

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT MARCH 2020

The Central Government Debt increased by HUF 704.8 billion to HUF 30,386.8 billion by March 2020. Total net issuance was HUF 185.9 billion; out of which net HUF-denominated issuance was HUF 917.9 billion and net foreign currency denominated redemption was HUF 732.0 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	March	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	25,275.0	83.2	917.9	3.8
Loans	1,208.1	4.1	1,161.6	3.8	-46.5	-3.8
Government bonds	13,417.7	45.2	14,129.8	46.5	712.1	5.3
Retail securities	9,074.0	30.6	9,103.6	30.0	29.6	0.3
Discount treasury bills	657.3	2.2	880.1	2.9	222.8	33.9
Foreign exchange denominated debt	5,121.2	17.3	4,786.1	15.8	-335.1	-6.5
Total	29,478.3	99.3	30,061.2	98.9	582.9	2.0
Other obligations	203.7	0.7	325.7	1.1	122.0	59.9
Total central government debt	29,682.0	100.0	30,386.8	100.0	704.8	2.4

The HUF denominated debt of the central government increased by HUF 917.9 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 712.1 billion and the total amount of retail government securities increased by HUF 29.6 billion. The significant increase of the retail government securities portfolio was mainly due to the 5-year long government security, the Hungarian Government Security Plus. The amount of discount Treasury bills increased by HUF 222.8 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 46.5 billion in 2020.

The foreign currency debt of the central government decreased by HUF 335.1 billion in 2020. The redemptions of foreign currency bonds worth HUF 746.8 billion. The exchange rate revaluations totalling HUF 396.9 billion increased the Hungarian Forint value of the foreign currency debt. The domestic PÉMÁP foreign currency bond issuance was HUF 11.9 billion and the drawdown from foreign currency credit lines was HUF 2.9 billion. The total amount of other liabilities increased by HUF 122.0 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	28.02.2020	31.03.2020	Change in March basis point
3-month	-0.01	0.29	0.77	48
6-month	0.01	0.30	0.69	39
1-year	0.02	0.48	0.81	33
3-year	0.28	0.85	1.21	36
5-year	1.17	1.59	1.69	10
10-year	2.01	2.17	2.65	48
15-year	2.80	2.69	3.41	72

Monthly OTC turnover of government securities increased by 8% to HUF 7,683.8 billion in March. Primary dealers, who account for the decisive part of all secondary government securities trading, made 48% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 215.3 billion in March and amounted to HUF 4,015.3 billion at the end of the month. This volume represented 16.7% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 359.09 on the last working day of March.

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

GOVERNMENT SECURITIES MARKET

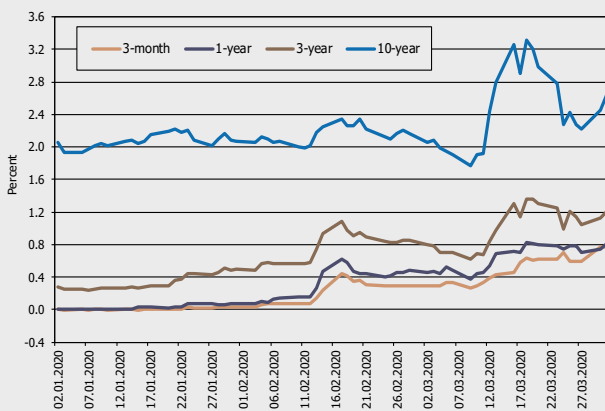
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

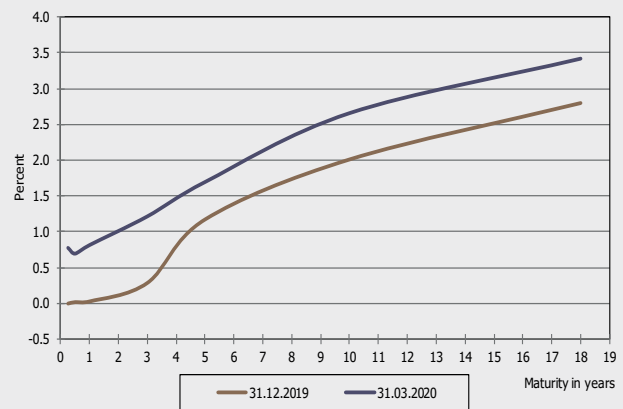
	2015	2016	2017	2018	2019	2020 January	2020 February	2020 March
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	24,631.3	24,919.7	25,275.0
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,208.1	1,208.1	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	23,423.2	23,711.6	24,113.4
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	23,384.0	23,672.4	24,074.3
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	13,470.9	13,766.2	14,090.6
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	701.8	712.8	880.1
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	9,211.3	9,193.3	9,103.6
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	4,749.0	4,529.3	4,786.1
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	840.7	851.7	899.4
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	840.7	851.7	899.4
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	3,908.2	3,677.6	3,886.7
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	3,309.2	3,069.8	3,243.4
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	599.0	607.7	643.3
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	29,380.3	29,449.0	30,061.2
Other liabilities	756.00	742.70	274.20	167.40	203.7	227.5	235.0	325.7
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	29,607.8	29,683.9	30,386.8
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	14,211.9	14,518.2	15,009.9
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.

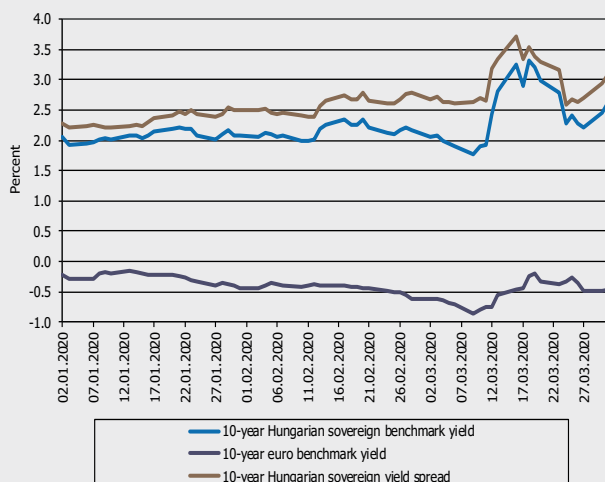
Benchmark yields



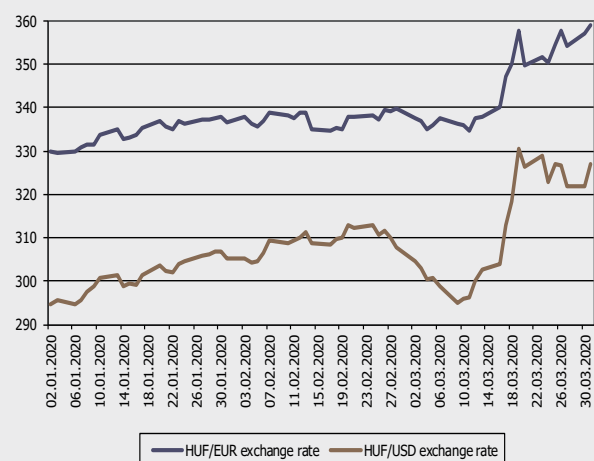
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



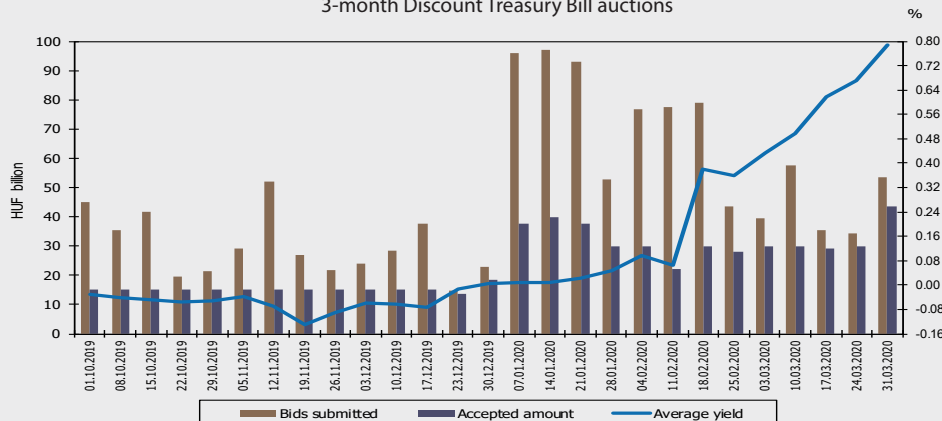
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

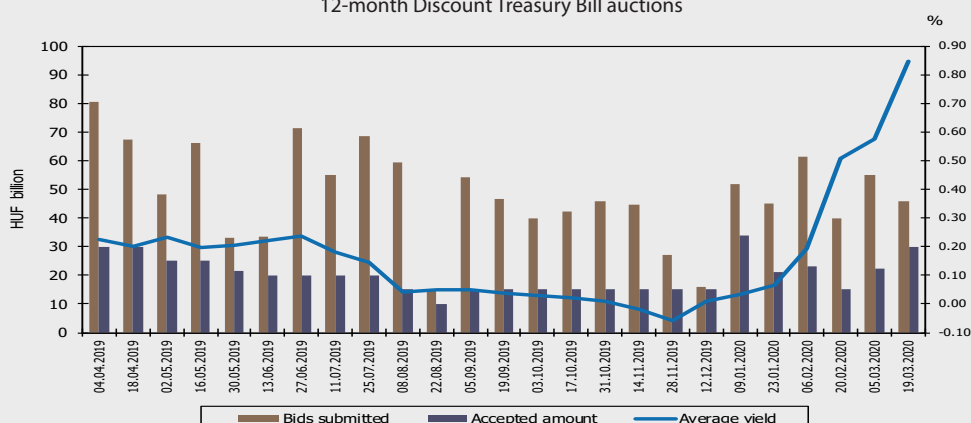
	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D200610	D200617	D200624	D200701	D200708	D210224	D210224
ISIN code	HU0000523014	HU0000523022	HU0000522644	HU0000523030	HU0000523048	HU0000522990	HU0000522990
Maturity in days	91	91	91	91	91	350	336
Date of auction	03.03.2020	10.03.2020	17.03.2020	24.03.2020	31.03.2020	05.03.2020	19.03.2020
Date of financial settlement	11.03.2020	18.03.2020	25.03.2020	01.04.2020	08.04.2020	11.03.2020	25.03.2020
Redemption date	10.06.2020	17.06.2020	24.06.2020	01.07.2020	08.07.2020	24.02.2021	24.02.2021
Maximum yield (%) - ISMA	0.50	0.55	0.69	0.86	0.83	0.60	0.90
Minimum yield (%) - ISMA	0.35	0.40	0.50	0.58	0.60	0.55	0.74
Average yield (%) - ISMA	0.43	0.50	0.62	0.67	0.79	0.58	0.85
Maximum yield (%) - EHM	0.51	0.56	0.70	0.87	0.84	0.61	0.91
Minimum yield (%) - EHM	0.35	0.40	0.51	0.59	0.61	0.56	0.75
Average yield (%) - EHM	0.44	0.50	0.63	0.68	0.80	0.59	0.86
Average selling price (%)	99.8906	99.8746	99.8440	99.8308	99.8017	99.4419	99.2171
Amount offered for sale (HUF million)	30,000.00	30,000.00	30,000.00	30,000.00	40,000.00	20,000.00	30,000.00
Amount of bids submitted (HUF million)	39,630.00	57,684.00	35,424.60	34,383.00	53,684.00	54,894.00	45,830.00
Amount of bids accepted (HUF million)	30,000.00	30,000.00	29,000.00	30,000.00	43,500.00	22,499.98	29,999.98
Bid-to-cover ratio	1.32	1.92	1.22	1.15	1.23	2.44	1.53
Bids submitted (pcs)	29	38	34	26	25	44	28
Bids accepted (pcs)	21	19	28	22	13	18	21
Market sales* (HUF million)	30,000.00	30,000.00	29,000.00	30,000.00	43,500.00	22,499.98	29,999.98
Retained on ÁKK's own account (HUF million)	9,000.00	9,000.00	8700.00	30,000.00	43,500.00	22,500.02	30,000.02
Total amount issued (HUF million)	39,000.00	39,000.00	37,700.00	60,000.00	87,000.00	45,000.00	60,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



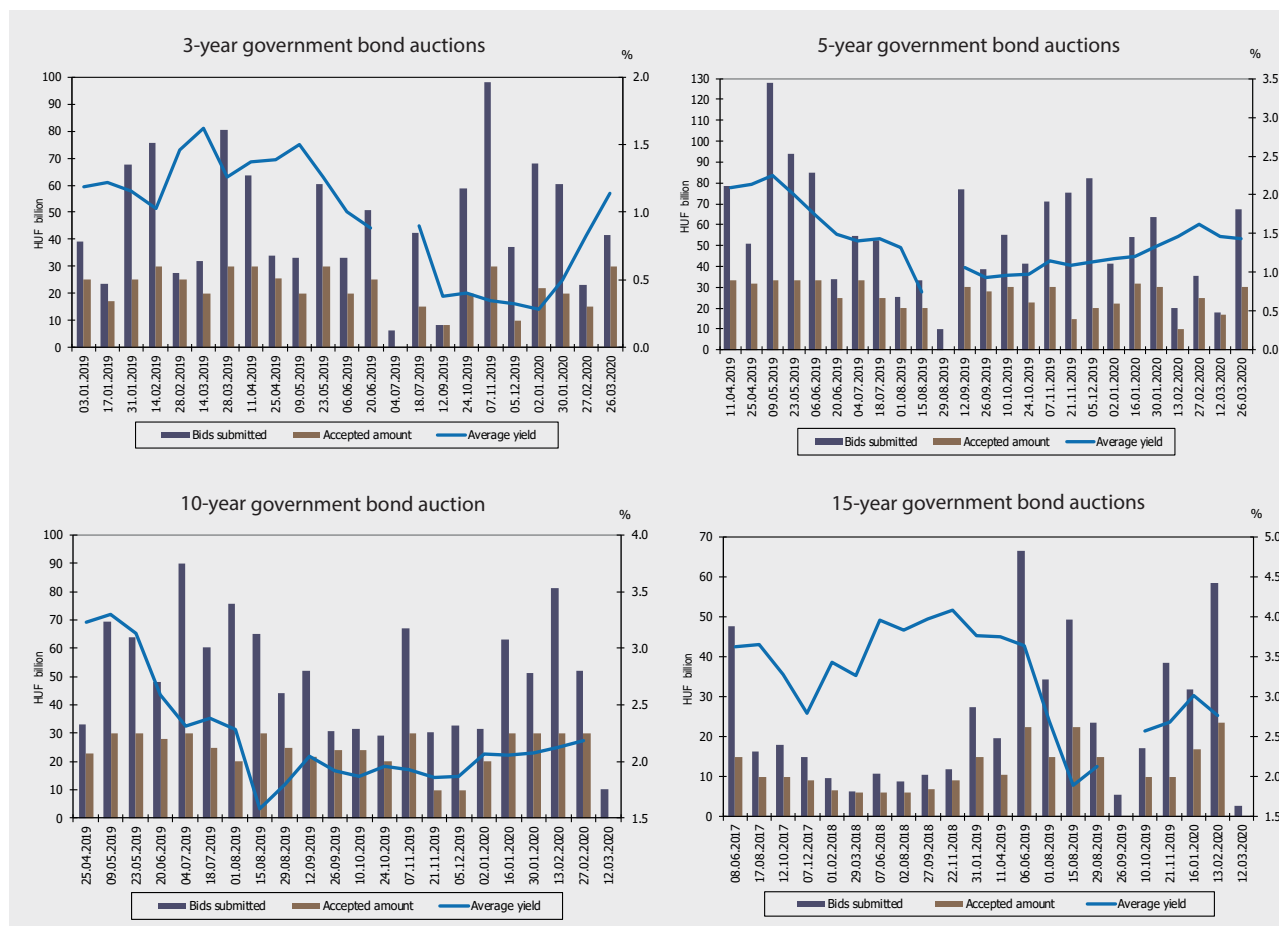
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2025/C	2030/A	2041/A	2022/C	2025/C
ISIN code	HU0000404157	HU0000404058	HU0000403696	HU0000404165	HU0000403704	HU0000404058
Maturity (in years)	7	5	10	20	3	5
Coupon	0.16%	1.00%	3.00%	3.00%	1.50%	1.00%
Auction	5th auction	9th auction	26th auction	2nd auction	19th auction	10th auction
Date of auction	05.03.2020	12.03.2020	12.03.2020	12.03.2020	26.03.2020	26.03.2020
Date of financial settlement	11.03.2020	18.03.2020	18.03.2020	18.03.2020	01.04.2020	01.04.2020
Redemption date	22.04.2027	26.11.2025	21.08.2030	25.04.2041	24.08.2022	26.11.2025
Maximum annual yield (%) - ISMA	-	1.49	0.00	0.00	1.16	1.46
Minimum annual yield (%) - ISMA	-	1.41	0.00	0.00	1.10	1.41
Average annual yield (%) - ISMA	-	1.46	0.00	0.00	1.14	1.43
Maximum annual yield (%) - EHM	-	1.49	0.00	0.00	1.16	1.46
Minimum annual yield (%) - EHM	-	1.41	0.00	0.00	1.10	1.41
Average annual yield (%) - EHM	-	1.46	0.00	0.00	1.14	1.43
Maximum price (%)	97.1800	97.7753	c	0.0000	100.9400	97.7896
Minimum price (%)	97.0500	97.3475	0.0000	0.0000	100.7969	97.5238
Average price (%)	97.0800	97.5138	0.0000	0.0000	100.8542	97.6717
Amount offered for sale (HUF million)	15,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	49,550.00	17,970.00	10,210.00	2,725.00	41,727.00	67,437.66
Amount of bids accepted (HUF million)	19,000.00	17,000.00	0.00	0.00	29,999.99	30,000.00
Bid-to-cover ratio	2.61	1.06	0.00	0.00	1.39	2.25
Bids submitted (pcs)	53	13	19	10	34	56
Bids accepted (pcs)	22	12	0	0	18	21
Tail (%) (average price - minimum price)	0.03	0.17	0.00	0.00	0.06	0.15
Market sales (HUF million)	19,000.00	17,000.00	0.00	0.00	29,999.99	30,000.00
Non-competitive offer (HUF million)	5,700.00	4,881.00	0.00	0.00	1,255.84	6,177.06
Total amount sales (HUF million)	24,700.00	21,881.00	0.00	0.00	31,255.83	36,177.06



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2021/C	2021/A	2021/B
ISIN code	HU0000403464	HU0000402995	HU0000403100
Coupon (%)	0.50	2.10	2.50
Date of reverse auction	11.03.2020	11.03.2020	11.03.2020
Date of financial settlement	18.03.2020	18.03.2020	18.03.2020
Redemption date	21.04.2021	23.06.2021	27.10.2021
Minimum annual yield (%)	0.39	99.97	0.00
Average annual yield- ISMA (%)	0.39	99.97	0.00
Average annual yield - EHM (%)	0.39	-	0.00
Amount of bids submitted (HUF million)	20,083.84	43,014.96	9,276.08
Amount of bids accepted (HUF million)	6,900.00	7,450.00	-

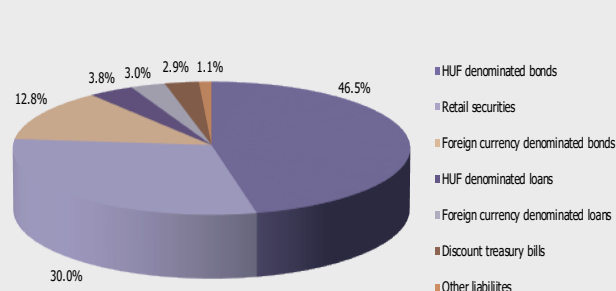
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/A	20.03.2020	23.03.2020	23.06.2020	23.06.2020	0.63%	0.16%
2022/K	26.03.2020	30.03.2020	30.03.2021	30.03.2021	4.80%	4.80%
2023/I	18.03.2020	22.03.2020	22.03.2021	22.03.2021	4.90%	4.90%
2028/N	18.03.2020	22.03.2020	22.03.2021	22.03.2021	3.32%	3.37%
2028/O	18.03.2020	22.03.2020	22.03.2021	22.03.2021	3.32%	3.37%

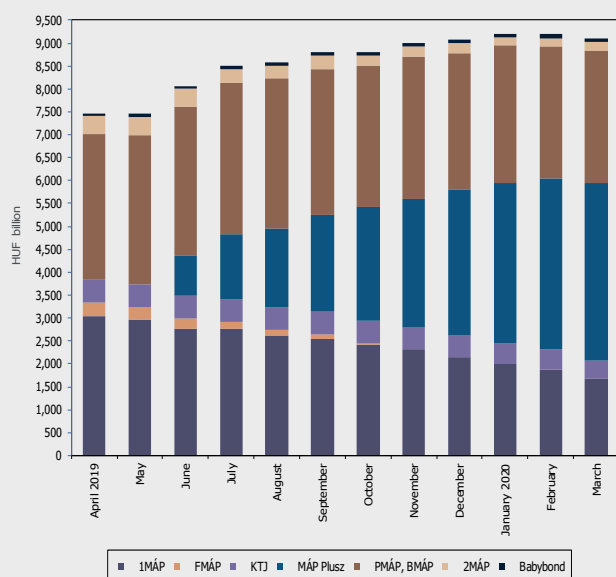
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	31.03.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,672.7	-485.4
Half-year Hungarian Government Security / FMÁP	0.0	0.0	0.0
Treasury Saving Bills / KTJ	455.1	408.9	-46.2
Hungarian Government Security Plus / MÁP Plusz	3,196.2	3,871.7	675.6
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	2,969.8	2,882.5	-87.2
2-year Hungarian Government Security / 2MÁP	215.2	179.7	-35.5
Babybond	79.7	88.0	8.3
Total	9,074.0	9,103.5	29.6

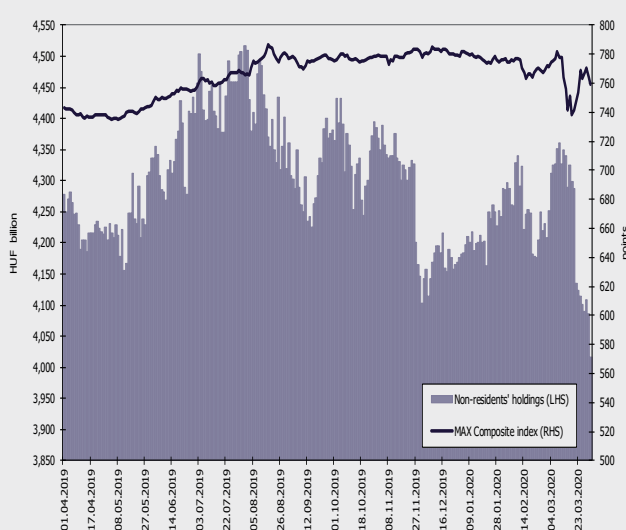
Debt structure at 31.03.2020



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	ZMAX index	HMAX index*
Value as at 31.03.2020	802.8189	552.7288	758.9047	535.4941	96.7486
Changes compared to the end of the month before	-10.8812	-0.9331	-10.2006	-0.2150	-1.7472
Annual yield earned on the index portfolio (%)	2.09	-0.27	1.88	-0.07	-

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

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 31.03.2020	765.9163	851.9669	642.8792	416.8363
Changes compared to the end of the month before	-5.9042	-3.5147	-26.4036	-42.8100
Reference yield (%)	1.21	1.69	2.65	3.41
Annual yield earned on the index portfolio (%)	1.45	2.78	4.55	2.94

Government bonds with the highest secondary market turnover in March 2020

Government bond	Date of redemption	Turnover (HUF billion)
2030/A	21.08.2030	871.9
2024/C	24.10.2024	397.5
2020/A	12.11.2020	379.5
2026/D	22.12.2026	368.9
2022/A	24.06.2022	340.0
2027/A	27.10.2027	280.9
2022/C	24.08.2022	273.7
2025/B	24.06.2025	263.3
2025/C	26.11.2025	241.7
2031/A	22.10.2031	239.5

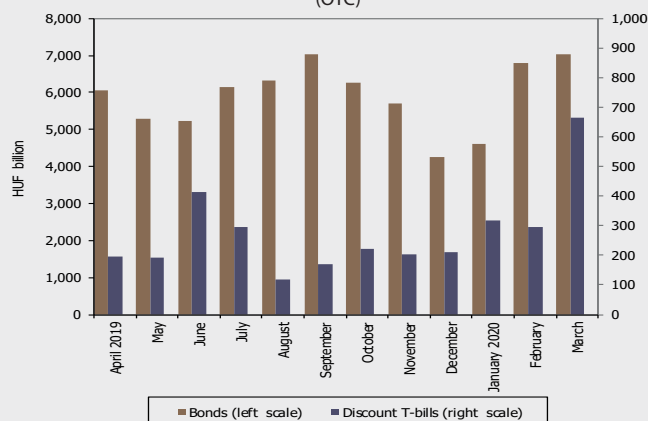
The outstanding volume of government bonds with benchmark status at the end of March 2020

Government bond	HUF billion	
	29.02.2020	31.03.2020
2022/C	436.77	451.92
2024/C	1,134.44	1,134.47
2030/A	752.29	782.66
2038/A	221.05	221.15

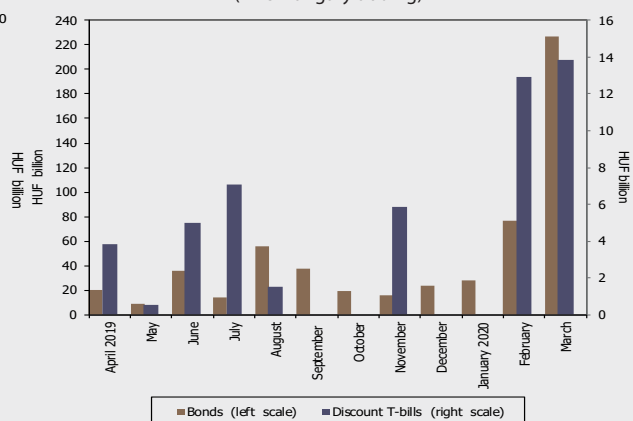
The outstanding volume of the three largest government bonds at the end of March 2020

Government bond	HUF billion
2027/A	1,206.16
2025/B	1,200.28
2022/B	1,139.74

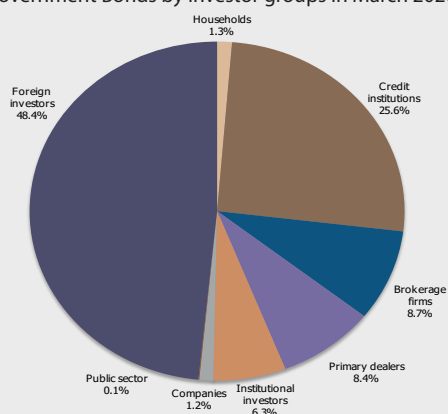
Secondary market trading of Hungarian government securities (OTC)



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



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



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

