FINANCING OF THE CENTRAL GOVERNMENT IN MAY 2022

1. Government debt data

The debt of the central government increased by HUF 2,888.5 billion in May due to the following reasons:

- **The first increasing factor** is the net forint issuance of HUF 1,852.9 billion, which finances the deficit of the central government budget.
- **The second – increasing – factor** is the net foreign currency issuance of HUF 270.9 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 599.0 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 165.6 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	31.05.2022		change
	Debt stock (preliminary data)	Breakdown	I-V. month				Debt stock (preliminary data)	Breakdown	percent
1. HUF denominated debt	***32,121.236***	***78.9%***	**4,754.790**	**2,901.866**	***0.000***	**1,852.923**	**33,974.160**	*77.9%*	***-0.98%***
1.1. Loans	**1,307.744**	***3.2%***	**0.000**	**5.240**	**0.000**	**-5.240**	**1,302.504**	***3.0%***	***-0.22%***
1.1.1. Foreign	1,307.744	*3.2%*	0.000	5.240	0.000	-5.240	1,302.504	***3.0%***	***-0.22%***
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%***	**4,754.790**	**2,896.626**	**0.000**	**1,858.164**	**32,671.656**	***75.0%***	***-0.75%***
1.2.1. Bonds	20,220.031	49.7%	1,570.461	339.556	0.000	1230.905	21,450.936	***49.2%***	***-0.47%***
1.2.2. Discount T-bills	583.208	1.4%	1,041.555	608.968	0.000	432.587	1,015.796	***2.3%***	***0.90%***
1.2.3. Retail securities	10,010.253	24.6%	2,142.773	1,948.102	0.000	194.671	10,204.924	***23.4%***	***-1.18%***
2. Foreign currency denominated debt	**8,395.157**	***20.6%***	**342.868**	**71.921**	**599.046**	**869.993**	**9,265.150**	***21.3%***	***0.63%***
2.1. Loans	**1,345.240**	***3.3%***	**64.587**	**6.108**	**94.536**	**153.014**	**1,498.254**	***3.4%***	***0.13%***
2.1.1. Foreign	1,345.240	*3.3%*	64.587	6.108	94.536	153.014	1,498.254	***3.4%***	***0.13%***
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%***	**278.281**	**65.812**	**504.510**	**716.979**	**7,766.896**	***17.8%***	***0.50%***
2.2.1. Issued abroad	6,594.948	*16.2%*	205.441	15.514	470.538	660.465	7,255.413	***16.6%***	***0.44%***
2.2.2. Issued in Hungary	454.969	*1.1%*	72.840	50.298	33.972	56.514	511.483	***1.2%***	***0.06%***
Total	**40,516.393**	***99.6%***	**5,097.658**	**2,973.787**	**599.046**	**2,722.917**	**43,239.310**	***99.2%***	***-0.35%***
Other debt	180.629	*0.4%*	723.358	573.577	15.818	165.599	346.228	***0.8%***	***0.35%***
Total central government debt	**40,697.022**	***100.0%***	**5,821.016**	**3,547.365**	**614.864**	**2,888.516**	**43,585.538**	***100.0%***	***0.00%***

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The foreign currency debt of the central government increased by HUF 870.0 billion in 2022 and amounted to HUF 9,265.2 billion at the end of May 2022. The share of foreign currency denominated debt within the total debt increased from 20.6% to 21.3% in 2022.

The forint denominated debt increased by HUF 1,852.9 billion to HUF 33,974.2 billion. The share of HUF-denominated debt reached 77.9% of the total debt, while in December 2021 this proportion was 78.9%.

The stock of retail securities increased by HUF 194.7 billion from the end of 2021 to HUF 10,204.9 billion at the end of May. The portfolio of Premium Hungarian Government Securities with a maturity of more than one year increased by HUF 949.8 billion, thus amounted to HUF 3,152.6 billion. The stock of the 1-year Government Securities increased by HUF 145.2 billion to HUF 1,146.8 billion at the end of May. The stock of the Hungarian Government Securities Plus (dematerialised and printed) decreased by HUF 920.1 billion this year and amounted to HUF 5,441.5 billion at the end of May.

The volume of non-resident holdings of Hungarian government securities increased by HUF 260.4 billion to HUF 5,395.4 in May. 99.7% of non-resident holdings was T-bonds, which amounted to HUF 5,377.9 billion. The non-resident holdings of Discount T-Bills amounted to HUF 17.5 billion, that represented only 0.3% of total non-resident holdings. The duration of the non-resident stock was 6.2 years at the end of May 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 five month of the year marked-to-market deposits increased by HUF 165.6 billion and reached HUF 346.2 billion (EUR 0.9 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions hasn’t changed in May compared to the previous month’s 1.3. The bid-to-cover ratio of T-bond auctions increased from 2.8 to 3.5 in May.

The average yield of the last 3-month Discount Treasury Bill auction in May was 6.28%, 37 basis points higher than in the previous month. The average yield of the last 12-month Discount Treasury Bill auction in May was 6.68%, 29 basis points higher compared to April.

The average yield of the last 5-year government bond auction in May was 7.40%, 35 basis points higher compared to the previous month. The average yield of the last 10-year government bond auction was 7.33%, 62 basis points higher compared to April. The average yield of the last auction of 15-year government bond was 7.03%, higher by 64 basis points compared to the last April’s average yield. The average yield of the last 20-year government bond auction was 7.10%, 52 basis points higher compared to the last April’s yield. The average yield of 10-year green government bond was 7.46% in the May auction, which was 110 basis points higher than its average yield at the previous auction in April.

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