FINANCING OF THE CENTRAL GOVERNMENT IN APRIL 2024

1. Government debt data

The debt of the central government increased by HUF 3,270.5 billion in April due to the following reasons:

- **The first increasing factor** is the net foreign currency issuance of HUF 1,779.2 billion, which finances the deficit and increased the foreign currency deposit, and also increased the debt of the central government.
- **The second – increasing – factor** is the net forint issuance of HUF 1,398.5 billion, which finances the deficit of the central government budget.
- **The third – also increasing factor —** is the depreciation of the forint that increased the HUF value of the foreign currency debt by HUF 337.5 billion.
- **The fourth – which had contrary effect than the above mentioned factors –** is the change of the foreign currency exchange rates and other factors that decreased the mark-to-market deposits placed at GDMA by HUF 244.4 billion.

According to the preliminary data **the domestic and foreign currency debt of the central government** was the following in 2024.

Central government gross debt and debt transactions in 2024

	31.12.2023		Issuance (increase in debt)	Redemption (decrease in debt)	Other changes	Net change	**30.04.2024**		**change**
	Debt stock (preliminary data)	**Breakdown**	**January to April**				**Debt stock (preliminary data)**	**Breakdown**	**percent**
1. HUF denominated debt	**36,888.034**	***72.5%***	**4,261.875**	**2,863.366**	**0.000**	**1,398.508**	**38,286.542**	***70.7%***	***-1.80%***
1.1. Loans	**868.220**	***1.7%***	**0.000**	**36.259**	**0.000**	**-36.259**	**831.962**	***1.5%***	***-0.17%***
1.1.1. Foreign	868.220	*1.7%*	0.000	36.259	0.000	-36.259	831.962	***1.5%***	***-0.17%***
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	**36,019.813**	***70.8%***	**4,261.875**	**2,827.107**	**0.000**	**1,434.767**	**37,454.580**	***69.2%***	***-1.63%***
1.2.1. Bonds	24,058.876	*47.3%*	1,393.541	642.666	0.000	750.875	24,809.751	***45.8%***	***-1.47%***
1.2.2. Discount T-bills	1,883.770	*3.7%*	1,447.808	1,595.622	0.000	-147.814	1,735.956	***3.2%***	***-0.50%***
1.2.3. Retail securities	10,077.167	*19.8%*	1,420.525	588.819	0.000	831.706	10,908.873	***20.2%***	***0.34%***
2. Foreign currency denominated debt	**13,678.314**	***26.9%***	**2,136.055**	**356.897**	**337.304**	**2,116.462**	**15,794.776**	***29.2%***	***2.28%***
2.1. Loans	**2,670.009**	***5.2%***	**477.610**	**53.153**	**57.876**	**482.333**	**3,152.342**	***5.8%***	***0.57%***
2.1.1. Foreign	2,670.009	*5.2%*	477.610	53.153	*57.876*	482.333	3,152.342	***5.8%***	***0.57%***
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	**11,008.305**	***21.6%***	**1,658.446**	**303.744**	**279.428**	**1,634.130**	**12,642.434**	***23.4%***	***1.71%***
2.2.1. Issued abroad	10,535.449	*20.7%*	1,621.605	294.171	269.066	1,596.500	12,131.949	***22.4%***	***1.70%***
2.2.1.1. Foreign currency bond	10,357.080	*20.4%*	1,441.195	295.631	267.185	1,412.749	11,769.829	***21.7%***	***1.38%***
2.2.1.2. ECP program	178.369	*0.4%*	180.410	-1.460	1.881	183.751	362.120	***0.7%***	***0.32%***
2.2.2. Issued in Hungary	472.856	*0.9%*	36.841	9.574	10.362	37.629	510.485	***0.9%***	***0.01%***
Total	**50,566.347**	***99.4%***	**6,397.930**	**3,220.263**	**337.304**	**3,514.971**	**54,081.318**	***99.9%***	***0.49%***
Other debt	298.836	*0.6%*	2,480.832	2,730.060	4.785	-244.443	54.394	***0.1%***	***-0.49%***
Total central government debt	**50,865.184**	***100.0%***	**8,878.762**	**5,950.323**	**342.090**	**3,270.528**	**54,135.712**	***100.0%***	***0.00%***

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The foreign currency debt of the central government increased by HUF 2,116.5 billion in 2024 and amounted to HUF 15,794.8 billion at the end of April 2024. The share of foreign currency denominated debt within the total debt increased from 26.9% to 29.2% in 2024.

The increase is mainly due to the foreign currency bond issuances in January 2024. On 3 January Hungary's first international bond issuance this year was made in the amount of USD 2.5 billion (HUF 863.6 billion) with 12-year maturity, followed by Hungary's third EUR Green Bond issuance on 18 January in the amount of EUR 1.5 billion (HUF 577.6 billion) with a maturity of 5.5-year. The amount of foreign currency securities issued in 2024 under the ECP (Euro Commercial Paper) program was USD 500 million (HUF 180.4 billion). The project financing foreign currency loan in the amount of EUR 1.0 billion (HUF 393.8 billion) increased the foreign currency debt in April. The exchange rate depreciation further increased the share of foreign currency debt.

The forint denominated debt increased by HUF 1,398.5 billion to HUF 38,286.5 billion. The share of HUF-denominated debt reached 70.7% of the total debt, while in December 2023 this proportion was 72.5%.

The stock of retail securities increased by HUF 831.7 billion since the end of 2023 to HUF 10,908.9 billion at the end of April. The portfolio of Premium Hungarian Government Security with a maturity of 8 years increased by HUF 148.6 billion, thus amounted to HUF 7,141.3 billion. In January, the new 3-year fixed-rate Fixed Hungarian Government Security was introduced; its issuance amounted to HUF 357.4 billion at the end of the month. The stock of the 1-year Government Security increased by HUF 205.4 billion to HUF 779.4 billion at the end of April. The sale of Bonus Hungarian Government Security also increased: the stock of 3- and 5-year Bonus Hungarian Government Security increased by HUF 83.1 billion and amounted to HUF 956.3 billion at the end of April.

The volume of non-resident holdings of Hungarian government securities increased by HUF 353.8 billion to HUF 6,838.4 in April. 99.6% of non-resident holdings was T-bonds, which amounted to HUF 6,809.2 billion. The non-resident holdings of Discount T-Bills amounted to HUF 29.2 billion, that represented only 0.4% of total non-resident holdings. The duration of the non-resident stock was 5.8 years at the end of April 2024.

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 four months of the year marked-to-market and other deposits decreased by HUF 244.4 billion and reached HUF 54.4 billion (EUR 0.14 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions decreased from 1.8 to 1.2. The bid-to-cover ratio of T-bond auctions increased from 4.0 to 4.4 in April.

The average yield of the last 3-month Discount Treasury Bill auction in April was 6.88%, 29 basis points higher than in the previous month and the 6-month Treasury bill was 6.87%, 22 basis points higher than at the end of March. The average yield of the last 12-month Discount Treasury Bill auction in April was 6.96%, 27 basis points higher compared to March.

The average yield of the latest 3-year government bond auctions in April was 7.20% and 72 basis points higher compared to the auction in March. The average yield of the 5-year government bond auction in April was 7.15%, 81 basis points higher than in March. The average yield of the latest 10-year government bond auction in April was 7.07%, 58 basis points higher than in the previous month. The average yield of the last of 20-year government bond auction was 7.01%, higher by 92 basis points compared to the last January’s average yield.

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