



GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

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GOVERNMENT SECURITIES MARKET

MONTHLY REPORT
DECEMBER 2023



The Central Government Debt increased by HUF 5,302.8 billion to HUF 50,865.2 billion in 2023. Total net issuance was HUF 5,960.9 billion; out of which net HUF denominated issuance including repos was HUF 3,112.4 billion and net foreign currency denominated issuance was HUF 2,848.5 billion in 2023.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2022		2023		Change	
	December	%	December	%	HUF billion	%
HUF denominated debt	33,775.6	74.1	36,888.0	72.5	3,112.4	9.2
Loans	1,024.2	2.2	868.2	1.7	-156.0	-15.2
Government bonds	22,346.3	49.0	24,058.9	47.3	1,712.6	7.7
Retail securities	8,619.4	18.9	10,077.2	19.8	1,457.8	16.9
Discount treasury bills	1,785.8	3.9	1,883.8	3.7	98.0	5.5
Foreign exchange denominated debt	11,397.3	25.0	13,678.3	26.9	2,281.0	20.0
Total	45,173.0	99.1	50,566.3	99.4	5,393.4	11.9
Other obligations	389.4	0.9	298.8	0.6	-90.6	-23.3
Total central government debt	45,562.4	100.0	50,865.2	100.0	5,302.8	11.6

Source: ÁKK

The HUF denominated debt of the central government increased by HUF 3,112.4 billion in 2023. The increase in domestic debt was the result of the net government bond issuance of HUF 1,712.6 billion and the increase of discount Treasury bills by HUF 98.0 billion. The total amount of retail government securities increased by HUF 1,457.8 billion. The majority of the demand for retail government securities was the sale of Premium Hungarian Government Securities with a maturity of more than one year. The volume of HUF loans decreased by HUF 156.0 billion in 2023.

The foreign currency debt of the central government increased by HUF 2,281.0 billion in 2023. The increase is mainly due to the foreign currency bonds issuance in January: 5-year foreign currency bond in the amount of USD 1.5 billion (HUF 558.1 billion) and 10-year foreign currency bond in the amount of USD 1.5 billion (HUF 558.1 billion), and 30-year foreign currency bond in the amount of 1.25 billion USD (HUF 465.1 billion HUF) was also issued. The foreign currency debt was further increased by the private placement in March. The 5- and 10-year foreign currency bonds issued in January were increased in the amounts of USD 150 million (HUF 54.3 billion) and USD 300 million (HUF 108.6 billion). Further EUR 1.75 billion (HUF 673.2 billion) of 10-year foreign currency bond was issued in September. The foreign currency bond maturing in May 2028 was further increased by USD 500 million (HUF 173.3 billion) in the private placement in November. Foreign currency securities issued under the ECP (Euro Commercial Paper) programme amounted to USD 500 million (HUF 178.4 billion) at the end of December.

The drawdown of foreign currency loans further increased the foreign currency debt by HUF 913.5 billion and the issuance of domestic foreign currency bonds grew by HUF 176.0 billion. The exchange rate revaluations totalling HUF 567.5 billion decreased the Hungarian forint value of the foreign currency debt. Foreign currency debt was decreased by the redemption of foreign currency bond by HUF 854.0 billion and the repayments of domestic foreign currency bond by HUF 39.4 billion. The total amount of other liabilities decreased by HUF 90.6 billion in 2023.

BENCHMARK YIELDS

Maturity	30.12.2022	30.11.2023	29.12.2023	Change in December basis point
3-month	12.32	7.40	6.23	-117
6-month	13.89	8.00	6.26	-174
1-year	13.82	8.01	6.45	-156
3-year	10.71	7.39	6.12	-127
5-year	9.73	6.75	5.78	-97
10-year	8.98	6.76	5.86	-90
15-year	8.41	6.85	6.11	-74
20-year	8.41	6.83	6.07	-76

Source: ÁKK

Monthly OTC turnover of government securities decreased by 23% to HUF 9,375.0 billion in December. Primary dealers, who account for the decisive part of all secondary government securities trading, made 56% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 1,146.2 billion in December and amounted to HUF 5,874.3 billion at the end of December. This volume represented 16.3% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 381.84 on the last working day of December.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of December: BBB- (Standard & Poor's); Baa2 (Moody's); BBB (Fitch).

CENTRAL GOVERNMENT GROSS DEBT

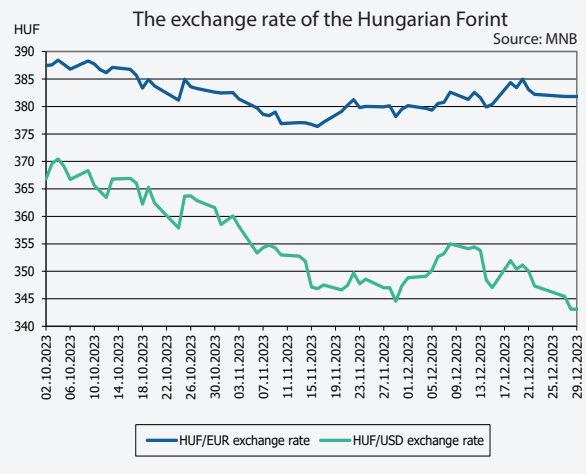
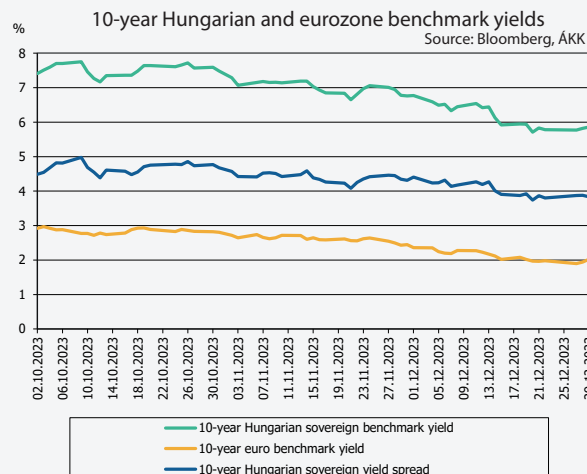
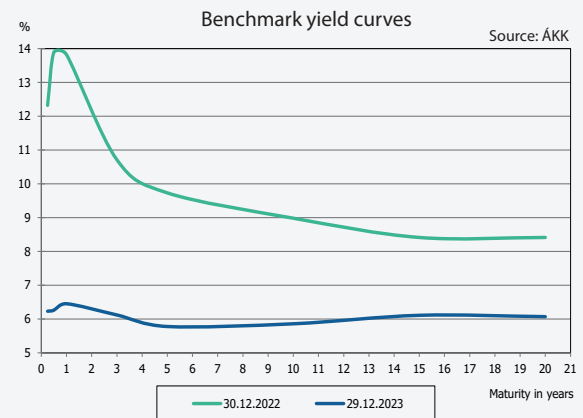
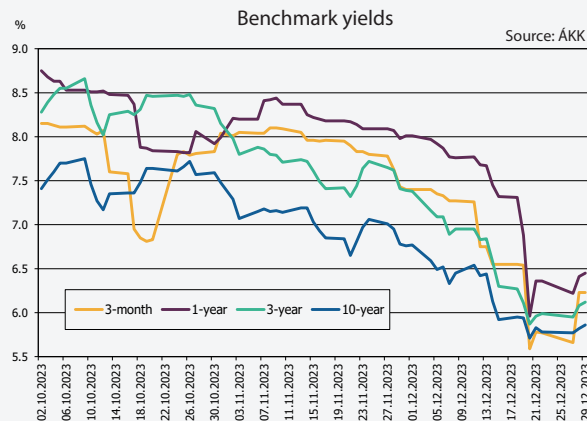
HUF BILLION

	2018	2019	2020	2021	2022	2023 October	2023 November	2023 December
1. Forint denominated debt	22,796.0	24,357.1	29,237.3	32,121.2	33,775.6	36,361.5	36,616.6	36,888.0
1.1. Loans	1,167.7	1,208.1	1,161.6	1,307.7	1,024.2	921.8	894.7	868.2
1.2. Government securities	21,628.3	23,149.0	28,075.7	30,813.5	32,751.4	35,439.7	35,721.9	36,019.8
1.2.1. Public issues	21,589.1	23,109.8	28,036.5	30,813.5	32,751.4	35,439.7	35,721.9	36,019.8
1.2.1.1. Bonds	12,836.1	13,378.5	18,206.6	20,220.0	22,346.3	23,749.5	23,813.6	24,058.9
1.2.1.2. Discount T-bills	1,237.3	657.3	658.2	583.2	1,785.8	2,011.6	1,918.4	1,883.8
1.2.1.3. Retail securities	7,515.7	9,074.0	9,171.7	10,010.2	8,619.4	9,678.6	9,989.8	10,077.2
1.2.2. Private placements	39.2	39.2	39.2	0.0	0.0	0.0	0.0	0.0
2. Foreign currency denominated debt*	5,724.8	5,121.2	7,318.2	8,395.2	11,397.3	13,249.5	13,160.8	13,678.3
2.1. Loans	795.0	825.4	1,291.1	1,345.2	1,959.1	2,209.3	2,252.2	2,670.0
2.1.1. Foreign loans	795.0	825.4	1,291.1	1,345.2	1,959.1	2,209.3	2,252.2	2,670.0
2.1.2. Domestic loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	4,929.8	4,295.8	6,027.1	7,049.9	9,438.2	11,040.2	10,908.6	11,008.3
2.2.1. Issued abroad	4,246.2	3,713.5	5,481.3	6,594.9	9,085.5	10,580.7	10,445.6	10,535.4
2.2.2. Issued domestically	683.6	582.3	545.9	455.0	352.8	459.5	463.0	472.9
Total	28,520.7	29,478.3	36,555.5	40,516.4	45,173.0	49,611.0	49,777.4	50,566.3
Other liabilities	167.40	203.70	128.80	180.60	389.40	107.20	141.00	298.80
Total central government debt	28,688.2	29,682.0	36,684.3	40,697.0	45,562.4	49,718.2	49,918.4	50,865.2
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	14,112.6	14,075.0	18,904.0	20,803.2	24,132.1	25,761.1	25,732.0	25,942.7
Gross debt/GDP	66.1%	62.3%	75.8%	73.7%	69.0%			

Source: ÁKK, KSH

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

ÁKK - Government Debt Management Agency
KSH - Hungarian Central Statistical Office



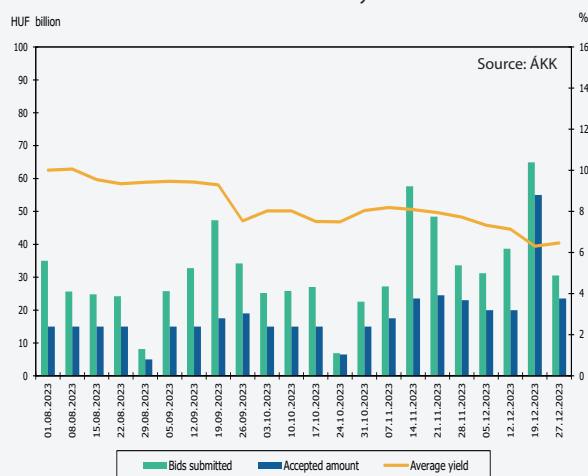
MNB - National Bank of Hungary

DISCOUNT TREASURY BILL AUCTION RESULTS

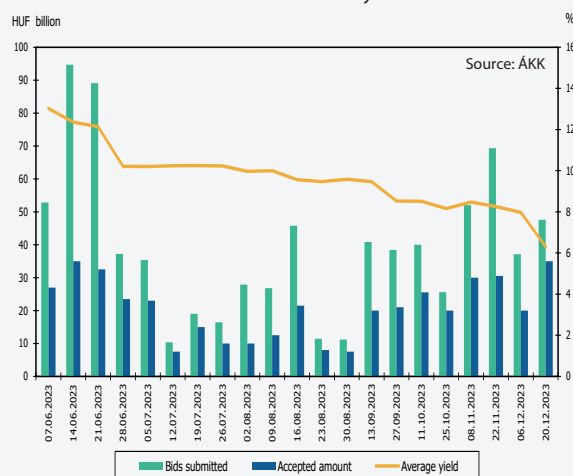
	3-month Discount T-bills				6-month Discount T-bills		12-month Discount T-bills	
Code of T-bills	D240313	D240320	D240327	D240403	D240626	D240626	D241030	D241223
ISIN code	HU0000524988	HU0000524814	HU0000524905	HU0000524996	HU0000524756	HU0000524756	HU0000524939	HU0000525019
Maturity in days	91	91	91	91	196	182	322	362
Date of auction	05.12.2023	12.12.2023	19.12.2023	27.12.2023	06.12.2023	20.12.2023	07.12.2023	21.12.2023
Date of financial settlement	13.12.2023	20.12.2023	27.12.2023	03.01.2024	13.12.2023	27.12.2023	13.12.2023	27.12.2023
Redemption date	13.03.2024	20.03.2024	27.03.2024	03.04.2024	26.06.2024	26.06.2024	30.10.2024	23.12.2024
Maximum yield (%) - ISMA	7.50	7.23	6.55	6.60	8.05	6.50	7.95	6.38
Minimum yield (%) - ISMA	7.00	6.96	6.29	5.90	7.00	6.10	7.70	6.00
Average yield (%) - ISMA	7.33	7.14	6.31	6.47	7.97	6.31	7.92	6.22
Maximum yield (%) - EHM	7.60	7.33	6.64	6.69	8.16	6.59	8.06	6.47
Minimum yield (%) - EHM	7.10	7.06	6.38	5.98	7.10	6.18	7.81	6.08
Average yield (%) - EHM	7.44	7.24	6.40	6.56	8.08	6.40	8.03	6.31
Average selling price (%)	98.1797	98.2260	98.4292	98.3911	95.8399	96.9070	93.3850	94.1105
Amount offered for sale (HUF million)	20,000.00	20,000.00	30,000.00	30,000.00	20,000.00	30,000.00	25,000.00	30,000.00
Amount of bids submitted (HUF million)	31,233.79	38,650.09	64,910.11	30,512.25	37,121.39	47,590.33	59,279.75	15,426.26
Amount of bids accepted (HUF million)	19,999.94	19,999.99	55,000.00	23,499.99	19,999.97	34,999.95	27,999.97	7,000.00
Bid-to-cover ratio	1.56	1.93	1.18	1.30	1.86	1.36	2.12	2.20
Bids submitted (pcs)	83	62	54	72	107	75	101	39
Bids accepted (pcs)	60	39	25	62	68	30	65	26
Market sales (HUF million)	19,999.94	19,999.99	55,000.00	23,499.99	19,999.97	34,999.95	27,999.97	7,000.00
Retained on ÁKK's own account (HUF million)	20,000.06	0.01	20,000.00	20,000.01	16,600.03	0.05	10,000.03	21,000.00
Total amount issued (HUF million)	40,000.00	20,000.00	75,000.00	43,500.00	36,600.00	35,000.00	38,000.00	28,000.00

Source: ÁKK

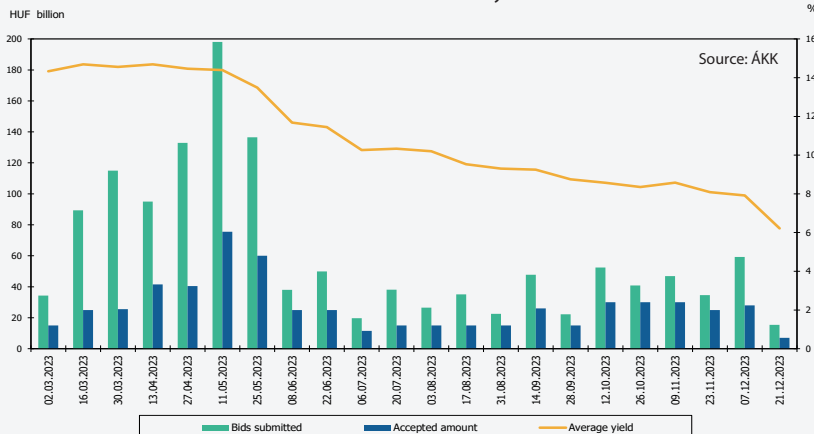
3-month Discount Treasury Bill auctions



6-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions



GOVERNMENT BOND AUCTION RESULTS

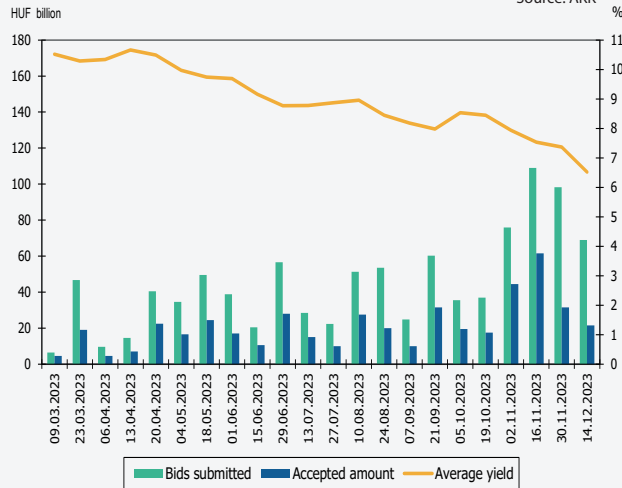
Government Bond	2029/B	2032/B	2026/H
ISIN code	HU0000404926	HU0000406087	HU0000406160
Maturity (in years)	5	10	3
Coupon	11.08%	10.82%	9.50%
Auction	44th auction	17th auction	25th auction
Date of auction	07.12.2023	07.12.2023	14.12.2023
Date of financial settlement	13.12.2023	13.12.2023	20.12.2023
Redemption date	22.08.2029	25.08.2032	21.10.2026
Maximum annual yield (%) - ISMA	-	-	6.52
Minimum annual yield (%) - ISMA	-	-	6.50
Average annual yield (%) - ISMA	-	-	6.52
Maximum annual yield (%) - EHM	-	-	6.52
Minimum annual yield (%) - EHM	-	-	6.49
Average annual yield (%) - EHM	-	-	6.51
Maximum price (%)	100.2600	99.1100	107.5082
Minimum price (%)	100.1300	98.8800	107.4430
Average price (%)	100.1700	98.9200	107.4622
Amount offered for sale (HUF million)	10,000.00	10,000.00	10,000.00
Amount of bids submitted (HUF million)	25,075.00	43,725.00	68,990.00
Amount of bids accepted (HUF million)	10,000.00	17,000.00	21,500.00
Bid-to-cover ratio	2.51	2.57	3.21
Bids submitted (pcs)	49	44	47
Bids accepted (pcs)	26	21	14
Tail (%) (average price - minimum price)	0.04	0.04	0.02
Market sales (HUF million)	10,000.00	17,000.00	21,500.00
Non-competitive offer (HUF million)	3,130.00	6,480.00	4,085.00
Total amount sales (HUF million)	13,130.00	23,480.00	25,585.00

Government Bond	2028/A	2032/A
ISIN code	HU0000402532	HU0000405550
Maturity (in years)	5	10
Coupon	6.75%	4.75%
Auction	72nd auction	50th auction
Date of auction	14.12.2023	14.12.2023
Date of financial settlement	20.12.2023	20.12.2023
Redemption date	22.10.2028	24.11.2032
Maximum annual yield (%) - ISMA	6.00	6.08
Minimum annual yield (%) - ISMA	5.95	6.00
Average annual yield (%) - ISMA	5.98	6.07
Maximum annual yield (%) - EHM	5.99	6.07
Minimum annual yield (%) - EHM	5.94	5.99
Average annual yield (%) - EHM	5.97	6.06
Maximum price (%)	103.2540	91.5400
Minimum price (%)	103.0447	91.0301
Average price (%)	103.1432	91.1155
Amount offered for sale (HUF million)	10,000.00	10,000.00
Amount of bids submitted (HUF million)	52,635.00	44,340.00
Amount of bids accepted (HUF million)	20,999.98	15,000.00
Bid-to-cover ratio	2.51	2.96
Bids submitted (pcs)	56	45
Bids accepted (pcs)	25	24
Tail (%) (average price - minimum price)	0.10	0.09
Market sales (HUF million)	20,999.98	15,000.00
Non-competitive offer (HUF million)	1,491.26	2,736.00
Total amount sales (HUF million)	22,491.24	17,736.00

Source: ÁKK

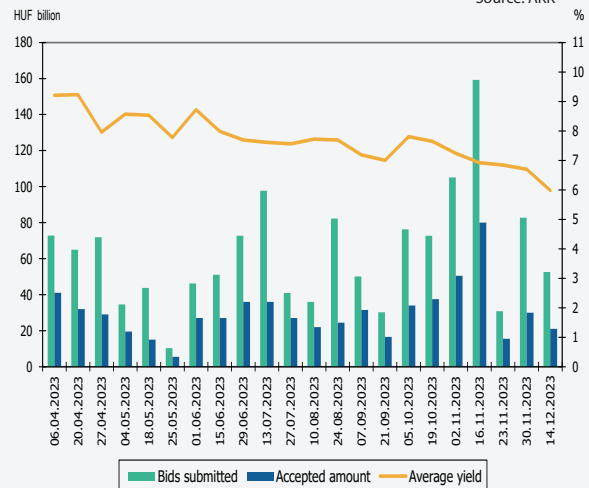
3-year government bond auctions

Source: ÁKK



5-year government bond auctions

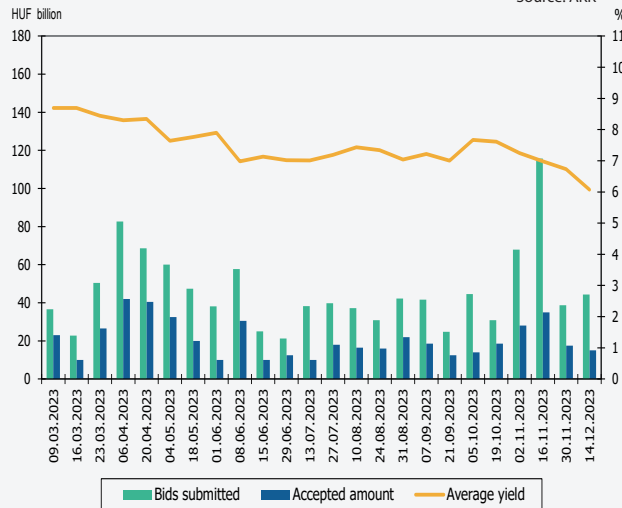
Source: ÁKK



The graph shows the yield on fixed-rate bonds.

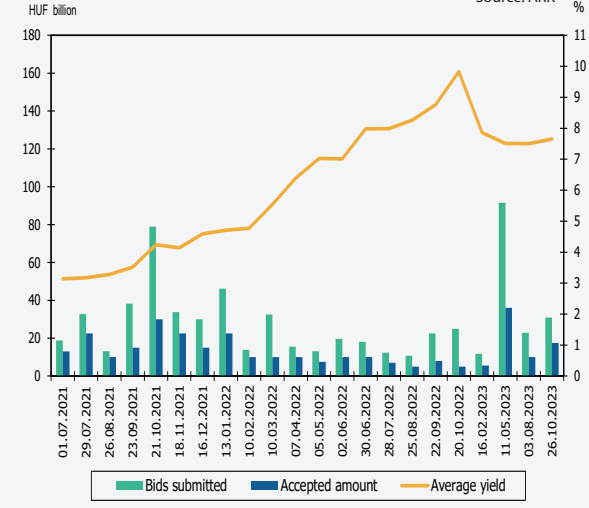
10-year government bond auction

Source: ÁKK



15-year government bond auctions

Source: ÁKK



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN DECEMBER 2023

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2024/K	14.12.2023	20.12.2023	20.12.2024	20.12.2024	15.25%	15.25%
2025/N	22.12.2023	30.12.2023	30.03.2024	02.04.2024	7.90%	2.00%

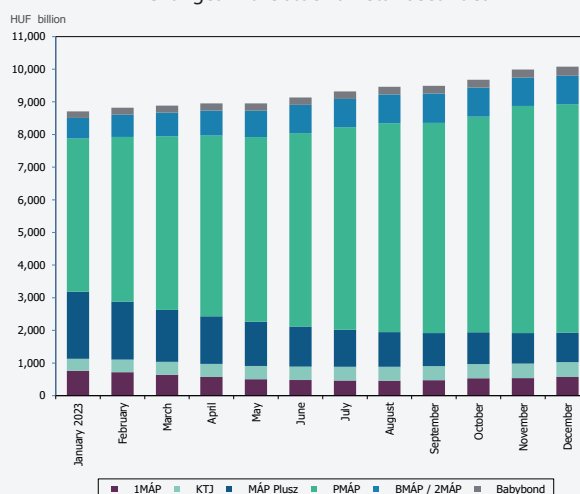
Source: ÁKK

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2022	31.12.2023	Change
1-year Hungarian Government Security / 1MÁP	807.8	574.0	-233.8
Treasury Saving Bills / KTJ	341.8	453.7	111.9
Hungarian Government Security Plus / MÁP Plusz	2,434.5	907.3	-1,527.2
Premium Hungarian Government Security / PMÁP	4,321.6	6,992.7	2,671.1
Bonus Hungarian Government Security / BMÁP	514.7	873.2	358.5
Babybond	198.8	276.1	77.3
Total	8,619.3	10,077.1	1,457.8

Source: ÁKK

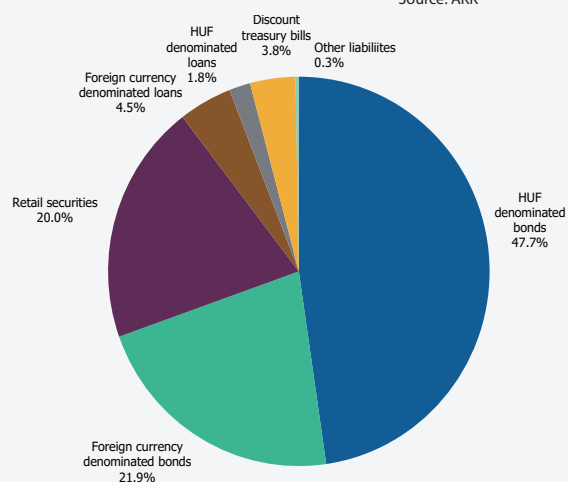
Changes in the stock of retail securities



Source: ÁKK

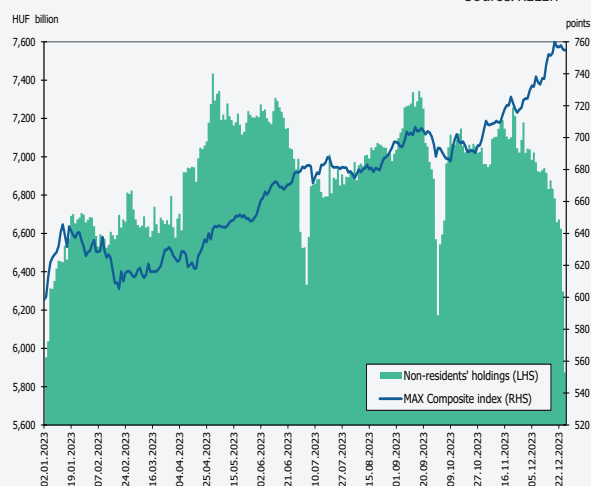
Debt structure at 31.12.2023

Source: ÁKK



Non-residents' holdings of Hungarian government securities and the MAX index

Source: KELER



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	HMAX index	MAX Composite index	RMAX index	ZMAX index
Value as at 29.12.2023	790.1281	93.0723	754.7111	657.0470	649.6933
Changes compared to the end of the previous month	34.3500	5.0342	30.2275	9.9915	5.9428
Annual yield earned on the index portfolio (%)	27.67	31.75	26.25	15.33	13.64

Source: ÁKK

Government bonds with the highest secondary market turnover in December 2023

Government bond	Date of redemption	Turnover (HUF billion)
2032/A	24.11.2032	372.4
2028/A	22.10.2028	369.4
2024/C	24.10.2024	288.2
2026/H	21.10.2026	253.3
2033/A	20.04.2033	162.6
2024/B	26.06.2024	149.5
2035/A	24.10.2035	100.2
2029/A	23.05.2029	95.0
2029/B	22.08.2029	90.0
2030/A	21.08.2030	87.0

Source: Primary Dealers, ÁKK

The outstanding volume of government bonds with benchmark status at the end of December 2023

Government bond	HUF billion	
	30.11.2023	31.12.2023
2026/H	613.82	682.66
2028/A	1,621.84	1,682.04
2032/A	1,306.87	1,343.71
2038/A	989.15	989.16
2041/A	584.75	584.75

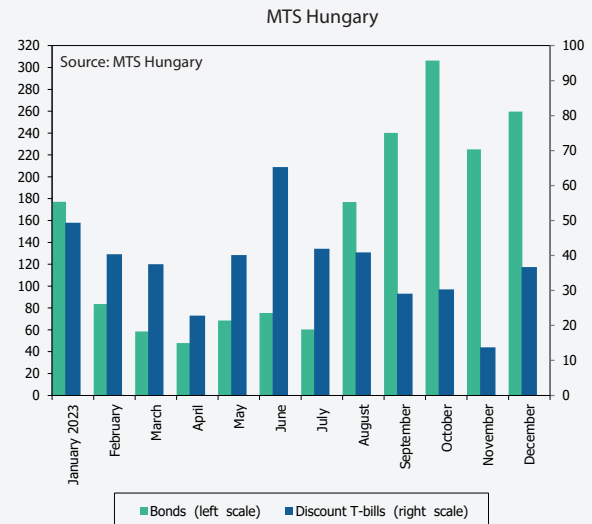
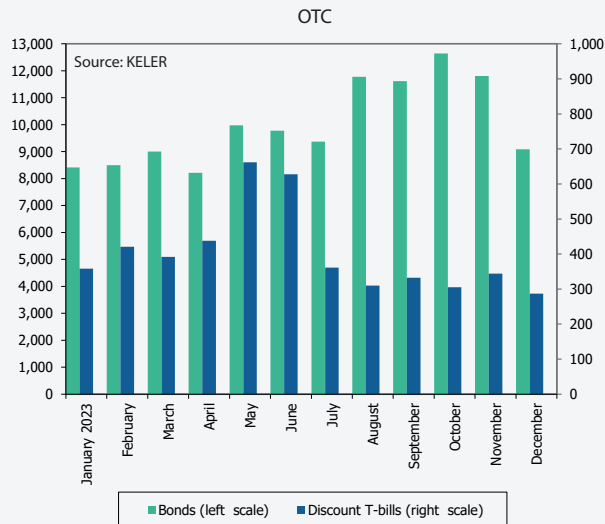
Source: ÁKK

The outstanding volume of the three largest government bonds at the end of December 2023

Government bond	HUF billion
2028/A	1,682.04
2031/A	1,540.17
2025/C	1,457.84

Source: ÁKK

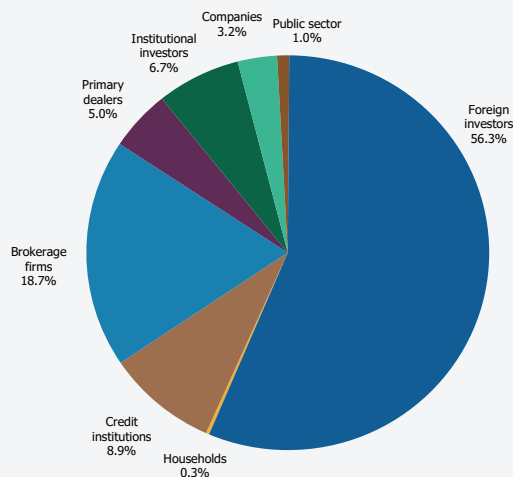
Secondary market trading of Hungarian government securities (HUF billion)



Breakdown of primary dealers' secondary market turnover by investor groups in December 2023

Government Bonds

Source: Primary Dealers, ÁKK



Discount Treasury Bills

Source: Primary Dealers, ÁKK

