

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT MAY 2019

The net issuance was HUF 145.9 billion; out of which net HUF-denominated issuance was HUF 581.9 billion and net foreign currency denominated redemption was HUF 436.0 billion in 2019.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2018		2019		Change	
	December	%	May	%	HUF billion	%
HUF denominated debt	22,796.0	79.5	23,377.8	80.9	581.9	2.6
Loans	1,167.7	4.1	1,173.5	4.1	5.8	0.5
Government bonds	12,875.2	44.9	13,779.0	47.7	903.7	7.0
Retail securities	7,515.7	26.2	7,453.0	25.8	-62.7	-0.8
Discount treasury bills	1,237.3	4.3	972.3	3.4	-265.0	-21.4
Foreign exchange denominated debt	5,724.8	20.0	5,343.1	18.5	-381.6	-6.7
Total	28,520.7	99.4	28,720.9	99.4	200.2	0.7
Other obligations	167.4	0.6	184.3	0.6	16.8	10.0
Total central government debt	28,688.2	100.0	28,905.2	100.0	217.0	0.8

The HUF denominated debt of the central government increased by HUF 581.9 billion in 2019. The increase in domestic debt was the result of the net government bond issuance of HUF 903.7 billion, the amount of discount Treasury bills decreased by HUF 265.0 billion and the total amount of retail government securities decreased by HUF 62.7 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 5.8 billion in 2019.

The foreign currency debt of the central government decreased by HUF 381.6 billion in 2019. The domestic PÉMAK bond issuance was HUF 22.2 billion and the drawdown from foreign currency credit line was HUF 7.8 billion. The redemptions of foreign currency bonds worth HUF 465.6 billion and the repayment of the foreign currency was HUF 0.4 billion. The exchange rate revaluations totalling HUF 54.3 billion increased the Hungarian Forint value of the foreign currency debt in 2019. The total amount of other liabilities increased by HUF 16.8 billion in 2019.

BENCHMARK YIELDS

Maturity	28.12.2018	30.04.2019	31.05.2019	Change in May basis point
3-month	0.00	0.02	0.05	3
6-month	0.12	0.06	0.07	1
1-year	0.39	0.20	0.21	1
3-year	1.21	1.42	1.09	-33
5-year	2.46	2.20	1.82	-38
10-year	3.01	3.27	2.95	-32
15-year	3.78	3.78	3.57	-21

Monthly OTC turnover of government securities decreased by 12% to HUF 5,490.9 billion in May. Primary dealers, who account for the decisive part of all secondary government securities trading, made 76% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 131.3 billion in May and amounted to HUF 4,336.5 billion at the end of the month. This volume represented 19.5% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 324.92 on the last working day of May.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of May: BBB (Standard & Poor's); Baa3 (Moody's); BBB (Fitch).

GOVERNMENT SECURITIES MARKET

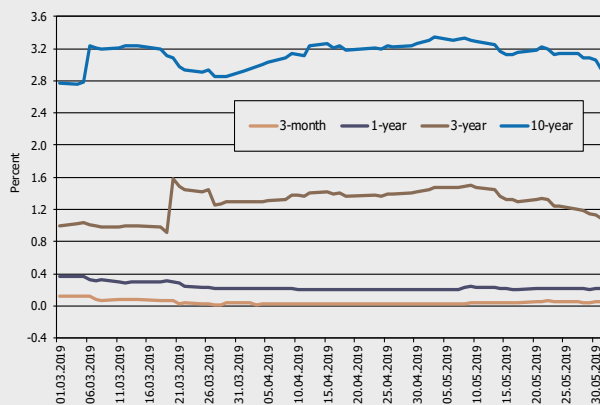
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

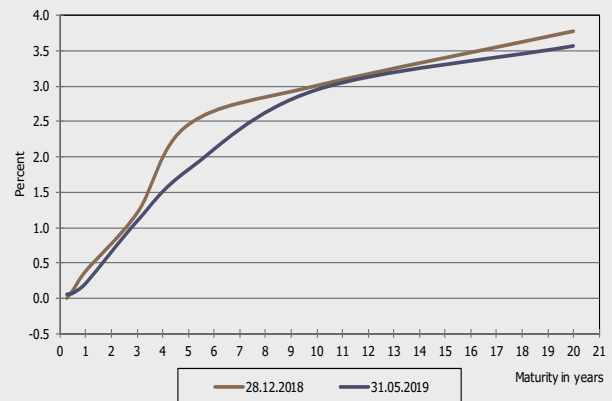
	2014	2015	2016	2017	2018	2019 March	2019 April	2019 May
1. Forint denominated debt	14,612.0	16,207.9	18,430.9	20,689.4	22,796.0	23,528.1	23,390.6	23,377.8
1.1. Loans	623.3	694.1	865.0	1,041.1	1,167.7	1,179.3	1,173.5	1,173.5
1.2. Government securities	13,988.7	15,513.8	17,565.8	19,648.3	21,628.3	22,348.8	22,217.1	22,204.3
1.2.1. Public issues	13,847.7	15,462.3	17,526.7	19,609.2	21,589.1	22,309.6	22,177.9	22,165.1
1.2.1.1. Bonds	9,848.0	11,043.4	11,562.4	11,767.1	12,836.1	13,635.1	13,675.4	13,739.8
1.2.1.2. Discount T-bills	1,588.6	901.6	896.4	1,039.2	1,237.3	1,177.3	1,030.8	972.3
1.2.1.3. Retail securities	2,411.1	3,517.4	5,067.9	6,802.9	7,515.7	7,497.2	7,471.6	7,453.0
1.2.2. Private placements	141.0	51.5	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	8,957.9	7,735.8	6,256.5	5,782.5	5,724.8	5,313.5	5,307.7	5,343.1
2.1. Loans	2,164.3	1,696.8	1,101.6	929.1	795.0	800.6	805.8	811.1
2.1.1. Foreign loans	1,889.9	1,614.2	1,097.6	929.1	795.0	800.6	805.8	811.1
2.1.2. Domestic loans	274.4	82.6	4.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,793.6	6,039.0	5,154.9	4,853.5	4,929.8	4,512.9	4,501.9	4,532.1
2.2.1. Issued abroad	5,844.6	5,198.9	4,618.9	4,145.9	4,246.2	3,814.0	3,795.8	3,819.9
2.2.2. Issued domestically	948.9	840.1	536.0	707.6	683.6	698.8	706.1	712.1
Total	23,569.9	23,943.7	24,687.4	26,472.0	28,520.7	28,841.6	28,698.3	28,720.9
Other liabilities	311.20	756.00	742.70	274.20	167.40	196.8	171.5	184.3
Total central government debt	23,881.1	24,699.7	25,430.0	26,746.2	28,688.2	29,038.4	28,869.7	28,905.2
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	11,577.6	11,996.5	12,498.0	12,845.5	14,112.6	14,851.6	14,745.4	14,751.3
Gross debt/GDP	73.3%	71.8%	71.7%	69.7%	68.2%			

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

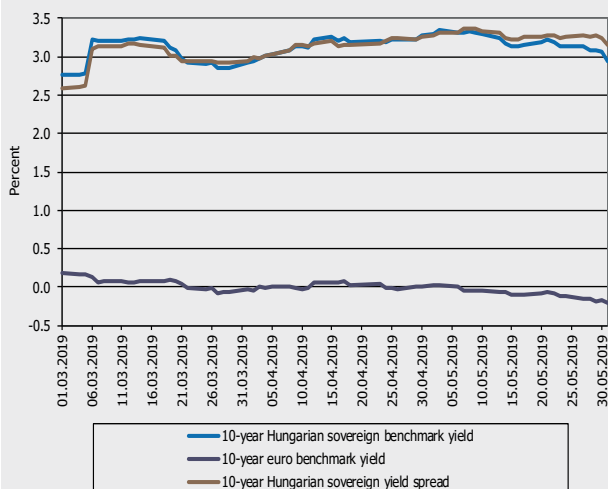
Benchmark yields



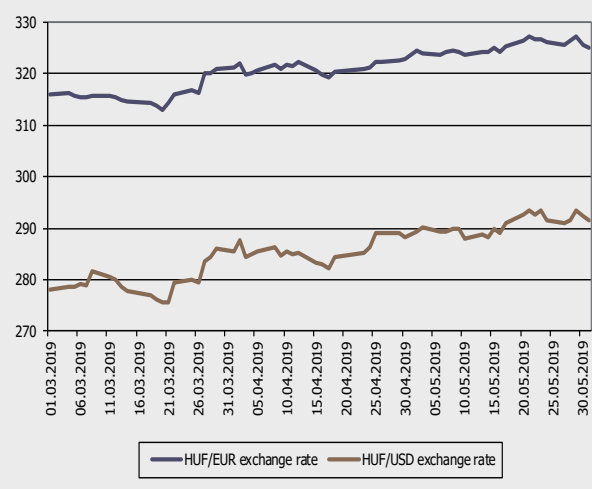
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



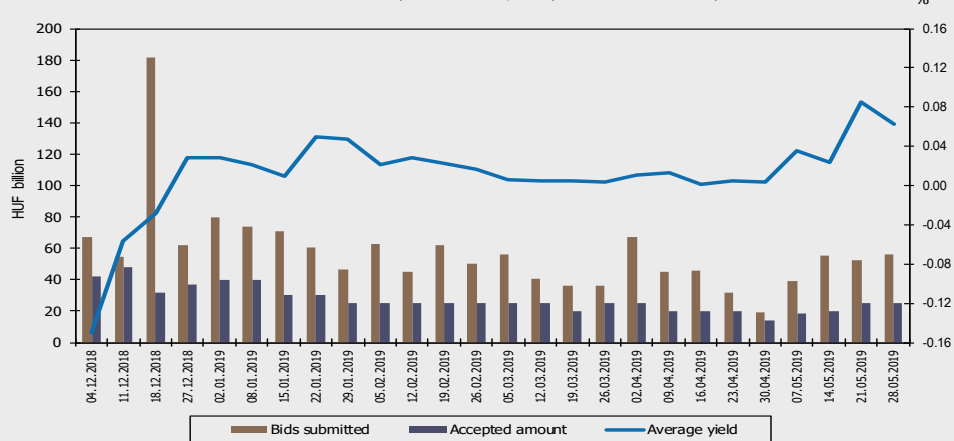
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

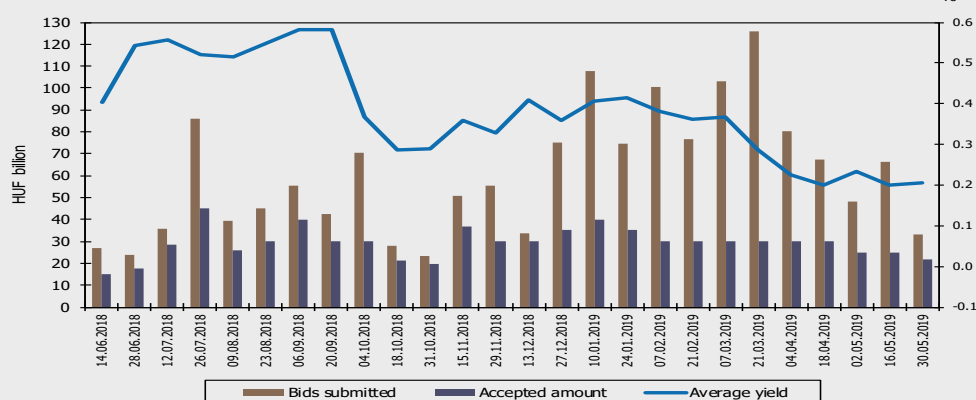
	3-month Discount T-bills				12-month Discount T-bills		
Code of T-bills	D190814	D190821	D190828	D190904	D200429	D200429	D200429
ISIN code	HU0000522586	HU0000522594	HU0000522602	HU0000522610	HU0000522578	HU0000522578	HU0000522578
Maturity in days	91	91	91	91	357	343	329
Date of auction	07.05.2019	14.05.2019	21.05.2019	28.05.2019	02.05.2019	16.05.2019	30.05.2019
Date of financial settlement	15.05.2019	22.05.2019	29.05.2019	05.06.2019	08.05.2019	22.05.2019	05.06.2019
Redemption date	14.08.2019	21.08.2019	28.08.2019	04.09.2019	29.04.2020	29.04.2020	29.04.2020
Maximum yield (%) - ISMA	0.05	0.03	0.10	0.07	0.26	0.21	0.22
Minimum yield (%) - ISMA	0.02	0.02	0.04	0.05	0.20	0.17	0.18
Average yield (%) - ISMA	0.03	0.02	0.08	0.06	0.23	0.20	0.21
Maximum yield (%) - EHM	0.05	0.03	0.10	0.07	0.26	0.21	0.22
Minimum yield (%) - EHM	0.02	0.02	0.04	0.05	0.20	0.17	0.18
Average yield (%) - EHM	0.04	0.02	0.09	0.06	0.24	0.20	0.21
Average selling price (%)	99.9912	99.9940	99.9786	99.9840	99.7702	99.8112	99.8126
Amount offered for sale (HUF million)	20,000.00	20,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Amount of bids submitted (HUF million)	38,900.00	55,063.50	52,165.50	55,825.00	48,018.44	66,064.63	33,070.00
Amount of bids accepted (HUF million)	18,500.00	20,000.00	24,999.99	24,999.98	25,000.00	24,999.99	21,500.00
Bid-to-cover ratio	2.10	2.75	2.09	2.23	1.92	2.64	1.54
Bids submitted (pcs)	10	24	41	37	95	78	68
Bids accepted (pcs)	9	7	27	20	40	38	38
Market sales* (HUF million)	18,500.00	20,000.00	24,999.99	24,999.98	25,000.00	24,999.99	21,500.00
Retained on ÁKK's own account (HUF million)	5,550.00	6,000.00	7500.01	7,500.02	25,000.00	25,000.01	21,500.00
Total amount issued (HUF million)	24,050.00	26,000.00	32,500.00	32,500.00	50,000.00	50,000.00	43,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions

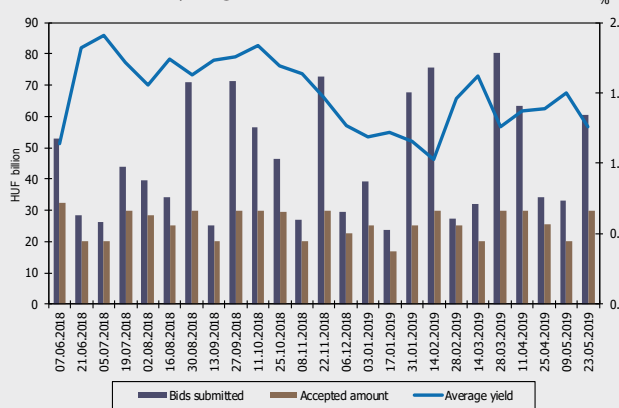


GOVERNMENT SECURITIES MARKET

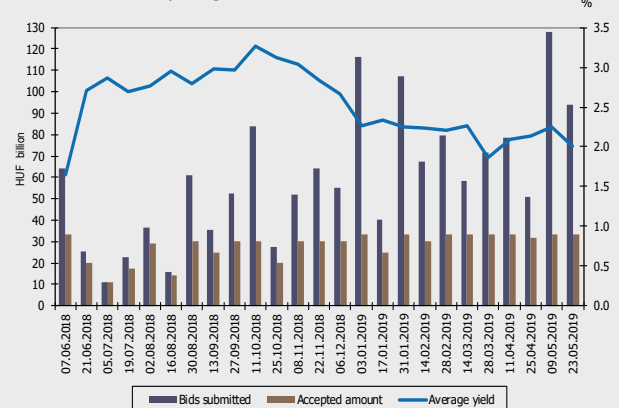
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2023/B	2022/C	2024/C	2030/A	2023/B	2022/C	2024/C	2030/A	2023/B
ISIN code	HU0000403456	HU0000403704	HU0000403571	HU0000403696	HU0000403456	HU0000403704	HU0000403571	HU0000403696	HU0000403456
Maturity (in years)	5	3	5	10	5	3	5	10	5
Coupon	0.16%	1.50%	2.50%	3.00%	0.16%	1.50%	2.50%	3.00%	0.16%
Auction	33rd auction	6th auction	23rd auction	6th auction	34th auction	7th auction	24th auction	7th auction	35th auction
Date of auction	02.05.2019	09.05.2019	09.05.2019	09.05.2019	16.05.2019	23.05.2019	23.05.2019	23.05.2019	30.05.2019
Date of financial settlement	08.05.2019	15.05.2019	15.05.2019	15.05.2019	22.05.2019	29.05.2019	29.05.2019	29.05.2019	05.06.2019
Redemption date	26.07.2023	24.08.2022	24.10.2024	21.08.2030	26.07.2023	24.08.2022	24.10.2024	21.08.2030	26.07.2023
Maximum annual yield (%) - ISMA	-	1.50	2.25	3.31	-	1.27	2.02	3.14	-
Minimum annual yield (%) - ISMA	-	1.48	2.23	3.29	-	1.23	1.99	3.09	-
Average annual yield (%) - ISMA	-	1.50	2.25	3.30	-	1.26	2.01	3.13	-
Maximum annual yield (%) - EHM	-	1.50	2.25	3.31	-	1.27	2.02	3.14	-
Minimum annual yield (%) - EHM	-	1.48	2.23	3.29	-	1.23	1.99	3.09	-
Average annual yield (%) - EHM	-	1.50	2.24	3.30	-	1.26	2.01	3.12	-
Maximum price (%)	98.5100	100.0631	101.3599	97.2678	98.4000	100.8521	102.5841	99.1654	98.3200
Minimum price (%)	98.3300	99.9980	101.2576	97.1309	98.3000	100.7232	102.4270	98.7001	98.2100
Average price (%)	98.4100	100.0059	101.2739	97.1976	98.3400	100.7649	102.4619	98.8355	98.2600
Amount offered for sale (HUF million)	10,000.00	20,000.00	25,000.00	20,000.00	6,000.00	20,000.00	25,000.00	20,000.00	6,000.00
Amount of bids submitted (HUF million)	7,850.00	33,050.00	127,952.00	69,430.00	10,420.00	60,450.00	94,080.00	63,958.29	15,281.31
Amount of bids accepted (HUF million)	5,500.00	20,000.00	33,500.00	29,999.97	6,000.00	29,999.99	33,499.98	29,999.99	6,000.00
Bid-to-cover ratio	1.43	1.65	3.82	2.31	1.74	2.02	2.81	2.13	2.55
Bids submitted (pcs)	22	39	57	52	30	46	66	59	27
Bids accepted (pcs)	20	23	16	18	18	31	27	31	23
Tail (%) (average price - minimum price)	0.08	0.01	0.02	0.07	0.04	0.04	0.03	0.14	0.05
Market sales (HUF million)	5,500.00	20,000.00	33,500.00	29,999.97	6,000.00	29,999.99	33,499.98	29,999.99	6,000.00
Non-competitive offer (HUF million)	0.00	5,040.00	7,973.20	7,439.98	400.00	3,625.70	9,067.99	7,789.19	200.00
Total amount sales (HUF million)	5,500.00	25,040.00	41,473.20	37,439.95	6,400.00	33,625.69	42,567.97	37,789.18	6,200.00

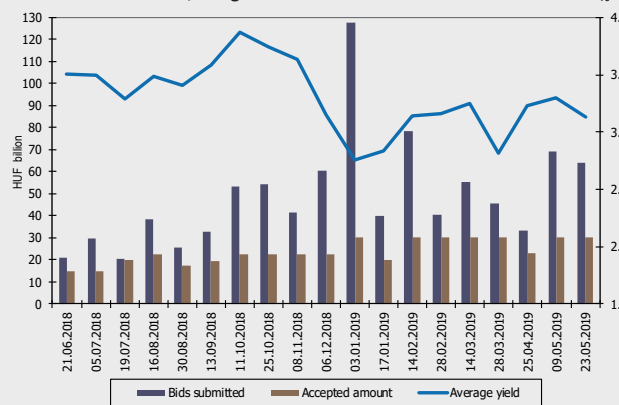
3-year government bond auctions



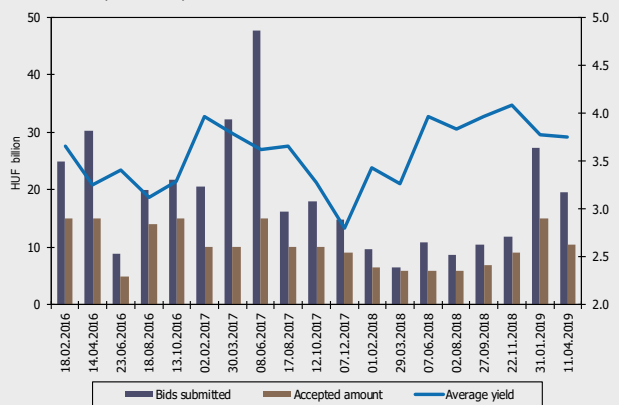
5-year government bond auctions



10-year government bond auction



15-year (20-year from 2018) government bond auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2019/C	2020/B	2019/A	2019/C
ISIN code	HU0000403092	HU0000402953	HU0000402433	HU0000403092
Coupon (%)	2.00	3.50	6.50	2.00
Date of reverse auction	08.05.2019	08.05.2019	22.05.2019	22.05.2019
Date of financial settlement	15.05.2019	15.05.2019	29.05.2019	29.05.2019
Redemption date	30.10.2019	24.06.2020	24.06.2019	30.10.2019
Minimum annual yield (%)	0.04	0.10	0.01	0.03
Average annual yield- ISMA (%)	0.04	0.11	0.02	0.04
Average annual yield - EHM (%)	0.04	0.11	0.02	0.04
Amount of bids submitted (HUF million)	2,033.81	19,484.16	27,989.44	1,755.71
Amount of bids accepted (HUF million)	1,041.08	12,814.16	27,989.44	1,755.71

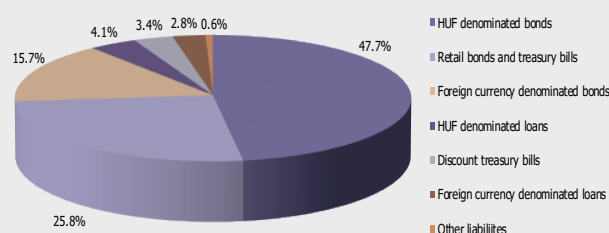
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MAY 2019

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2019/D	25.05.2019	28.05.2019	28.08.2019	28.08.2019	0.20%	0.05%
2020/N	17.05.2019	20.05.2019	20.05.2020	20.05.2020	2.71%	2.76%
2020/O	20.05.2019	20.05.2019	20.05.2020	20.05.2020	2.71%	2.76%
2021/J	22.05.2019	26.05.2019	26.05.2020	26.05.2020	4.05%	4.05%

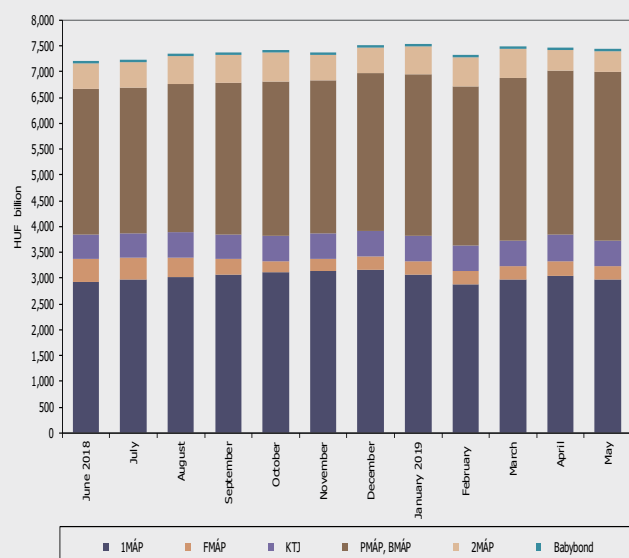
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2018	31.05.2019	HUF billion
1-year Hungarian Government Security / 1MÁP	3,169.8	2,966.4	-203.4
Half-year Hungarian Government Security / FMÁP	253.8	262.7	8.9
Treasury Saving Bills / KTJ	495.9	507.2	11.3
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	3,041.1	3,253.1	212.0
2-year Hungarian Government Security / 2MÁP	500.2	398.1	-102.1
Babybond	54.8	65.4	10.6
Total	7,515.7	7,453.0	-62.7

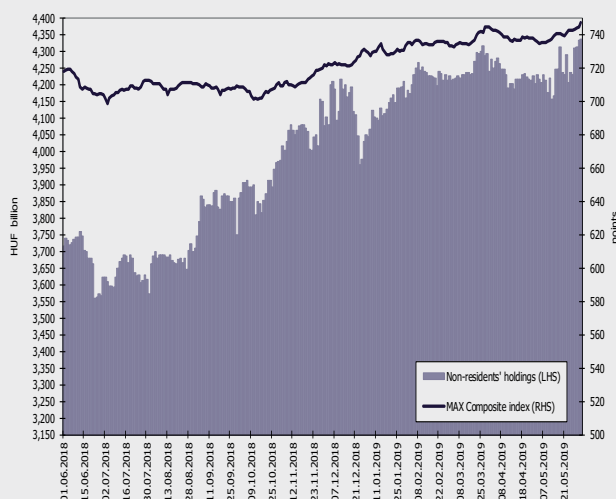
Debt structure at 31.05.2019



Outstanding amount of retail securities



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



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31.05.2019	789.1875	554.3471	747.4723	535.8992
Changes compared to the end of the month before	11.7111	0.1010	10.4820	-0.0888
Annual yield earned on the index portfolio (%)	4.61	0.60	4.13	0.10

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 31.05.2019	761.2831	833.8554	612.5343	397.5615
Changes compared to the end of the month before	8.7250	16.9605	19.6420	12.7161
Reference yield (%)	1.09	1.82	2.95	3.57
Annual yield earned on the index portfolio (%)	3.33	4.56	8.92	9.21

Government bonds with the highest secondary market turnover in May 2019

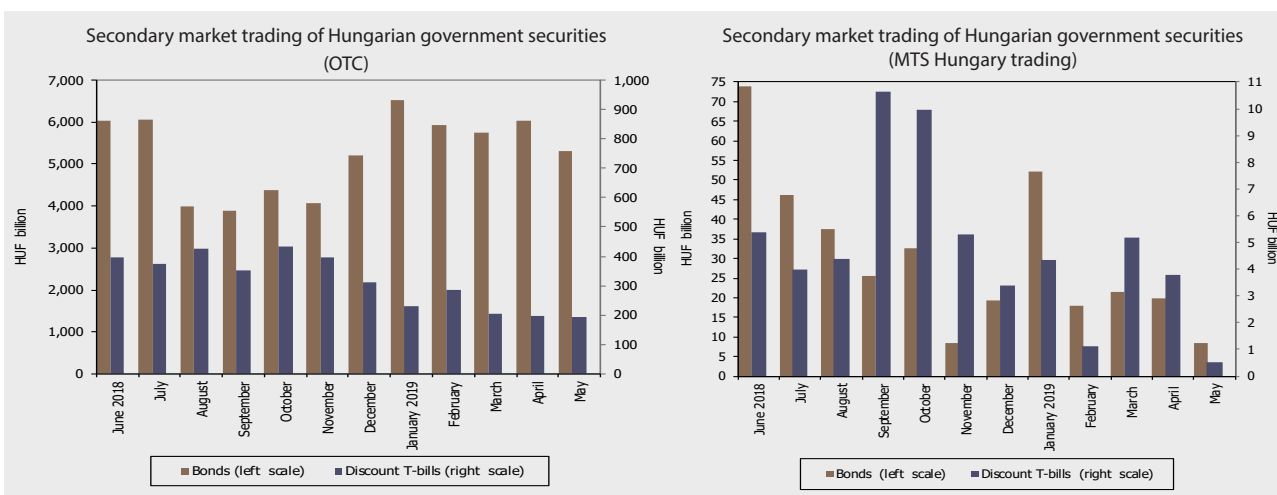
Government bond	Date of redemption	Turnover (HUF billion)
2026/D	22.12.2026	485.4
2022/B	26.10.2022	408.9
2024/C	24.10.2024	394.7
2021/C	21.04.2021	309.8
2027/A	27.10.2027	307.9
2030/A	21.08.2030	271.6
2025/B	24.06.2025	185.8
2022/C	24.08.2022	149.1
2023/A	24.11.2023	137.3
2028/A	22.10.2028	95.2

The outstanding volume of government bonds with benchmark status at the end of May 2019

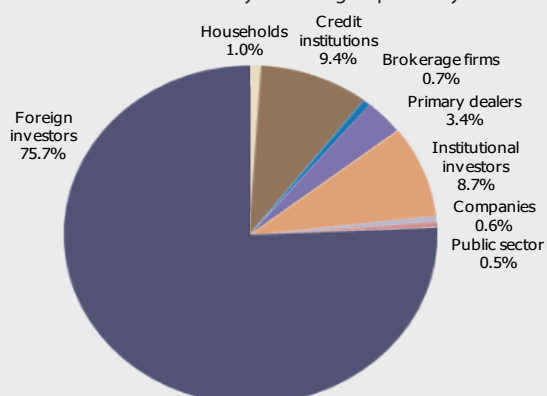
Government bond	HUF billion	
	30.04.2019	31.05.2019
2022/C	118.90	204.87
2024/C	689.49	806.83
2030/A	153.44	252.97
2038/A	69.12	69.15

The outstanding volume of the three largest government bonds at the end of May 2019

Government bond	HUF billion
2027/A	1,201.04
2025/B	1,193.73
2022/B	1,130.25



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in May 2019



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in May 2019

