Government Debt Management Agency Pte Ltd.
Planning and Data Dissemination Department

FINANCING OF THE CENTRAL GOVERNMENT IN APRIL 2022

1. Government debt data

The debt of the central government increased by HUF 2,182.2 billion in April due to the following reasons:

- **The first increasing factor** is the net forint issuance of HUF 1,639.1 billion, which finances the deficit of the central government budget.
- **The second – increasing – factor** is the net foreign currency issuance of HUF 265.6 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 201.3 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 76.2 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	30.04.2022		change
	Debt stock (preliminary data)	**Breakdown**	**I-IV. month**				**Debt stock (preliminary data)**	**Breakdown**	**percent**
1. HUF denominated debt	***32,121.236***	***78.9%***	**3,873.221**	**2,234.092**	***0.000***	**1,639.129**	**33,760.365**	***78.7%***	***-0.19%***
1.1. Loans	**1,307.744**	***3.2%***	**0.000**	**2.310**	**0.000**	**-2.310**	**1,305.434**	***3.0%***	***-0.17%***
1.1.1. Foreign	1,307.744	*3.2%*	0.000	2.310	0.000	-2.310	1,305.434	***3.0%***	***-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	**30,813.492**	***75.7%***	**3,873.221**	**2,231.781**	**0.000**	**1,641.439**	**32,454.931**	***75.7%***	***-0.03%***
1.2.1. Bonds	20,220.031	49.7%	1,237.319	272.719	0.000	964.600	21,184.631	***49.4%***	***-0.28%***
1.2.2. Discount T-bills	583.208	1.4%	902.117	403.208	0.000	498.910	1,082.118	***2.5%***	***1.09%***
1.2.3. Retail securities	10,010.253	24.6%	1,733.784	1,555.854	0.000	177.930	10,188.183	***23.8%***	***-0.84%***
2. Foreign currency denominated debt	**8,395.157**	***20.6%***	**330.190**	**64.582**	**201.271**	**466.879**	**8,862.035**	***20.7%***	***0.04%***
2.1. Loans	**1,345.240**	***3.3%***	**62.546**	**6.108**	**30.174**	**86.612**	**1,431.852**	***3.3%***	***0.03%***
2.1.1. Foreign	1,345.240	*3.3%*	62.546	6.108	30.174	86.612	1,431.852	***3.3%***	***0.03%***
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%***	**267.644**	**58.474**	**171.096**	**380.267**	**7,430.184**	***17.3%***	***0.01%***
2.2.1. Issued abroad	6,594.948	*16.2%*	205.441	8.680	158.882	355.643	6,950.592	***16.2%***	***0.00%***
2.2.2. Issued in Hungary	454.969	*1.1%*	62.203	49.794	12.214	24.623	479.592	***1.1%***	***0.00%***
Total	**40,516.393**	***99.6%***	**4,203.411**	**2,298.674**	**201.271**	**2,106.007**	**42,622.400**	***99.4%***	***-0.16%***
Other debt	180.629	*0.4%*	567.547	493.184	1.827	76.190	256.819	***0.6%***	***0.16%***
Total central government debt	**40,697.022**	***100.0%***	**4,770.958**	**2,791.859**	**203.097**	**2,182.197**	**42,879.219**	***100.0%***	***0.00%***

H-1013 Budapest, Krisztina tér 2. | Postal address: H-1255 Budapest, PO BOX. 85. | Fax: +36 1 488 9445
E-mail: akk@akk.hu | Registered at the Budapest Capital City Court (Hungary), Registration No.: 01-10-044549

The foreign currency debt of the central government increased by HUF 466.9 billion in 2022 and amounted to HUF 8,862.0 billion at the end of April 2022. The share of foreign currency denominated debt within the total debt increased from 20.6% to 20.7% in 2022.

The forint denominated debt increased by HUF 1,639.1 billion to HUF 33,760.4 billion. The share of HUF-denominated debt reached 78.7% of the total debt, while in December 2021 this proportion was 78.9%.

The stock of retail securities increased by HUF 177.9 billion from the end of 2021 to HUF 10,188.2 billion at the end of April. The portfolio of Premium Hungarian Government Securities with a maturity of more than one year increased by HUF 710.7 billion, thus amounted to HUF 2,913.4 billion. The stock of the 1-year Government Securities increased by HUF 109.0 billion to HUF 1,110.6 billion at the end of April. The stock of the Hungarian Government Securities Plus (dematerialised and printed) decreased by HUF 653.7 billion this year and amounted to HUF 5,707.8 billion at the end of April.

The volume of non-resident holdings of Hungarian government securities increased by HUF 615.0 billion to HUF 5,135.1 in April. 99.4% of non-resident holdings was T-bonds, which amounted to HUF 5,102.5 billion. The non-resident holdings of Discount T-Bills amounted to HUF 32.5 billion, that represented only 0.6% of total non-resident holdings. The duration of the non-resident stock was 6.2 years at the end of April 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 four month of the year marked-to-market deposits increased by HUF 76.2 billion and reached HUF 256.8 billion (EUR 0.7 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 1.3. The bid-to-cover ratio of T-bond auctions decreased from 3.8 to 2.8 in April.

The average yield of the last 3-month Discount Treasury Bill auction in April was 5.91%, 10 basis points higher than in the previous month. The average yield of the last 12-month Discount Treasury Bill auction in April was 6.39%, 34 basis points higher compared to March.

The average yield of the last 5-year government bond auction in April was 7.05%, 55 basis points higher compared to the previous month. The average yield of the last 10-year government bond auction was 6.71%, 35 basis points higher compared to March. The average yield of the last auction of 15-year government bond was 6.39%, higher by 85 basis points compared to the last March's average yield. The average yield of the last 20-year government bond auction was 6.58%, 16 basis points higher compared to the last March's yield. The average yield of 10-year green government bond was 6.36% in the April auction, which was 60 basis points higher than its average yield at the previous auction in March.

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