FINANCING OF THE CENTRAL GOVERNMENT IN APRIL 2020

1. Government debt data

The debt of the central government increased by HUF 1,243.8 billion in January-April period due to the following reasons:

- **The first factor** is the net forint issuance of HUF 842.5 billion, which finances the annual deficit of the central government budget and the foreign currency debt maturing this year.
- **The second – increasing – factor** is the depreciation of the forint that increased the HUF value of the foreign currency debt by HUF 314.4 billion.
- **The third – also 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 110.3 billion.
- **The fourth – which had contrary effect than the above mentioned factors –** is the net foreign currency redemption of HUF 23.4 billion, which decreased the debt of the central government.

According to the preliminary data **the domestic and foreign currency debt of the central government** was the following in 2020.

Central government gross debt and debt transactions in 2020

	31.12.2019		Issuance (increase in debt)	Redemption (decrease in debt)	Other changes	Net change	30.04.2020		change
	Debt stock (preliminary data)	Breakdown	I-IV. month				Debt stock (preliminary data)	Breakdown	percent
1. HUF denominated debt	***24,357.094***	***82.1%***	**3,528.979**	**2,686.467**	***0.000***	**842.512**	**25,199.606**	***81.5%***	***-0.6%***
1.1. Loans	**1,208.122**	***4.1%***	**0.000**	**46.507**	**0.000**	**-46.507**	**1,161.614**	***3.8%***	***-0.3%***
1.1.1. Foreign	1,208.122	*4.1%*	0.000	46.507	0.000	-46.507	1,161.614	***3.8%***	***-0.3%***
1.1.2. Domestic	0.000	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.0%***
1.2. Government securities	**23,148.972**	***78.0%***	**3,528.979**	**2,639.959**	**0.000**	**889.020**	**24,037.992**	*77.7%*	***-0.3%***
1.2.1. Public issues	23,109.794	*77.9%*	3,528.979	2,639.959	0.000	889.020	23,998.814	***77.6%***	***-0.3%***
1.2.1.1. Bonds	*13,378.485*	*45.1%*	*1,231.885*	*258.792*	*0.000*	*973.093*	*14,351.578*	***46.4%***	***1.3%***
1.2.1.2. Discount T-bills	*657.288*	*2.2%*	*764.730*	*598.185*	*0.000*	*166.544*	*823.833*	***2.7%***	***0.4%***
1.2.1.3. Retail securities	*9,074.021*	*30.6%*	*1,532.364*	*1,782.982*	*0.000*	*- 250.618*	*8,823.403*	***28.5%***	***-2.0%***
1.2.2. Private placements (bonds)	39.178	*0.1%*	0.000	0.000	0.000	0.000	39.178	***0.1%***	***0.0%***
2. Foreign currency denominated debt	**5,121.190**	***17.3%***	**724.058**	**747.437**	**314.386**	**291.007**	**5,412.197**	***17.5%***	***0.2%***
2.1. Loans	**825.439**	***2.8%***	**2.902**	**0.449**	**56.265**	**58.718**	**884.156**	***2.9%***	***0.1%***
2.1.1. Foreign	825.439	*2.8%*	2.902	0.449	*56.265*	*58.718*	884.156	***2.9%***	***0.1%***
2.1.2. Domestic	*0.000*	*0.0%*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	***0.0%***	***0.0%***
2.2. Government securities	**4,295.752**	***14.5%***	**721.156**	**746.987**	**258.121**	**232.290**	**4,528.041**	***14.6%***	***0.2%***
2.2.1. Issued abroad	3,713.468	*12.5%*	707.600	744.504	217.983	181.078	3,894.546	***12.6%***	***0.1%***
2.2.2. Issued in Hungary	582.284	*2.0%*	13.556	2.483	40.138	51.211	633.495	***2.0%***	***0.1%***
Total	**29,478.284**	***99.3%***	**4,253.037**	**3,433.903**	**314.386**	**1,133.520**	**30,611.803**	***99.0%***	***-0.3%***
Other debt	203.686	*0.7%*	290.886	195.863	15.230	110.253	313.939	***1.0%***	***0.3%***
Total central government debt	**29,681.970**	***100.0%***	**4,543.923**	**3,629.766**	**329.616**	**1,243.772**	**30,925.742**	***100.0%***	***0.0%***

The foreign currency debt of the central government increased by HUF 291.0 billion in 2020 and amounted to HUF 5,412.2 billion at the end of April 2020. The share of foreign currency denominated debt within the total debt increased from 17.3% to 17.5% in 2020.

The forint denominated debt increased by HUF 842.5 billion to HUF 25,199.6 billion. The share of HUF-denominated debt reached 81.5% of the total debt, while in December 2019 this proportion was 82.1%.

The stock of retail securities decreased by HUF 250.6 billion from the end of 2019 to HUF 8,823.4 billion at the end of April. The decrease was mainly due to the precarious situation caused by the coronavirus epidemic. As a result of restrictions on movement, the demand for retail government securities decreased significantly, however the sale of Hungarian Government Securities Plus accounted for the majority.

The stock of the Hungarian Government Securities Plus increased by HUF 742.9 billion this year and amounted to HUF 3,939.1 billion at the end of April. Due to repurchases of the Premium Hungarian Government Securities from dealers, the outstanding amount decreased by HUF 52.7 billion by the end of April and reached HUF 2,465.6 billion. The stock of the 1-year Government Securities decreased by HUF 709.9 billion to HUF 1,448.1 billion at the end of April.

The volume of non-resident holdings of Hungarian government securities increased by HUF 23.4 billion in April. 99.4% of non-resident holdings was T-bonds, which amounted to HUF 4,014.8 billion. The non-resident holdings of Discount T-Bills amounted to HUF 23.9 billion, that represented only 0.6% of total non-resident holdings. The duration of the non-resident stock was 5.7 years at the end of April 2020.

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 deposits increased by HUF 110.3 billion and reached HUF 313.9 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 increased from 1.5 to 1.9. The bid-to-cover ratio of T-bond auctions increased from 1.6 to 3.1.

The average yield of the last 3-month Discount Treasury Bill auction in April was 1.00%, 21 basis points higher than in the previous month. The average yield of the last 12-month Discount Treasury Bill auction in April was 1.12%, 27 basis points higher compared to March.

The average yield of the last 3-year government bond auction in April was 1.41%, 27 basis points higher compared to the previous month. The average yield of the last 5-year government bond auction was 1.42%, 1 basis points lower compared to March. The average yield of the last auction of 10-year government bond was 2.46%, higher by 28 basis points compared to the last February's average yield. The average yield of the last 15-year government bond auction was 2.73%, 4 basis points lower compared to February.