

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

September 2020

The Central Government Debt increased by HUF 3,812.7 billion to HUF 33,494.7 billion by September 2020. Total net issuance was HUF 3,287.2 billion; out of which net HUF-denominated issuance was HUF 2,652.3 billion and net foreign currency denominated issuance was HUF 634.9 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	September	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	27,009.3	80.6	2,652.3	10.9
Loans	1,208.1	4.1	1,161.6	3.5	-46.5	-3.8
Government bonds	13,417.7	45.2	16,324.7	48.7	2,907.1	21.7
Retail securities	9,074.0	30.6	8,796.2	26.3	-277.9	-3.1
Discount treasury bills	657.3	2.2	726.8	2.2	69.5	10.6
Foreign exchange denominated debt	5,121.2	17.3	6,276.3	18.7	1,155.1	22.6
Total	29,478.3	99.3	33,285.6	99.4	3,807.3	12.9
Other obligations	203.7	0.7	209.1	0.6	5.4	2.6
Total central government debt	29,682.0	100.0	33,494.7	100.0	3,812.7	12.8

The HUF denominated debt of the central government increased by HUF 2,652.3 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 2,907.1 billion and the increase of discount Treasury bills by HUF 69.5 billion. The total amount of retail government securities decreased by HUF 277.9 billion. The decrease was due to the maturity of retail government securities held by institutional investors, who are not allowed to reinvest. 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 46.5 billion in 2020.

The foreign currency debt of the central government increased by HUF 1,155.1 billion in 2020. The foreign currency debt was increased by the EUR 1 billion (HUF 353.6 billion) 6-year foreign currency bonds and the EUR 1 billion (HUF 353.6 billion) 12-year foreign currency bonds issued in April. Hungary's first international green bond was issued in the amount of EUR 1.5 billion (HUF 518.4 billion) in June. In September, the Samurai bonds were issued in the total amount of JPY 62.7 billion (HUF 180.3 billion). Out of the four series with different maturities, two are green bonds, making Hungary the first foreign state to issue green bond in Japan. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 38.3 billion and the drawdown of foreign currency loans by HUF 172.5 billion. The exchange rate revaluations totalling HUF 520.2 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 982.2 billion. The total amount of other liabilities increased by HUF 5.4 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	31.08.2020	30.09.2020	Change in September basis point
3-month	-0.01	0.31	0.48	17
6-month	0.01	0.36	0.55	19
1-year	0.02	0.42	0.81	39
3-year	0.28	1.12	1.40	28
5-year	1.17	1.59	1.82	23
10-year	2.01	2.30	2.43	13
15-year	2.80	2.76	2.84	8
20-year*	-	2.85	2.95	10

*The 20-year Hungarian Government Bond was added to the list of the benchmark securities from 20 May 2020.

Monthly OTC turnover of government securities increased by 44% to HUF 4,448.8 billion in September. Primary dealers, who account for the decisive part of all secondary government securities trading, made 55% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 97.9 billion in September and amounted to HUF 4,178.3 billion at the end of the month. This volume represented 16.2% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 364.65 on the last working day of September.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of September: BBB (Standard & Poor's); Baa3 (Moody's); BBB (Fitch). Moody's changed the forint currency outlook from stable to positive on 25 September.

GOVERNMENT SECURITIES MARKET

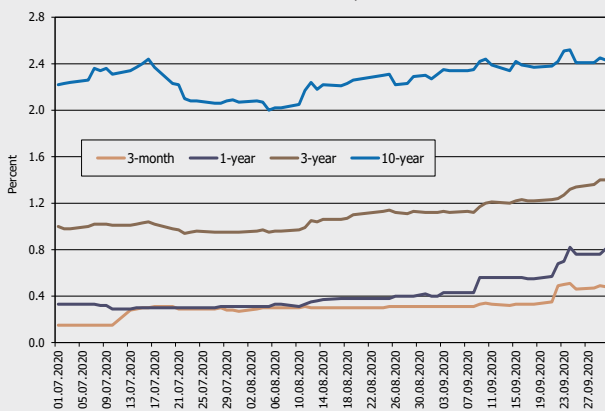
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

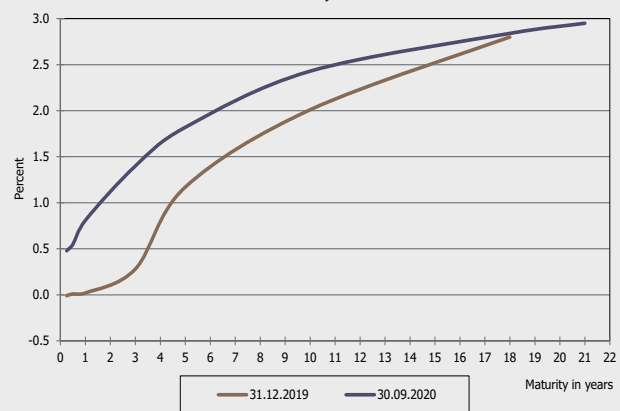
	2015	2016	2017	2018	2019	2020 July	2020 August	2020 September
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	25,776.3	26,327.7	27,009.3
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	24,614.7	25,166.1	25,847.7
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	24,575.5	25,126.9	25,808.6
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	15,291.8	15,724.9	16,285.5
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	818.1	752.4	726.8
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	8,465.6	8,649.7	8,796.2
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	5,794.2	5,885.8	6,276.3
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	934.3	959.6	1,033.5
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	934.3	959.6	1,033.5
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	4,859.9	4,926.2	5,242.8
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	4,235.8	4,282.0	4,586.4
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	624.1	644.2	656.4
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	31,570.5	32,213.5	33,285.6
Other liabilities	756.00	742.70	274.20	167.40	203.7	208.6	181.4	209.1
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	31,779.1	32,394.9	33,494.7
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	16,149.1	16,516.5	17,051.5
Gross debt/GDP	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

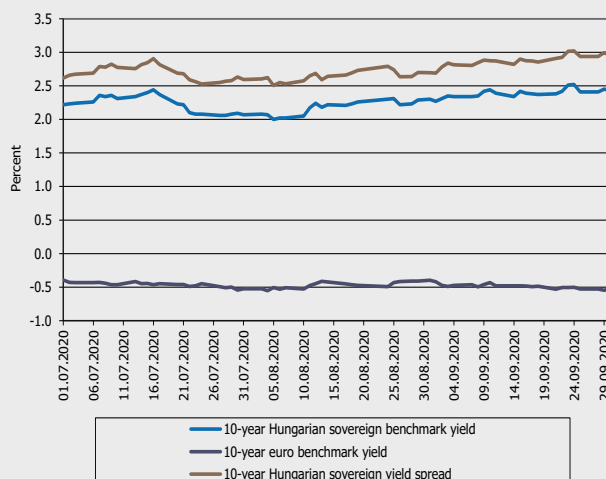


Benchmark yield curves

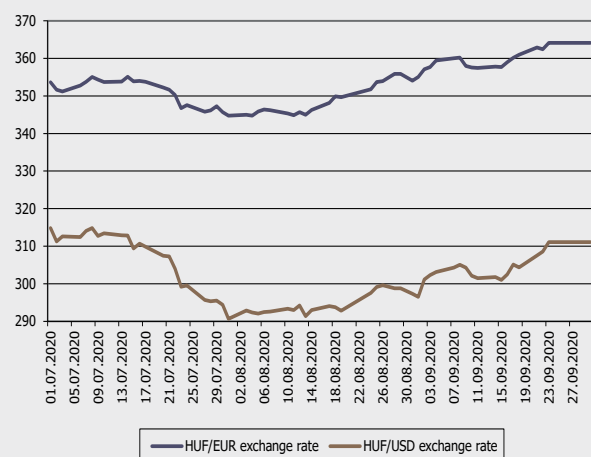


The range of reference government securities has been expanded with the 20-year government bond from 20 May 2020.

10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



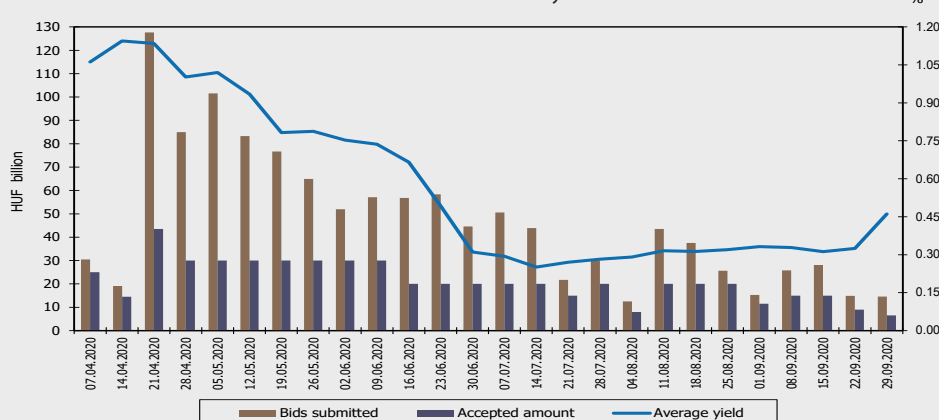
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

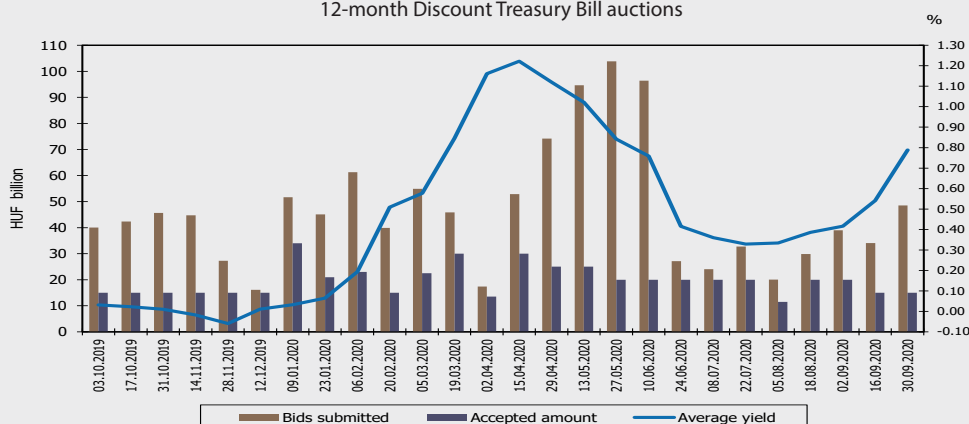
	3-month Discount T-bills					12-month Discount T-bills		
Code of T-bills	D201209	D201216	D201223	D201230	D210106	D210825	D210825	D210825
ISIN code	HU0000523279	HU0000523287	HU0000523295	HU0000523295	HU0000523303	HU0000523253	HU0000523253	HU0000523253
Maturity in days	91	91	91	91	91	350	336	322
Date of auction	01.09.2020	08.09.2020	15.09.2020	22.09.2020	29.09.2020	02.09.2020	16.09.2020	30.09.2020
Date of financial settlement	09.09.2020	16.09.2020	23.09.2020	30.09.2020	07.10.2020	09.09.2020	23.09.2020	07.10.2020
Redemption date	09.12.2020	16.12.2020	23.12.2020	30.12.2020	06.01.2021	25.08.2021	25.08.2021	25.08.2021
Maximum yield (%) - ISMA	0.34	0.34	0.33	0.35	0.49	0.43	0.56	0.82
Minimum yield (%) - ISMA	0.32	0.30	0.30	0.32	0.40	0.40	0.52	0.74
Average yield (%) - ISMA	0.33	0.33	0.31	0.32	0.46	0.42	0.54	0.79
Maximum yield (%) - EHM	0.34	0.34	0.33	0.35	0.50	0.44	0.57	0.83
Minimum yield (%) - EHM	0.32	0.30	0.30	0.32	0.41	0.41	0.53	0.75
Average yield (%) - EHM	0.34	0.33	0.32	0.33	0.47	0.42	0.55	0.80
Average selling price (%)	99.9162	99.9171	99.9212	99.9180	99.8837	99.5967	99.4970	99.2994
Amount offered for sale (HUF million)	20,000.00	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	15,311.05	25,752.83	28,093.03	14,885.59	14,601.03	38,960.00	34,100.00	48,510.83
Amount of bids accepted (HUF million)	11,499.98	14,999.96	15,000.00	9,000.00	6,500.00	19,999.97	14,999.98	15,000.00
Bid-to-cover ratio	1.33	1.72	1.87	1.65	2.25	1.95	2.27	3.23
Bids submitted (pcs)	24	26	20	15	13	27	34	32
Bids accepted (pcs)	18	23	11	7	10	19	15	16
Market sales* (HUF million)	11,499.98	14,999.96	15,000.00	9,000.00	6,500.00	19,999.97	14,999.98	15,000.00
Retained on ÁKK's own account (HUF million)	3,450.02	4,500.04	4,500.00	2,700.00	3,250.00	20,000.03	15,000.02	15,000.00
Total amount issued (HUF million)	14,950.00	19,500.00	19,500.00	11,700.00	9,750.00	40,000.00	30,000.00	30,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions



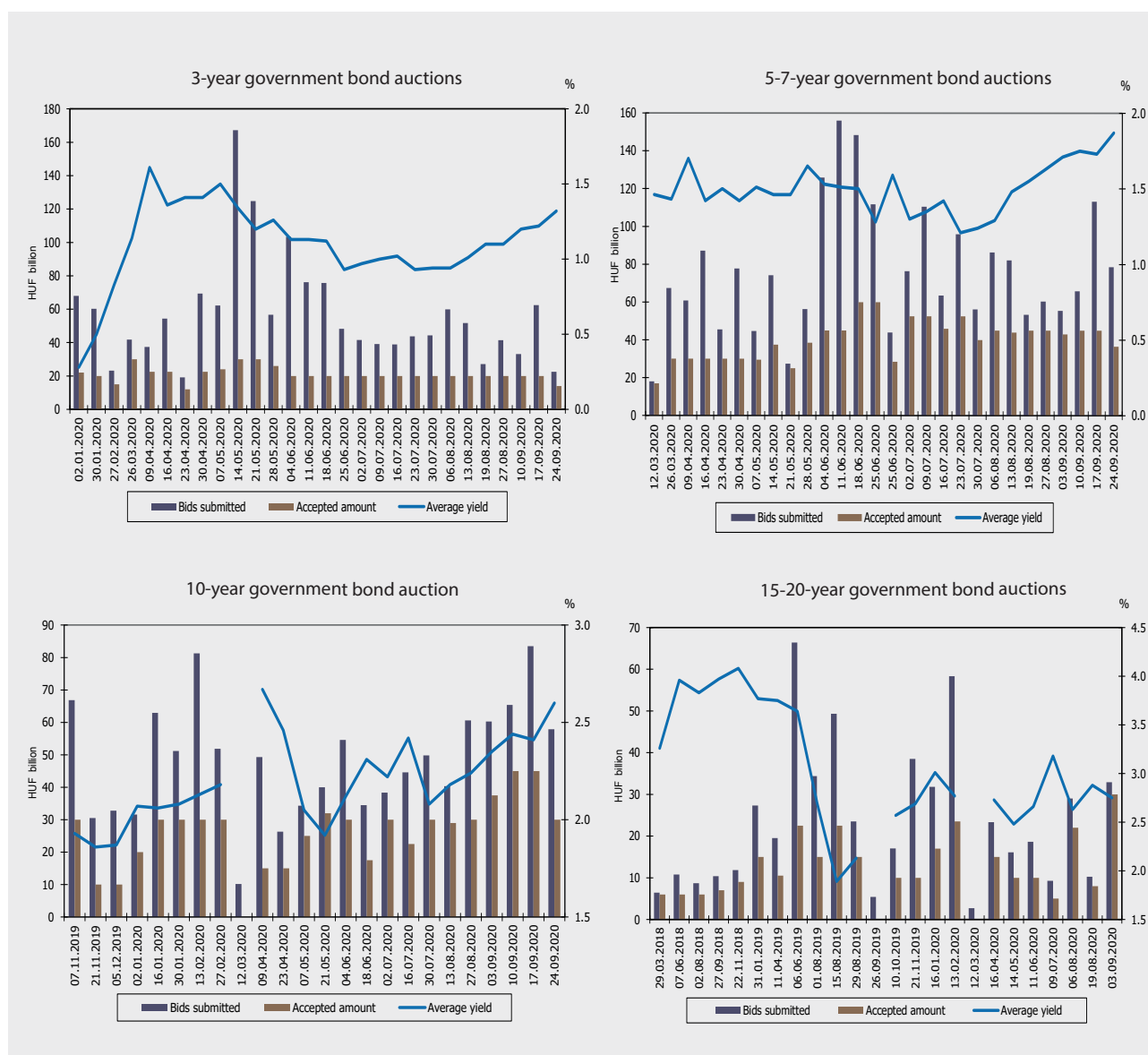
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2026/E	2031/A	2038/A	2023/C	2026/E	2031/A
ISIN code	HU0000404157	HU0000404611	HU0000403001	HU0000403555	HU0000404280	HU0000404611	HU0000403001
Maturity (in years)	7	5	10	15	3	5	10
Coupon	0.16%	1.50%	3.25%	3.00%	1.50%	1.50%	3.25%
Auction	12th auction	2nd auction	32nd auction	22nd auction	22nd auction	3rd auction	33rd auction
Date of auction	02.09.2020	03.09.2020	03.09.2020	03.09.2020	10.09.2020	10.09.2020	10.09.2020
Date of financial settlement	09.09.2020	09.09.2020	09.09.2020	09.09.2020	16.09.2020	16.09.2020	16.09.2020
Redemption date	22.04.2027	22.04.2026	22.10.2031	27.10.2038	23.08.2023	22.04.2026	22.10.2031
Maximum annual yield (%) - ISMA	-	1.73	2.36	2.77	1.21	1.77	2.46
Minimum annual yield (%) - ISMA	-	1.68	2.31	2.70	1.16	1.72	2.42
Average annual yield (%) - ISMA	-	1.71	2.35	2.75	1.20	1.75	2.44
Maximum annual yield (%) - EHM	-	1.73	2.36	2.77	1.21	1.77	2.46
Minimum annual yield (%) - EHM	-	1.68	2.31	2.70	1.16	1.72	2.42
Average annual yield (%) - EHM	-	1.71	2.35	2.75	1.20	1.75	2.44
Maximum price (%)	96.6100	99.0421	109.1204	104.2703	100.9748	98.8356	107.9914
Minimum price (%)	96.4000	98.7783	108.6111	103.2391	100.8307	98.5723	107.5883
Average price (%)	96.4700	98.8987	108.7262	103.5319	100.8691	98.6790	107.7422
Amount offered for sale (HUF million)	15,000.00	30,000.00	25,000.00	20,000.00	20,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF million)	43,237.00	55,524.00	60,278.07	32,910.40	33,096.00	65,800.00	65,370.00
Amount of bids accepted (HUF million)	22,500.00	42,999.97	37,500.00	30,000.00	20,000.00	44,999.96	44,999.97
Bid-to-cover ratio	1.92	1.29	1.61	1.10	1.65	1.46	1.45
Bids submitted (pcs)	57	52	62	33	38	70	80
Bids accepted (pcs)	36	37	40	28	27	51	50
Tail (%) (average price - minimum price)	0.07	0.12	0.12	0.29	0.04	0.11	0.15
Market sales (HUF million)	22,500.00	42,999.97	37,500.00	30,000.00	20,000.00	44,999.96	44,999.97
Non-competitive offer (HUF million)	7,527.20	11,428.67	5,798.07	2,994.16	3,020.00	14,553.37	6,962.58
Total amount sales (HUF million)	30,027.20	54,428.64	43,298.07	32,994.16	23,020.00	59,553.33	51,962.55

Government Bond	2027/B	2023/C	2026/E	2031/A	2023/C	2026/E	2031/A	2027/B
ISIN code	HU0000404157	HU0000404280	HU0000404611	HU0000403001	HU0000404280	HU0000404611	HU0000403001	HU0000404157
Maturity (in years)	7	3	5	10	3	5	10	7
Coupon	0.16%	1.50%	1.50%	3.25%	1.50%	1.50%	3.25%	0.16%
Auction	13th auction	23rd auction	4th auction	34th auction	24th auction	5th auction	35th auction	14th auction
Date of auction	16.09.2020	17.09.2020	17.09.2020	17.09.2020	24.09.2020	24.09.2020	24.09.2020	30.09.2020
Date of financial settlement	23.09.2020	23.09.2020	23.09.2020	23.09.2020	30.09.2020	30.09.2020	30.09.2020	07.10.2020
Redemption date	22.04.2027	23.08.2023	22.04.2026	22.10.2031	23.08.2023	22.04.2026	22.10.2031	22.04.2027
Maximum annual yield (%) - ISMA	-	1.23	1.75	2.42	1.34	1.89	2.61	-
Minimum annual yield (%) - ISMA	-	1.22	1.71	2.39	1.28	1.83	2.57	-
Average annual yield (%) - ISMA	-	1.22	1.73	2.41	1.32	1.87	2.60	-
Maximum annual yield (%) - EHM	-	1.23	1.75	2.41	1.34	1.89	2.61	-
Minimum annual yield (%) - EHM	-	1.22	1.71	2.39	1.28	1.83	2.57	-
Average annual yield (%) - EHM	-	1.22	1.72	2.40	1.32	1.87	2.60	-
Maximum price (%)	96.4700	100.8055	98.9000	108.3003	100.6206	98.2695	106.4903	96.6300
Minimum price (%)	96.3100	100.7700	98.6822	108.0298	100.4373	97.9591	106.0784	96.3800
Average price (%)	96.3300	100.7988	98.8115	108.1228	100.5068	98.0531	106.2035	96.4400
Amount offered for sale (HUF million)	15,000.00	20,000.00	30,000.00	30,000.00	20,000.00	30,000.00	30,000.00	15,000.00
Amount of bids submitted (HUF million)	20,865.00	62,490.00	113,210.00	83,500.00	22,480.00	78,645.00	57,895.00	47,950.00
Amount of bids accepted (HUF million)	16,500.00	19,999.99	45,000.00	45,000.00	14,000.00	36,500.00	30,000.00	22,499.99
Bid-to-cover ratio	1.26	3.12	2.52	1.86	1.61	2.15	1.93	2.13
Bids submitted (pcs)	28	37	63	68	29	81	63	36
Bids accepted (pcs)	15	8	23	30	17	37	35	12
Tail (%) (average price - minimum price)	0.02	0.03	0.13	0.09	0.07	0.09	0.13	0.06
Market sales (HUF million)	16,500.00	19,999.99	45,000.00	45,000.00	14,000.00	36,500.00	30,000.00	22,499.99
Non-competitive offer (HUF million)	6,254.00	6,500.00	17,360.00	17,310.00	0.00	12,680.00	10,798.00	8,146.66
Total amount sales (HUF million)	22,754.00	26,499.99	62,360.00	62,310.00	14,000.00	49,180.00	40,798.00	30,646.65

GOVERNMENT SECURITIES MARKET



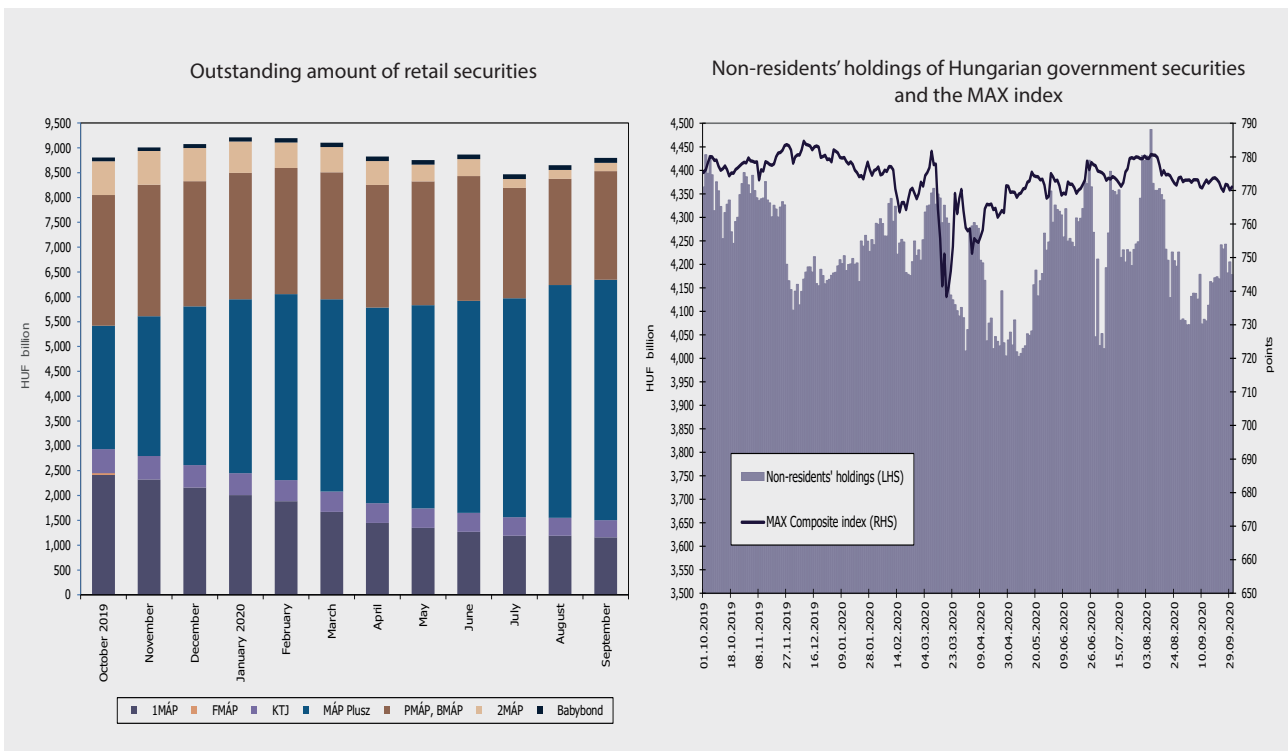
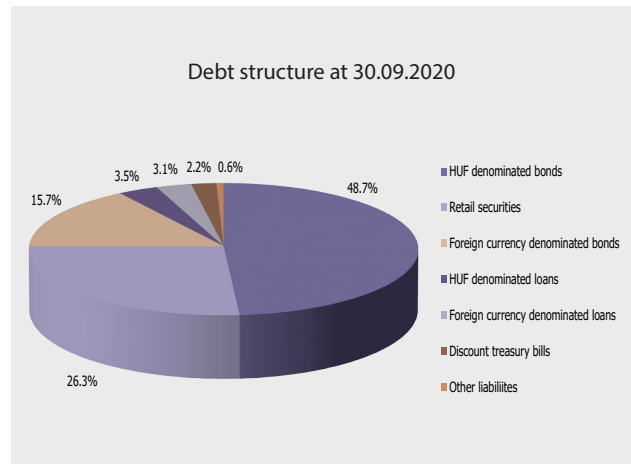
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN SEPTEMBER 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/A	20.09.2020	23.09.2020	23.12.2020	23.12.2020	0.63%	0.16%
2022/N	18.09.2020	20.09.2020	20.09.2021	20.09.2021	2.92%	2.96%
2022/L	17.09.2020	21.09.2020	21.09.2021	21.09.2021	4.80%	4.80%
2023/J	24.09.2020	28.09.2020	28.09.2021	28.09.2021	4.80%	4.80%
2024/J	21.09.2020	25.09.2020	25.09.2021	27.09.2021	5.10%	5.10%
2026/N	21.09.2020	22.09.2020	22.09.2021	22.09.2021	3.17%	3.21%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	30.09.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,157.9	-1,000.1
Treasury Saving Bills	455.1	347.3	-107.8
Hungarian Government Security Plus / MÁP Plusz	3,196.2	4,839.5	1,643.3
Premium Hungarian Government / PMÁP	2,518.3	2,184.7	-785.1
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	666.6	168.5	-46.7
Babybond	79.7	98.3	18.6
Total	9,074.0	8,796.1	-277.9



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 30.09.2020	816.2733	555.0061	771.0372	537.5156	98.9392
Changes compared to the end of the month before	-2.2914	-0.6798	-2.0545	-0.0339	-0.2062
Annual yield earned on the index portfolio (%)	-0.57%	0.06%	-0.56%	0.29%	-

* HMAX government bond index with a maturity of over three years was introduced from 01.01.2020.

BENCHMARK INDICES**

** Government Debt Management Agency (ÁKK) discontinued the publication of BMX indices from 31 March 2020.

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in September 2020

Government bond	Date of redemption	Turnover (HUF billion)
2025/C	26.11.2025	947.1
2031/A	22.10.2031	562.7
2026/E	22.04.2026	355.0
2023/C	23.08.2023	241.7
2029/A	23.05.2029	172.1
2027/B	22.04.2027	162.3
2026/D	22.12.2026	155.6
2038/A	27.10.2038	137.0
2022/C	24.08.2022	132.2
2030/A	21.08.2030	126.4

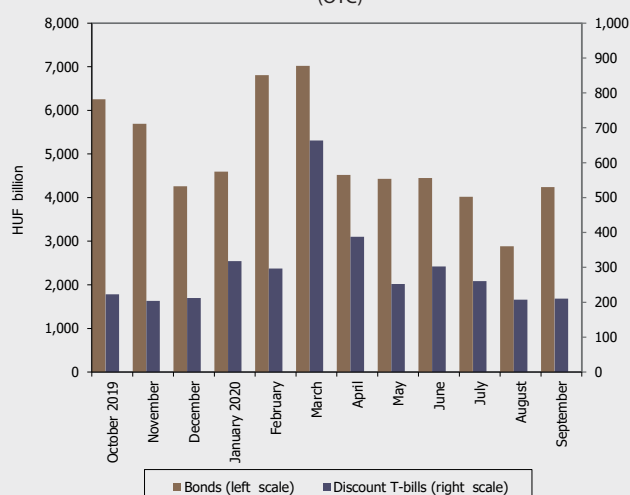
The outstanding volume of government bonds with benchmark status at the end of September 2020

Government bond	HUF billion	
	2020.08.31	2020.09.30
2022/C	336.20	326.53
2024/C	1,136.93	1,136.82
2030/A	1,083.35	1,083.24
2038/A	302.23	340.29
2041/A	64.34	75.37

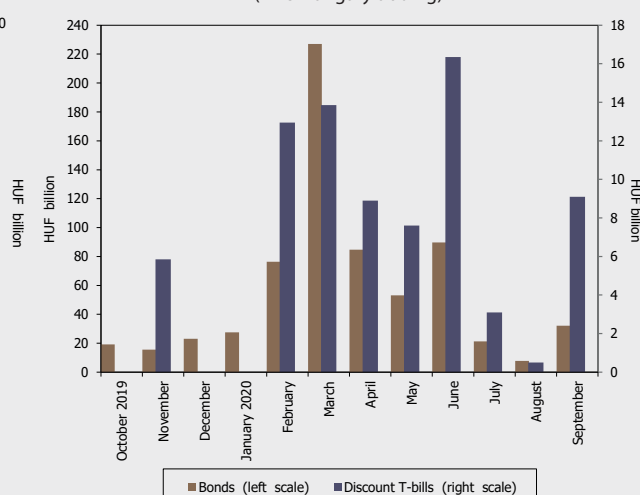
The outstanding volume of the three largest government bonds at the end of September 2020

Government bond	HUF billion
2027/A	1,235.87
2025/B	1,199.80
2024/C	1,136.82

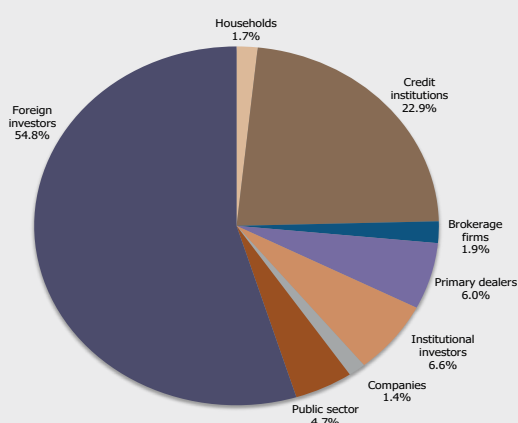
Secondary market trading of Hungarian government securities (OTC)



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



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



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

