2021	20.01.2021
Redemption date	22.04.2027	22.04.2026	20.04.2033	25.04.2041	22.04.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	-	1.40	2.17	2.59	1.43	2.30	2.44
Minimum annual yield (%) - ISMA	-	1.37	2.13	2.52	1.39	2.26	2.38
Average annual yield (%) - ISMA	-	1.39	2.15	2.55	1.42	2.28	2.42
Maximum annual yield (%) - EHM	-	1.40	2.17	2.59	1.43	2.29	2.44
Minimum annual yield (%) - EHM	-	1.37	2.13	2.52	1.39	2.26	2.38
Average annual yield (%) - EHM	-	1.39	2.15	2.55	1.42	2.28	2.41
Maximum price (%)	97.4300	100.6533	101.2888	107.5365	100.5501	99.9010	108.9103
Minimum price (%)	97.2500	100.5200	100.8529	106.3915	100.3400	99.5070	107.9910
Average price (%)	97.3100	100.5501	101.0225	106.9702	100.4131	99.6654	108.3636
Amount offered for sale (HUF million)	30,000.00	30,000.00	30,000.00	15,000.00	30,000.00	25,000.00	15,000.00
Amount of bids submitted (HUF million)	104,620.00	123,200.00	56,514.00	15,525.00	91,200.00	59,324.00	20,859.79
Amount of bids accepted (HUF million)	44,999.97	45,000.00	45,000.00	11,999.99	45,000.00	37,500.00	15,000.00
Bid-to-cover ratio	2.32	2.74	1.26	1.29	2.03	1.58	1.39
Bids submitted (pcs)	39	68	58	28	54	64	34
Bids accepted (pcs)	20	27	41	26	30	34	25
Tail (%) (average price - minimum price)	0.06	0.03	0.17	0.58	0.07	0.16	0.37
Market sales (HUF million)	44,999.97	45,000.00	45,000.00	11,999.99	45,000.00	37,500.00	15,000.00
Non-competitive offer (HUF million)	17,666.22	16,960.00	6,781.00	0.00	15,120.00	4,404.00	3,662.88
Total amount sales (HUF million)	62,666.19	61,960.00	51,781.00	11,999.99	60,120.00	41,904.00	18,662.88

Government Bond	2027/B	2026/E	2033/A	2041/A	2026/E	2033/A	2038/A
ISIN code	HU0000404157	HU0000404611	HU0000404744	HU0000404165	HU0000404611	HU0000404744	HU0000403555
Maturity (in years)	6	5	10	20	5	10	15
Coupon	0.16%	1.50%	2.25%	3.00%	1.50%	2.25%	3.00%
Auction	22nd auction	20th auction	8th auction	12th auction	21st auction	9th auction	29th auction
Date of auction	20.01.2021	21.01.2021	21.01.2021	21.01.2021	28.01.2021	28.01.2021	28.01.2021
Date of financial settlement	27.01.2021	27.01.2021	27.01.2021	27.01.2021	03.02.2021	03.02.2021	03.02.2021
Redemption date	22.04.2027	22.04.2026	20.04.2033	25.04.2041	22.04.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	-	1.47	2.34	2.81	1.42	2.28	2.51
Minimum annual yield (%) - ISMA	-	1.43	2.32	2.79	1.40	2.24	2.48
Average annual yield (%) - ISMA	-	1.45	2.33	2.80	1.42	2.26	2.50
Maximum annual yield (%) - EHM	-	1.47	2.34	2.81	1.42	2.28	2.51
Minimum annual yield (%) - EHM	-	1.43	2.32	2.79	1.40	2.24	2.48
Average annual yield (%) - EHM	-	1.45	2.33	2.80	1.41	2.26	2.50
Maximum price (%)	97.6200	100.3600	99.2612	103.2203	100.5010	100.0830	107.3903
Minimum price (%)	97.4500	100.1466	99.0620	102.9000	100.3711	99.6910	106.9360
Average price (%)	97.5200	100.2394	99.1357	103.0212	100.4173	99.8648	107.1009
Amount offered for sale (HUF million)	25,000.00	30,000.00	25,000.00	10,000.00	30,000.00	30,000.00	15,000.00
Amount of bids submitted (HUF million)	124,350.00	67,900.00	84,582.00	31,876.00	96,063.00	82,020.63	25,875.00
Amount of bids accepted (HUF million)	37,499.95	45,000.00	37,499.99	14,999.99	44,999.97	45,000.00	19,000.00
Bid-to-cover ratio	3.32	1.51	2.26	2.13	2.13	1.82	1.36
Bids submitted (pcs)	76	56	60	65	60	66	43
Bids accepted (pcs)	26	34	26	28	29	30	31
Tail (%) (average price - minimum price)	0.07	0.09	0.07	0.12	0.05	0.17	0.16
Market sales (HUF million)	37,499.95	45,000.00	37,499.99	14,999.99	44,999.97	45,000.00	19,000.00
Non-competitive offer (HUF million)	12,589.81	10,440.00	14,359.99	5,489.99	17,359.98	10,936.25	6,160.00
Total amount sales (HUF million)	50,089.76	55,440.00	51,859.98	20,489.98	62,359.95	55,936.25	25,160.00

GOVERNMENT SECURITIES MARKET



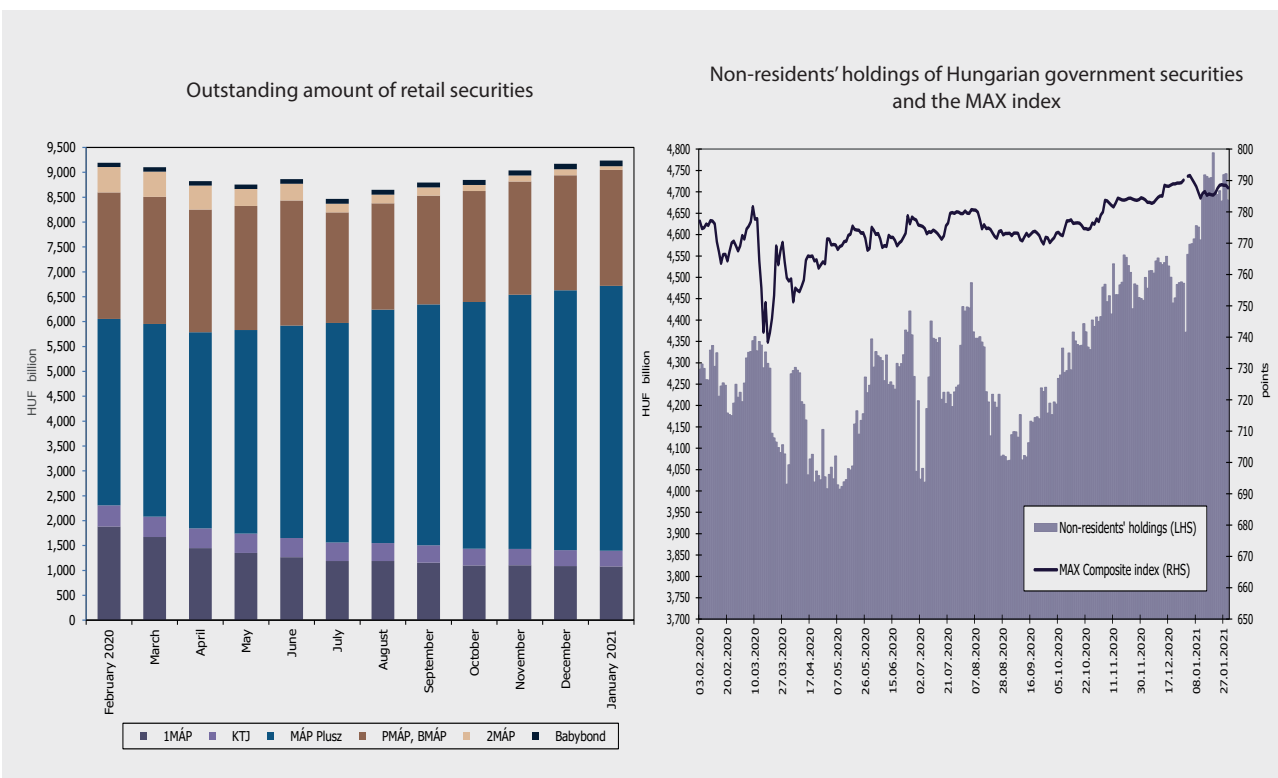
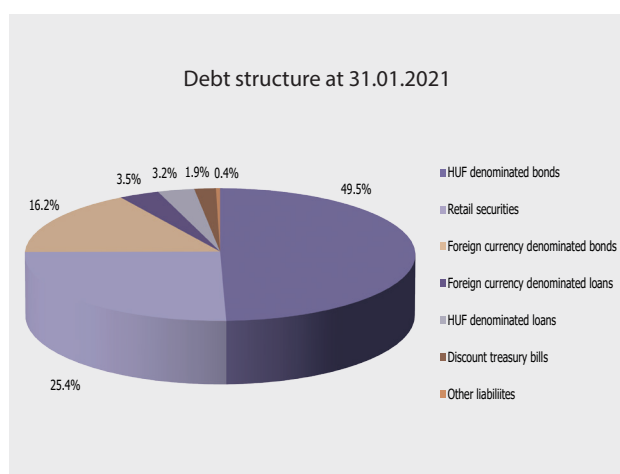
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JANUARY 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2023/B	23.01.2021	26.01.2021	26.04.2021	26.04.2021	0.75%	0.19%
2026/I	14.01.2021	20.01.2021	20.07.2021	20.07.2021	4.55%	2.26%
2027/B	19.01.2021	22.01.2021	22.04.2021	22.04.2021	0.75%	0.19%
2033/S	29.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%
2034/S	29.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%
2035/S	29.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%
2036/S	29.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%
2037/S	28.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%
2038/S	28.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%
2039/S	28.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%
2040/S	27.01.2021	01.02.2021	01.02.2022	01.02.2022	6.30%	6.30%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	31.01.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	1,081.1	-7.3
Treasury Saving Bills / KTJ	320.9	315.1	-5.8
Hungarian Government Security Plus / MÁP Plusz	5,221.2	5,321.5	100.3
Premium Hungarian Government / PMÁP	2,310.0	2,331.8	21.9
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	74.5	-46.3
Babybond	110.3	113.2	2.9
Total	9,171.6	9,237.2	65.6



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 29.01.2021	834.4282	557.0287	787.6359	538.5128	101.4323
Changes compared to the end of the month before	-2.8399	-0.0147	-2.4757	0.1068	-0.4421
Annual yield earned on the index portfolio (%)	1.56	0.43	1.50	0.45	1.98

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in January 2021

Government bond	Date of redemption	Turnover (HUF billion)
2026/E	22.04.2026	869.5
2027/B	22.04.2027	629.8
2031/A	22.10.2031	433.0
2033/A	20.04.2033	430.7
2027/A	27.10.2027	335.8
2030/A	21.08.2030	217.7
2023/C	23.08.2023	216.0
2026/D	22.12.2026	181.5
2023/B	26.07.2023	144.4
2038/A	27.10.2038	118.7

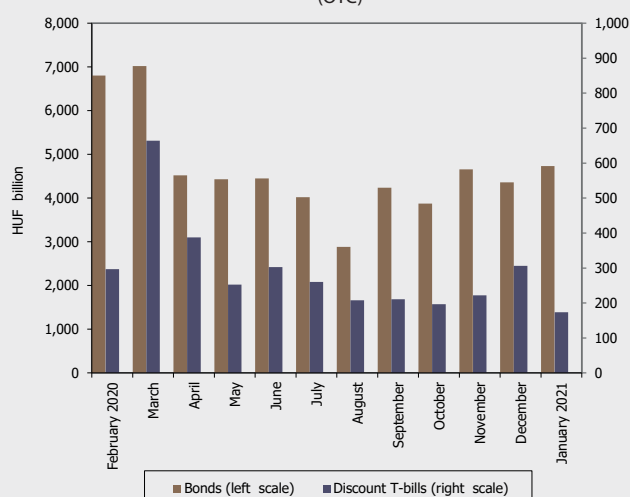
The outstanding volume of government bonds with benchmark status at the end of January 2021

Government bond	HUF billion	
	31.12.2020	31.01.2021
2023/C - 2024/C	784.03	1,136.76
2026/E	903.54	1,081.86
2031/A - 2033/A	1,331.99	270.07
2038/A	435.74	454.50
2041/A	108.97	141.57

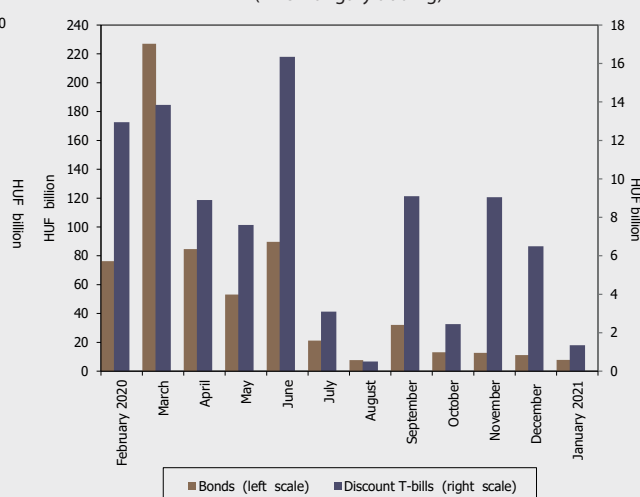
The outstanding volume of the three largest government bonds at the end of January 2021

Government bond	HUF billion
2031/A	1,332.28
2027/A	1,236.93
2025/B	1,199.83

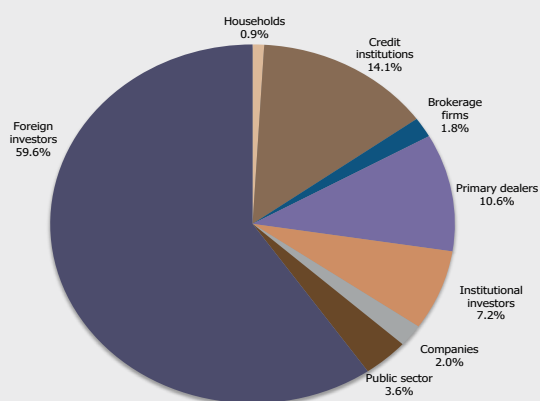
Secondary market trading of Hungarian government securities (OTC)



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



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



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

