FINANCING OF THE CENTRAL GOVERNMENT IN APRIL 2019

1. Government debt data

The debt of the central government increased by HUF 181.6 billion in January-April period due to the following reasons:

- **The first factor** is the net forint issuance of HUF 594.6 billion executed in the domestic and the retail market, which finances the annual deficit of the central government budget and the foreign currency debt maturing this year.
- **The second factor** is the depreciation of the forint, that increased the HUF value of the foreign currency debt by HUF 20.6 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 4.0 billion**.**
- **The fourth – which had contrary effect than the above mentioned factors –** is the net foreign currency redemption of HUF 437.6 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 2019.

Central government gross debt and debt transactions in 2019

	31.12.2018		Issuance (increase in debt)	Redemptions (decrease in debt)	Other changes	Net change	**30.04.2019**		**change**
	Debt stock (preliminary data)	**Breakdown**	**I-IV. month**				**Debt stock (preliminary data)**	**Breakdown**	**percent**
1. HUF denominated debt	***22,795.954***	***79.5%***	***4,089.717***	***3,495.107***	***0.000***	***594.610***	***23,390.564***	***81.0%***	***1.6%***
1.1. Loans	**1,167.691**	***4.1%***	**20.084**	**14.279**	**0.000**	**5.804**	**1,173.495**	***4.1%***	***0.0%***
1.1.1. Foreign	1,167.691	*4.1%*	20.084	14.279	0.000	5.804	1,173.495	***4.1%***	***0.0%***
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	**21,628.263**	***75.4%***	**4,069.634**	**3,480.828**	**0.000**	**588.805**	**22,217.068**	***77.0%***	***1.6%***
1.2.1. Public issues	21,589.085	*75.3%*	4,069.634	3,480.828	0.000	588.805	22,177.891	***76.8%***	***1.6%***
1.2.1.1. Bonds	*12,836.062*	*44.7%*	*1,484.520*	*645.171*	*0.000*	*839.348*	*13,675.411*	***47.4%***	***2.6%***
1.2.1.2. Discount T-bills	*1,237.307*	*4.3%*	*839.758*	*1,046.235*	*0.000*	*-206.477*	*1,030.830*	***3.6%***	***-0.7%***
1.2.1.3. Retail securities	*7,515.716*	*26.2%*	*1,745.356*	*1,789.422*	*0.000*	*-44.066*	*7,471.650*	***25.9%***	***-0.3%***
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	**5,724.768**	***20.0%***	**27.833**	**465.476**	**20.573**	**-417.070**	**5,307.698**	***18.4%***	***-1.6%***
2.1. Loans	**794.975**	***2.8%***	**7.703**	**0.418**	**3.558**	**10.843**	**805.818**	***2.8%***	***0.0%***
2.1.1. Foreign	794.975	*2.8%*	7.703	0.418	*3.558*	*10.843*	805.818	***2.8%***	***0.0%***
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	**4,929.793**	***17.2%***	**20.129**	**465.057**	**17.014**	**-427.914**	**4,501.880**	***15.6%***	***-1.6%***
2.2.1. Issued abroad	4,246.199	*14.8%*	0.000	464.296	13.868	-450.428	3,795.771	***13.1%***	***-1.7%***
2.2.2. Issued in Hungary	683.594	*2.4%*	20.129	0.761	3.146	22.515	706.108	***2.4%***	***0.1%***
Total	**28,520.723**	***99.4%***	**4,117.550**	**3,960.583**	**20.573**	**177.539**	***28,698.262***	***99.4%***	***0.0%***
Other debt	167.444	*0.6%*	128.818	125.861	1.057	4.013	171.457	***0.6%***	***0.0%***
Total central government debt	**28,688.167**	***100.0%***	**4,246.368**	**4,086.445**	**21.629**	**181.552**	***28,869.719***	***100.0%***	***0.0%***

The foreign currency debt of the central government decreased by HUF 417.1 billion in 2019 and amounted to HUF 5,307.7 billion at the end of April 2019. The share of foreign currency denominated debt within the total debt decreased from 20.0% to 18.4% in 2019.

The forint denominated debt increased by HUF 594.6 billion and amounted to HUF 23,390.6 billion. The share of HUF-denominated debt reached 81.0% of the total debt, while in December 2018 this proportion was 79.5%.

The stock of retail securities decreased by HUF 44.1 billion from the end of 2018 and amounted to HUF 7,471.6 billion at the end of April due to the decrease of non-household's stock. The combined outstanding amount of the Premium Hungarian Government Securities and the Bonus Hungarian Government Securities increased by HUF 140.6 billion by the end of April and reached HUF 3,181.7 billion. The 2-year Hungarian Government Security's stock decreased by HUF 107.8 billion and reached HUF 392.4 billion. The stock of the 1-year and Half-year Government Securities decreased by HUF 96.1 billion to HUF 3,327.5 billion at the end of April.

The volume of non-resident holdings of Hungarian government securities decreased by HUF 36.2 billion in April. 99.2% of non-resident holdings was T-bonds, which amounted to HUF 4,170.6 billion. The non-resident holdings of Discount T-Bills amounted to HUF 34.6 billion, that represented only 0.8% of total non-resident holdings. The duration of the non-resident stock was 5.3 years at the end of April 2019.

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 4.0 billion and reached HUF 171.5 billion (EUR 0.5 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions decreased from 2.5 to 2.2. The bid-to-cover ratio of T-bond auctions decreased from 2.9 to 2.2.

The average yield of the last 3-month Discount Treasury Bill auction hasn't changed in April compared to the previous month's 0.00%. The average yield of the last 12-month Discount Treasury Bill auction in April was 0.20%, 9 basis points lower compared to March.

The average yield of the last 3-year government bond auction in April was 1.39% 13 basis points higher compared to the previous month. The average yield of the last 5-year government bond auction was 2.14% 28 basis points higher compared to March. Finally, the average yield of the last auction of 10-year government bond was 3.23%, higher by 41 basis points compared to the last March's average yield.