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GOVERNMENT DEBT MANAGEMENT AGENCY

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Details are informative

CONTENTS

Major tendencies and developments in the government securities market

1. Macroeconomic tendencies

The macroeconomic environment was favourable for the government securities market in the first months of 1998. The economic growth starting in 1997 continued up to the third quarter of 1998, when the first signs of a slower growth were observed. **The country's competitiveness was retained, ensuring continued economic growth that was supported by the upswing in the Western export markets. The growth of those markets, however, stopped during 1998.** At the same time, the negative effects the uncertain financial situation caused by the Russian crisis could also be felt from May onward. These negative effects were particularly dominant from August. Besides increasing exports, a booming home demand (especially consumption) ensured a growth in production. All these trends, however, resulted in the deterioration of the external equilibrium because of increasing import needs.

In 1998, the decline in **inflation rate** was beyond all expectations. The consumer price index of 18.4% in December 1997 fell to 10.3% by December 1998. Meanwhile, the average annual rate of inflation decreased from 18.3% to 14.3%. Although in January the monthly consumer price index was higher than forecasted by the government (3%), it was decreasing progressively thereafter. Negative monthly indices were recorded in July and August due to the changes in the prices of seasonal products and the sales of food products in the Hungarian market that had been produced for export originally. The declining world market rates of commodities and fuel and a substantial oversupply of consumer goods also contributed to a lower increase in consumer prices in the last quarter. This trend continued in January 1999 as well, resulting in a one digit annual rate of inflation

The external economic tendencies in 1998 well reflected the external factors slowing economic growth. The **current account** deficit was higher by USD 1,317 million at the end of 1998 than a year earlier (1997: USD -981 million; 1998: USD -2,298 million). In December only we saw a deficit increase of USD 694 million. **The trade deficit** was USD 387 million higher to the end of 1998 than in the same period of the preceding year. A significant part of this deficit accumulated from June onward. On the other hand, a substantial increase of USD 477 million in *profit repatriation* (HUF 427 million in December) and a decrease of USD 345 in net income from financial, information technology, transportation and other services had a negative impact on the balance.

In 1998 **foreign investments**[1] (direct foreign investments and portfolio investments) were USD 1,041 million lower than in 1997. It means that the capital inflow financed almost two-thirds of the current account deficit (USD 1,454 million). Increasing investments of Hungarian citizens abroad was a typical trend in 1998 (their investments amounted to USD 462 million till December 1998 as compared to USD 286 million to December 1997). Both trends played an important role in the reduction of the net capital inflow. At

[1] In line with the National Bank's statistical reporting system that was modified in early 1998, this category includes foreign direct investments and portfolio investments.

the same time, within foreign investments the share of portfolio investments also fell in 1998 (to almost one half of their share in 1997) due to foreign investors' uncertainty.

The **net external debt** (excluding intercompany loans) was declining continuously until March 1998. Then it stabilised below USD 9,000 million in the period ending in August (except in May). An upward trend started in September/October and remained dominant in the last months of the year as well. Consequently, this debt amounted HUF 10,195.7 million in December 1998 as compared to USD 9,656.6 million in December 1997.

The **central government deficit**[2], excluding debt management transactions related to bank consolidation and natural gas supply utilities, was **HUF 359,9 billion** in 1998. It is 3.5% of the GDP, and 86% of the budget approved in the Budget Act. The better position is attributable to customs duty (taxes on corporations, consumption and income) and tax revenues, which were higher than budgeted. Meanwhile, the budget concerning the whole of the expenditures side was realized. While the surplus of extra-budgetary funds was 0.1% of the GDP, the deficit of social security funds was 0.9%, four times higher than budgeted. The latter deficit was caused by a substantial extra deficit of the Health Fund, and a lower than expected revenues at the Pension Fund.

The central government gross debt to GDP ratio decreased substantially, falling from 71.5% at the end of 1996 to 62.8% in 1997, and to 60.2% by 1998. This decrease was mainly due to the primary budget surplus and the debt redemption effected from privatisation proceeds. The **debt totalled HUF 6,161 billion** at the end of 1998, showing an increase of 14.7% in nominal terms compared with the year-end debt figure of 1997. In the light of the favourable inflation rate changes in 1998, the above increase corresponds to a slight increase in real terms, but this increase lags behind the forecasted economic growth.

The money market was characterised by a well-balanced HUF liquidity situation to August 1998. Foreign capital inflow was a major source of liquidity, especially in the first few months. However, the change in the direction of capital flows, the increase in HUF costs associated with closing forex positions at unfavourable rates and the introduction of new reserve requirement regulations by the central bank in September, triggered a transitional shortage of liquidity, which was reflected by the development of interbank rates as well. The interbank rates began to decrease as the crisis eased in October.

With the exception of some extreme fluctuations on the short end of the money market before the closing date of the reference period for reserve requirements, the interbank rates showed a downward movement, which accelerated after several rate cuts by the central bank. A slight upward trend occurred in August, and rates increased by 4 to 5% for all maturities in the second half of September within a week (Chart 5.1). Rates declined again from the end of the month, reaching by year-end the same level as before the crisis. O/N rates were characterised by high volatility in the remaining period of the year because of the bank's difficulties with adapting to the new reserve requirements.

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[2] The deficit includes transactions in relation to ÁPV Rt., the National Privatization and Asset Management Inc. (privatization proceeds of HUF 11.97 billion and an amount of HUF 38 billion paid to ÁPV Rt.).

The **central bank** reduced interest rates 9 times by 275 basis points to September 1998 (see chart 5.4). In response to money market developments, the bank increased its one month reverse repo and deposit rates by 100 basis points on September 22. The subsequent four rate cuts included a reduction of one month reverse repo and deposit rates by 125 basis points and that of repo rates by 200 basis points.

As for exchange rates, the strong capital inflow to April stuck the Hungarian currency to the stronger end of the band. In May, the HUF exchange rate depreciated, left the stronger end of the intervention band and floated within the band owing to internal political (elections) and external economic (crisis in Russia) uncertainties and the interest rate reductions. It made foreign investors more cautious and the central bank to intervene less in the foreign exchange market. However, as capital outflow started to characterise the market at the end of August, the HUF exchange rate further depreciated moving to the weaker side of the band. Triggered by a further intensified capital inflow in early December, the HUF exchange rate returned to the stronger end.

The monthly devaluation rate of the Hungarian currency was reduced three times during the year. It was first reduced from 0.9% to 0.7% (on June 16 and October 1). On October 29, the Minister of Finance announced that the monthly devaluation rate would be reduced by 0.1 percentage points (to 0.6 percentage points) taking effect from January 1, 1999. The introduction of Euro on January 1, 1999 was another important event for government debt management. At the same time, the German mark (DEM) was replaced by Euro in the currency basket for HUF.

Until May the demand for **equities** increased, and the stock exchange index (BUX) showed a dynamic growth. The elections and news about the Russian economic situation caused substantial price volatility that involved a downward tendency. Then, starting in August, a big drop in prices occurred that the market had never seen before. Although the increase in prices was high in the period between mid October and early November, it still could not duplicate the high level it had in the first half of the year. The BUX decreased from its closing value of 7,999 points at end 1997 to 6,307 points by December 1998. In April, though, the BUX reached a record level of 9,000 points for a short period. Fourth quarter turnover shows an increase of almost 7 % over the figures of the preceding three months.

An upswing in the equities market in the first third of 1998 occurred simultaneously with a growing demand for **government securities.** As a result of stronger foreign investors' interest in the government bond market, the longer-term yields, which rose till February 1998, began to fall. **The unfavourable events causing volatility of stock market prices did not affect the government securities** market in the period between May and August 1998. From August, however, the Hungarian government securities market could not avoid the impact of the world-wide financial crisis. Foreign investors sold substantial tranches of their government security holdings, causing yields to rise significantly. With the crisis calming down foreign investors showed bigger demand for government securities, although it was accompanied with higher risk premium expectations. **Foreign investors' share in the government securities market** was significantly higher than at the beginning of the year. Their share amounted to **HUF 280 billion** (USD 1.3 billion), a clear evidence of the favourable expectations about Hungarian government securities and yield development.

The change in the net financial assets of households[3] was HUF 889.4 billion, and net financial savings amounted to HUF 799.4 (22% higher than a year earlier) in 1998. Accordingly, the increment in net financial assets represents an increase of 15.2% in real terms and 25.5% in nominal terms as compared to the figures in December 1997. Analysing the composition of savings (figure 5.7.2), it can be noticed that the HUF equivalent of **foreign currency deposits rose** from June due to HUF depreciation, which resulted in an abrupt growth (HUF 28.5 billion) in the financial assets. The growth of foreign currency savings continued until year-end in spite of the stronger position of HUF within the band. This trend was presumably a reaction to the currency appreciation in August and September. The third quarter **increment in HUF deposits at credit institutions** was almost equal to the amount recorded for the entire first half of 1998, and the fourth quarter increment even exceeded it. This trend shows the **increasing dominance of more secure investments**, also supported by the jump in **savings in government securities** (following a standstill in August).

In the third quarter, the increment of savings to securities issued by non banks fell to almost one half the amounts recorded in preceding quarter, and they hardly increased at all in the fourth quarter. The drop in asset value of non-bank securities totalled HUF 200 billion in August and September, affecting investment funds less (to the extent of their equity portfolio) than savings in equities. The subsequent increase in prices in the equities market could only partially compensate the earlier drop in asset value.

While in July the substantial household demand for government securities was shown by their active purchase of investment fund units, this trend was less significant in August, with households opting to directly invest in government securities. The redemption of investment fund units was significant in September, and a growing demand for Treasury bills could only partially compensate the impact of this trend on the government securities market (investments in government securities constitutes 70-75% of the net worth of the funds). Triggered by rising prices in the equities market, household demand for equities started to grow. Also, the percentage of government securities (especially treasury bills) in total non bank savings rose above 50%. Household savings in investment fund units were rising, but their share was still significantly lower than earlier in the year.

The **favourable economic developments until August** strengthened the confidence in Hungarian issuers' securities, leading to **better credit ratings** in 1998. Moody's Investor Service upgraded Hungary to Baa2 on May 8, 1998, and Hungary's HUF debt was rated 'A1'. Hungary's HUF debt was upgraded from 'A-' to 'A', and foreign currency debt was rated 'BBB', by Fitch IBCA on July 2, 1998. The crisis in Russia did not affect the good reputation of Hungarian economy. It was clearly demonstrated by S&P upgrading Hungary from 'BBB-' to 'BBB', and the HUF debt from 'A-' to 'A' on December 11, 1998.

2. Issue, placement and trade of government securities

The net financing requirement of the central government was HUF 447.9 billion in 1998. This amount consists of the central budget deficit[4] of HUF 359.9 billion and the withdrawal of social security funds from the Consolidated Treasury Account in the amount of HUF 88.9 billion (Table 2.1). (At the end of December, the annual budget deficit excluding transactions with ÁPV Rt., the National Privatisation and Asset Management Inc. [HUF 11.97 billion received from and 38 billion paid to ÁPV Rt.] totalled HUF 333.9 billion (Chart 2.1)). In total, the revenues of extra-budgetary funds were 2.5% lower than planned. The balance of these funds was HUF 18.9 billion.

In 1998, government securities outstanding in the HUF market and interest-bearing loans amounting to HUF 1,710.9 billion were repaid, out of which HUF 1.102,0 billion were used for repaying discount treasury bills, HUF 248,1 billion for repaying other interest-bearing treasury bills, HUF 283.1 billion for government bonds, and HUF 77.7 billion for loans.

Gross issue in the HUF market totalled HUF 2,103.5 billion during the same period. Discount treasury bills accounted for the majority of that amount, namely HUF 1,129.5 billion, while interest-bearing treasury bills constituted HUF 352.7 billion and government bonds HUF 621.3 billion (Table 2.2).

Issue of government bonds

In 1998 the public issue of government bonds totalled HUF 621.3 billion (of which 584.8 billion was sold through auctions and the remaining amount through subscriptions and the sales of the Treasury branch network), which exceeds by 12.7% the same figure in 1997. The HUF 621.3 billion amount corresponds to 30% of the government securities sold over the year. The crisis in Russia had a substantial impact on the upward trend of longer term securities in financing. Consequently, the share of these securities in the total issued volume remained unchanged as compared to the preceding year. The share and amount of redemptions fell substantially.

A private placement of bonds in an amount of HUF 129 billion took place in 1998. The debt is embodied by bonds 2006/D, 2007/B, 2007/C, 2008/A, 2008/B, 2009/A and 2010/A. The private placement was made neccessary by once off expenses included in the budget of 1998 as amended under the Budget Act of 1999. **The Government Debt Management Agency still intends to cover all extraordinary financing requirements by publicly issued marketable instruments which are available to all investors.**

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[3] In 1998 the National Bank of Hungary changed the methodology for recording household savings, the category of net financial assets was introduced, which reflects the revaluation effects due to the change in prices of the different financial assets.

[4] The deficit excluding expenditures related to the consolidation of Postabank and the local governments' public gas supply utilities assets is central budget deficit.

Bonds 2000/G, 2000/H, 2000/I, 2000/J, 2001/D, 2001/E, 2001/F, 2002/G, 2003/H, 2003/I and 2004/G were auctioned several times in 1998 (Table 2.3.1). The majority of bonds issued were fixed rate instruments. The share of 7 year government bonds with coupon rate linked to inflation (2004/G), five year government bonds the coupon of which is linked to the average yield of six month discount treasury bill auctions, and the index-linked government bond (2005/D), a new instrument in the Hungarian market (first auctioned on May 7, 1998), constituted almost 15 % of government bonds issued during the year. However, the index-linked bond did not fulfill the expectations, attracting poor demand and its turnover in the secondary market is negligible due to its special terms.

The shortest bonds (2 years) represented the majority of bonds issued during the year, namely 44%, three year bonds enjoyed the second largest share with 30% and five year fixed rate bonds accounted for 12%. The demand was low for the seven year bond with coupon rate linked to inflation, which was offered for sale once. This bond was replaced by a five year floating rate bond and a seven year index-linked government bond. The share of the five year floating rate bond was 11% in the total issued amount, while the seven year index-linked bond gained a share of 3% at its auctions. The cover (defined as the ratio of bids submitted to bids accepted) for three year and five year bonds increased significantly comparing with last year's figure.

In the **primary market of government bonds** primary dealers and financial institutions were the major buyers representing a share of 79.6% and 12.8%, respectively (Chart 2.3.1). The high volume of broker-dealer companies' own account purchases can be explained by the obligation of primary dealers to buy for their own account 2% of government securities issued in each half year. Primary dealers carry out high volume sales operations in the secondary market, the analysis of which is included in the section on the secondary market. The majority of retail purchases, which had a share of almost 0.2 %, took place through auction-linked subscriptions of government bonds, therefore 99% of the securities sold this way were purchased by households. Major purchase orders were made by the public sector in November and by corporates in the last two months of the year.

The sales of Treasury Saving Bonds started **after the auction-linked subscriptions were discontinued**. The purpose of the new bond is to channel long-term household savings to government securities. A tranche worth HUF 11.5 billion was sold from the new bonds until December.

Government Debt Management Agency continues to retain a certain portion of government securities for its own (Government Debt Management Agency's) account in order to ensure a sufficient amount of government securities for the Hungarian State Treasury's retail network sales and, to a smaller extent, to provide 'last resort' facility for the primary dealer system (Table 3.3.3).

In order to increase liquidity in the secondary market of government securities, the Government Debt Management Agency intends to issue fewer but larger securities series, although it involves big redemptions at a time. This may increase renewal risk and volatility of market prices by pumping liquidity into the economy. One option which could mitigate the consequences is to hold **reverse auctions of government securities before**

maturity. It means that the issuer buys back securities several times in smaller tranches before their redemption dates. This way, securities with originally high outstanding balances are redeemed in several tranches, causing less distortion in the market and reducing risks for both the issuer and the investors.

In Hungary, this technique has been used for government bonds since January 19, 1998. Reverse auctions are held from the fifth to first month preceding the redemption date and only primary dealers may offer securities for sale. In 1998, government securities of HUF 44.7 billion, the original maturity date of which did not fall on the first three quarters, were repurchased. Investors did not sell as much of their securities before maturity as the Government Debt Management Agency had expected, and thus the impact of major redemptions on liquidity may be reduced only to a smaller extent. Consequently, the Government Debt Management Agency's targets concerning reverse auctions (as an effective means of liquidity management) could be achieved in part only.

Issue of Treasury bills

Discount treasury bills in the amount of HUF 1,129.5 billion were sold in 1998. In nominal terms, this is 2.5% higher than the volume issued in the same period of 1997 (table 2.1). Thus discount treasury bills have a share of 53% in the total issued amount of government securities. **Discount T-bills with a maturity longer than three months represent an increasing share exceeding 79% of the total issued volume.** In 1998, three month securities accounted for 21%, while 6 month discount treasury bills for almost 36%, and 12 month T-bills for more than 43% in the total issued amount of discount Treasury bills.

From the end of June 1998 the auctions of 1 month discount Treasury bills were cancelled by the Government Debt Management Agency. The last auction was on June 30, 1998. The reason for the Agency's measures was that the 1 month bills were of a little amount in financing, they were even re-issued, and the relative costs related to their issue were high. Also, the auction yield (the cost of finance) was very sensitive to changes in the market.

Fifty-three auctions were held for 3 month discount Treasury bills to September 1998. The bills continued to be issued weekly in HUF 5 billion nominal value, which was sold each time except at the last auction in September (Charts 2.4.2). The 6 month and 12 month securities were placed in a nominal value of HUF 7.5-26 billion. **In early April the yield decline provided an opportunity to increase the issue sizes of longer term securities, and to reduce the offering amount of 6 month discount Treasury bills by HUF 2 billion and that of 12 month bills by HUF 1 billion.**

The amount sold at the auctions continued to decline from the middle of August onward, as a result of a decline in demand for all types of government securities. Enabled by the return of favourable expectations marking the period before August, an increase in sales in early November was required to fill up reserves decreased in August-September.

The cover for three month securities was the highest at the auctions of discount Treasury bills (it was 2.4 in 1998, exceeding the average 2.6 of bonds), while for six month and twelve month Treasury bills it was 2.1 and 2.3, respectively (Charts 2.4.2).

The major buyers of discount Treasury bills were primary dealers and financial institutions in the zear (Chart 2.4.1). Their combined share exceeded 71% for 1 month and 3 month Treasury bills, and remained at an average level of 91 % for the other two discount T-bills. In addition to the two dominant groups of buyers, investment companies' participation also expanded at the auctions of 6 month and 12 month bills. Corporates purchased large amounts at 6 month T-bill auctions in May and at 3 month T-bill auctions in November. Also, institutional investors' purchases grew at 1 and 3 month T-bill auctions.

The **issuing calendar was changed on 30 June, 1998;** 3 month discount Treasury bills are auctioned on Tuesdays every week, while 6 month bills on Wednesdays and 12 month bills on Thursdays of every even numbered week of the calendar year. Government bonds will still be auctioned on Thursdays of the odd numbered weeks. One of the auctions, held every monh, will be that of two and five year fixed rate bonds. The other occasion is reserved for the 3 year fixed rate bond, which is auctioned every month, together with the 7 year index linked, the 5-year floating rate bond and the new 10-year fixed rate index-linked bond.

Retail securities represented a share of 17% in the total issued amount of government securities, which corresponds to **a 4 percentage point increase** compared to 1997. The amount issued was higher by 41% than the same figure last year. Interest-Bearing Treasury Bills were sold in the amount of HUF 186.2 billion, while Treasury Savings Bills in the amount of HUF 166.5 billion in 1998 (Table 2.3.3). The newest and longest retail security (3 years) in the market, the Treasury Savings Bond has been available since the end of June 1998. The security, which aims to attract longer term savings, has step-up rate paid on redemption together with the principal. This new bond is available at network primary dealers and at the branch network of the Hungarian State Treasury.

Branch network of the Hungarian State Treasury

The primary and secondary sales effected by the branch network totalled HUF 117 billion at face value. The network's sales in the primary market amounted to HUF 36.5 billion, covering 1.7% of the financing requirement. The net sales reached almost HUF 8 billion, which is 1.6% of the total net market sales. This way, the Treasury's network actively contributed to net financing requirement. The amount of securities held on clients' accounts exceeded HUF 100 billion in 1998 and has been growing dinamically ever since.
The year 1998 saw the increase in the share of primary sales in total sales. 31 % of the gross sales of HUF 117 billion was effected through subscriptions by the State Treasury's network. The amount sold through subscriptions is double the volume sold in 1997, and exceeded HUF 36 billion. The **Treasury Savings Bond**, a new retail bond, contributed to the success story of subscriptions. The Treasury Savings Bond has **spectacularly increased the maturity of the client portfolio. It was more attractive than the bond**

subscriptions that were discontinued in mid-year.

Concentration at government securities auctions

Based on the Herfindahl-Hirschman index, **the concentration at government bond auctions was 9.52 %** in the second half of 1998. This percentage indicates a slight increase as compared to the 8.92% in the first half of 1998 – although it must be noted that the number of primary dealers decreased by two. The five companies bearing the largest shares purchased **59% of the volume offered for sale in the market**.
The most balanced concentration occurred at the auctions of two year bonds, while the highest concentration was recorded at the auctions of floating rate securities.
The average number of dealers purchasing 2 year and 3 year bonds at auctions was 11-13, 10 at auctions of fixed rate bonds, and 8-9 for floating rate bonds.
In the case of **discount Treasury bills**, the concentration in the second half of the year **(11.27 %)** was significantly higher by 2.4 percentage points than in the first half. The five dealers purchasing the biggest **volumes bought 63% of the total volume offered for sale.**
Analyzing the auctions by terms of maturity, it may be stated that the concentration at the auctions of longer (6 and 12 month) discount treasury bills is the highest, namely 13 %.
The average number of dealers purchasing 6 month and 12 month bills at auctions was 15-16, and 11-12 for 3 month bills.

Government securities' yield movements

Deficit financing was accompanied by a decline in costs (declining yields from investors' point of view) in 1998. The 4% decrease in the annual average inflation rate took place simultaneously with a 3 percentage point decrease in the yields of government securities with a maturity of less than one year, and an almost 4.5 percentage point decrease in the yields of government securities longer than one year.

Based on the yield movements of government securities, 1998 may be divided into four easily separable periods. The *first period* started in January and ended in early March. During that period, the average yields of government securities offered at auctions were lower for maturities less than one year (discount Treasury bills), and higher (30 to 180 basis points) for securities longer than one year (government bonds) as compared to the figures at the end of the preceding year. Foreign investors' uncertainty, aroused by the crisis in Asia at the end of 1997, was not completely over yet. The direction and extent of the shifts in the **average auction yields** were varied for various government securities. While the yields of discount treasury bills for all maturities were continuously and gradually decreasing (in line with the rates of central bank bonds and the central bank's reverse repo [Chart 5.4]) from 19.3% to almost 19%, by the end of February government bond yields hit the record level of the preceding one year as a result of an upward trend starting in mid 1997.

A significant shift took place in early March, with the yields declining for all maturities of government securities. In the *second period*, owing to a favourable development of macroeconomic indicators and the upward trend of yields until February, the yield level, which was already considered attractive in the light of the monthly value of February CPI, resulted in an abrupt growth of demand, causing the increasing tendency to reverse. The yield decreasing expectations due to the increased demand of foreign investors, and the downward sloping yield curve were further reinforced by the National Bank's repo and deposit rate cuts on March 3 and thereafter. The National Bank's measures included the 25 basis point reduction of the bid yield of one year central bank bond, which was announced on March 23. In the period from March to end July, average yields fell by 250 basis points at discount Treasury bills auctions, and by 280-300 basis points at the auctions of bonds. Thus the yields were by far the lowest **at the auctions of all types of government securities in July**.

The yield declining tendency that had started in March halted in May, when short term (discount Treasury bills) yields stabilized, while long term (government bonds) yields rose slightly with substantial fluctuations, but later on they continued to decline. The benchmark yield curve spotting secondary market yields clearly illustrated how the yields for various maturities moved closer to each other (up to March) and then how the term spread increased. As a result the yield curve flattened until March and became steeper again later on.

A radical shift in the yields of government securities occurred in August 1998. In the *third period* starting on August 12, the unfavourable news about the Russian economic crisis made yields rise for all maturities. Yields for all maturities were up 70-140 basis points in the period. In mid September, the governor of the central bank held out the prospect of increasing central bank rates in order to protect the exchange rate of HUF. The week after (up to the day when interest rates were actually increased), yields on maturities less than one year were up 100 basis points, while yields on maturities longer than one year rose by 160-180 basis points. The increase in interest rates by the National Bank on September 22 made yields rise by 110-180 basis points, and another 70-120 basis points increase occurred on the subsequent days (except for 5 year maturity). Average auction yields were up 300-350 basis points in one and a half month.

In the last days of September (start of the *fourth period*), yields fell by 100-120 basis points for maturities less than one year, and by 150-200 basis points for maturities longer than one year. Triggered by two rate cuts by FED in a short time and a favorable inflation rate in Hungary, **yields declined in October and reached the yield level of the period before the rate increase by the National Bank**. At the end of October, it was announced that the rate of crawling peg devaluation would be further reduced. Later on, the National Bank reduced its rates twice in November and twice in December. By early November, the market anticipated a substantial reduction of central bank rates, so the available funds were invested in order to achieve higher interest rates. However, the rate cut on November 11 was lower than expected (25 basis points), and the average yield at the auction of 3-year bonds reflected increasing yield expectations. This trend was characteristic to all maturities of government securities. The rate cut by the National Bank on November 24, that was the second rate cut in a short time, caused the upward trend to reverse. The reversing trend was particularly striking in the case of Treasury bill yields. Inflation figures continued to encourage optimistic expectations, the demand for government securities was growing, and yields fell to their lowest level during the year. Average yields decreased by 230 basis points at the auctions of Treasury bills, and by 423 and 505 basis points at the auctions of 2-year and 5-year bonds, respectively.

The longer securities (government bonds) were most strongly affected by the yield decline in the first half of the year. This was clearly demonstrated by the return on the **MAX index, which was 23.23% for the first half of 1998.** (The MAX shows the percentage changes in the prices of fixed rate government bonds that have a maturity longer than one year.) It was higher than **the average yield (19.14%) of a six month discount treasury bill** purchased at an auction at the beginning of the year. **The MAX index return fell to 16.58% for the first nine months of 1998, showing the effects of the substantial yield increase for over-one-year maturities that had occurred in September** (due to the crisis in Russia). The effects of the crisis turned out to be transitory, and **returning demand also increased the index to 23.29%** by the end of 1998. This latter percentage was by more than 4% higher than the yield of the 12 month discount Treasury bill purchased at the beginning of the year.

However, the **decreasing yield** of government securities did not lead to a decline in demand. It was because the decrease in yield occurred simultaneously with the decelerating inflation, and the downward trend **was a consequence of a demand supported by substantial foreign investment from the outset.**

The **total weekly values of bids submitted for auctions** showed the following trends for government bonds and discount Treasury bills. Until foreign investors spurred higher demand in early March, Treasury bill auctions attracted more participants, while the interest for bonds, on average, was lower than in 1997. By early March, however, the effects of **foreign investors' increasing interest** could already be felt, resulting in a **twice as high demand for bonds as earlier** and it exceeded the demand for Treasury bills. A similarly high level was reached in the first quarter of 1997. In May, the value of bids submitted for discount Treasury bill auctions fell to the same level as for government bonds, which was still higher in the case of bonds than the poor demand at the beginning of 1998. **The demand for government securities began to grow in June again and became stable by early August, attracting the highest bid volume of the last two years for discount Treasury bills.** Demand for bonds also increased with the value of bids rising to almost one and a half times as high as before. Auctions in early August attracted a record additional demand, especially for 3 year bonds. Alarming news from Russia and losses realised in emerging capital and money markets made foreign investors sell securities in the secondary market. As a direct consequence, demand at auctions also dropped to less than one half of its previous level for discount treasury bills and to two-thirds at bond auctions. In October, the Issuer reacted to the weakening demand by reducing the volume offered for sale. By that, additional demand similar to that of the period preceding September was attracted. The value of bids submitted at bond auctions reached the level of bids for discount Treasury bills by mid November. A similar trend occurred in the second quarter of 1998 when there was a boom in foreign investors' demand for Hungarian government securities. As a result, the sales volume could be increased, attracting a continuously growing demand to the end of December.

Besides the uncertainty of investors' expectations, another reason for the unsuccessful bond auctions was that the upper yield limit / yield band was set too low. In order to prevent similar cases in the future, the auction rules of discount Treasury bills were modified with effect from September 25, 1998. Thus the yield band, which was calculated from the average yield of the preceding auction to limit the fluctuation in auction yields, was cancelled. Although the volatility in the yields of accepted bids was indeed higher at the Treasury bill auction following the cancelation, but later on it declined considerably.

Furthermore, on accepting bids the Issuer may deviate from the offered volume by a maximum of ±33% instead of ±25%, the previous limit. This provides bigger freedom for the Government Debt Management Agency. In addition, the Issuer reserves the right to cancel the auction, which means that all bids are rejected. Government bond auction rules were also changed: the minimum price accepted at the auction is announced one working day before the auction as opposed to the previous practice when it was done a week before.

3. Debt stock

In 1998 **the central government gross debt increased by HUF 790.4 billion,** which corresponds to a **14.7% rise** compared with the end of last year. The HUF debt grew by HUF 578.8 billion and the foreign currency debt rose by HUF 211.6 billion as compared to the end of 1997 (Table 3.1).

Change in the HUF debt

In 1998, the **net value of government securities issued in the HUF market totalled HUF 504.4 billion** (Table 2.2), of which discount Treasury bills represented HUF 27.5 billion, i.e. less than 6% of the net issued amount, other interest-bearing Treasury bills represented 21%, namely HUF 104.5 billion, and government bonds accounted for HUF 372.4 billion corresponding to 73%. The amount of **HUF loan repaid to the National Bank was HUF 66.5 billion** in 1998. The redemption of **government bonds held by the National Bank** amounted to **HUF 38.1 billion** of which HUF 4 billion was used for the prepayment of bonds 2012/A and 2026/C. The prepayment was effected from privatisation revenues of HUF 11.8 billion received early in the year, and the remaining amount was used to retire a part of the foreign currency loan raised in the debt swap operation.

The **debt stock grew** by HUF 179 billion due to the **rehabilitation of Postabank** and the **reserves rebuilt** by **ÁPV Rt** in relation to the local governments' gas supply utilities. The above amount consists of bonds with a face value of HUF 50 billion that were made available from previously sold series of bonds, and the private placement of new long-term securities amounting to HUF 129 billion.

The **net issue of bonds rose by 61%** compared to the year 1997. As a result of the declining sales in the period August through October, the net issue of interest-bearing type Treasury bills slightly decreased as compared to 1997. The net issue of discount Treasury bills fell to one-third of its previous level so **government bonds and interest-bearing Treasury bills were used for financing the current deficit.** The increase in the net sales of bonds is due to the issuer's intention to ensure a bigger share of bonds, which was facilitated by the decline in yields, in order to lengthen the average term-to-maturity of the debt stock (Table 2.2). The demand in the government securities market, that was declining from the middle of August onward and then recovered, did not induce a change in the financing structure. Plans for 1999 still heavily rely on bonds (almost three-fourths of the net issue) in financing.

Pursuant to the Budget Act of 1996 and Government Decree No. 1004/98, **loans raised by MÁV Rt. (the Hungarian railroad company)** from **domestic** credit institutions in the amount of HUF 16.3 billion, were assumed by the government with effect as of January 1, 1998. Out of that amount the HUF loan totalled **HUF 11 billion** and the foreign currency loan comprised DEM 37.7 million and USD 4.9 million. The loans assumed were added to the central government's other debt (funds raised to finance extraordinary commitments). In accordance with the loan contracts, the **repayment** of this debt amounting to HUF 16.5 billion was effected by the end of May 1998. Consequently, it did not have any effect on the debt situation at the end of 1998. The exchange rate loss on the loan totalled HUF 0.2 billion.

Change in the foreign currency debt

The direct foreign debt of the central government comprises loans granted by international organisations and foreign countries. This debt **decreased by HUF 24.2 billion** in 1998. This decrease reflects the effect of the repayments and borrowings (both items calculated at daily transaction exchange rate) during the year, and also to the combined effects of the quarterly exchange rate loss and cross rate movements. In addition to the repayment of a part of the foreign currency loans at NBH and the debt relating to the Bős-Nagymaros project, the decrease in this debt component was primarily due to the loan prepayment to the World Bank (Table 3.1/a).

The most significant government debt related operation of the period was the prepayment of six Single Currency Pool loans granted by the World Bank. A World Bank loan worth HUF 52.8 billion (calculated at transaction rate), recorded under the heading *Other foreign currency loans* was repaid in March 1998. Another Single Currency Pool loan amounting to HUF 26.2 billion, which was held at the NBH as a forex deposit, was prepaid in May 1998.

By the end of 1998, **the foreign exchange debt to NBH**, including the swap operations as well, increased by HUF 230.2 billion to **HUF 2,116.92 billion** as a result of the above mentioned prepayment on the one hand, and the cross rate changes, the devaluation of the Hungarian currency on the other. **The foreign currency debt in government securities rose by HUF 5.6 billion**, an increase exclusively attributable to the HUF devaluation.

4. Secondary market tendencies

Based on the data supplied by **primary dealers**, the members of the system reported a **secondary market turnover of HUF 15,070 billion (60 billion/day) in 1998. One third of that amount was realised in the fourth quarter.** This year's turnover is double the full-year total turnover of the previous year (Chart 6.4.1).

Government bonds accounted for 71% of the total turnover. Their share increased throughout the year. The share of government bonds rose significantly from last year's 55%. It shows that investors tend to prefer securities of longer maturities more and more, and the liquidity of the bond market is increasing. Foreign investors, for whom it is prohibited by law to purchase Treasury bills, play an important role in the market of government bonds. For a long time, they used to act as 'catalysts' of the bond market through their purchases, and then through their enormous sales in August/September. After waiting for one or two weeks, foreign investors were back purchasing government securities again.

The share of government securities, for which primary dealers are required to quote prices has been rising slowly but steadily in the total turnover. These securities represented 78% of the turnover in the second half of 1998, as compared 71% in 1997 and 73% in the first half of 1998.

Just like in the preceding year, primary dealers effected **48% of their secondary market transactions** (at market prices) **with credit institutions** in 1998. The share of institutional investors is on the increase (18% for the full year). Nevertheless, considering the total secondary market trading handled by primary dealers the percentage of deals with foreign investors increased threefold as compared to 1997 (although it deccreased as a result of the unfavorable events in Russia and Latin America).

The **average trade size** of primary dealers' transactions was **HUF 191 million** (excluding retail tradings) in 1998, a definite increase as compared to the preceding year's 168 million. Transactions with foreign investors and credit institutions represented the highest amounts with an average of HUF 590 and 321 million, respectively (Chart 6.4.7).

Based on the KELER statistics, **the turnover of government securities transactions settled through the KELER OTC system totalled HUF 5,635 billion** in 1998, 74% of which were government bonds. This amount is one and a half as much as the turnover of 1997. **The stock exchange turnover of government securities totalled 6,870 billion** in 1998 (duplicated), with more than 70% of this total amount realised in the second half of the year. The share of government bonds in the total turnover of government securities was 70%.

Changes affecting the primary dealer system

There were 20 primary dealers in the primary dealer system of government securities at the beginning of the year 1998. With effect from July 1, Inter-Európa Befektetési Rt. and New York Broker Budapest Rt. merged to continue their operation under the common name 'IE-New York Broker Befektetési Rt.'. With effect from July 1, 1998, the membership of 'K&H Brókerház Rt.' and 'PK Értékpapírforgalmazó és Befektetési Rt.' in the primary dealer system was terminated. ABN AMRO (Magyar) Bank Rt., which took over the membership of ABN AMRO Equities (Hungary) Rt., became a primary dealer (also on July 1). In December, the stockholders of HYPO-Securities Hungaria Rt. decided to terminate the investment service business of their company. Therefore, Hungarian government securities have had 16 primary dealers since January 1999.

Tables and diagrams

1. Main Economic Indicators

	1996 Year	1997 I. Quarter	1997 II. Quarter	1997 III. Quarter	1997 IV. Quarter	1997 Year	1998 I. Quarter	1998 II. Quarter	1998 III. Quarter	1998 IV. Quarter	1998 Year
Real GDP growth (%)	1,3*	2.1	4.3	5.1		4,6*	4.9	5.1	5.6		
Balance of payments deficit (USD M)	-1 678	-477	-763	-686	-981	-981	-381	-905	-1 337	-2 297	-2 297
Direct investment Net (USD M)**	1 987	455	724	1 056	1 653	1 653	329	860	1 029	1 454	
Deficit of the central gov. budget (HUF Bn)##	-129.80	-113.07	-165.00	-249.70	-342.10	-342.10	-177.09	-195.12	-277.56	-333.87	-333.87
Consumer price index (at the end of periods)	123.6#	118.8	118.7	118.0	118.4	118.3#	116.4	114.2	112.5	110.3	114.3#
Unemployment rate (percent registreted at the end of periods)	10.7	11.0	10.3	10.3	10.4	10.4	10.3	9.1	8.9		
Gross external debt (USD M)***	25 874.3	24 099.9	22 875.1	22 871.0	21 702.2	21 702.2	22 131.7	21 081.8	22 409.3	23 212.5	23 212.5
Gross debt of the central government (HUF Bn)	4 932.30	5 060.50	5 200.58	5 373.86	5 370.70	5 370.72	5 494.39	5 761.24	5 921.46	6 161.13	6 161.13
The official USD/HUF exchange rate of the National Bank of Hungary (end of period)	164.93	177.26	185.78	193.97	203.50	203.50	213.20	219.11	218.88	219.03	219.03
The official DEM/HUF exchange rate of the National Bank of Hungary (end of period)	106.17	104.78	107.68	110.68	113.59	113.59	115.37	121.20	130.68	130.65	130.65

* Provisional
**With intercompany loans
***Without intercompany loans
Average annual indicator
Excluding privatization proceeds. The deficit data for December of 1998 excludes the effect of the Postabank consolidation and the transfer of government bonds for filling up Privatisation Agency's reserves.

Data source: Central Statistical Office, MoF, NBH, National Labour Centre, GDMA

2. Financing of the central government deficit in 1998

2.1. Gross financing of the central government budget

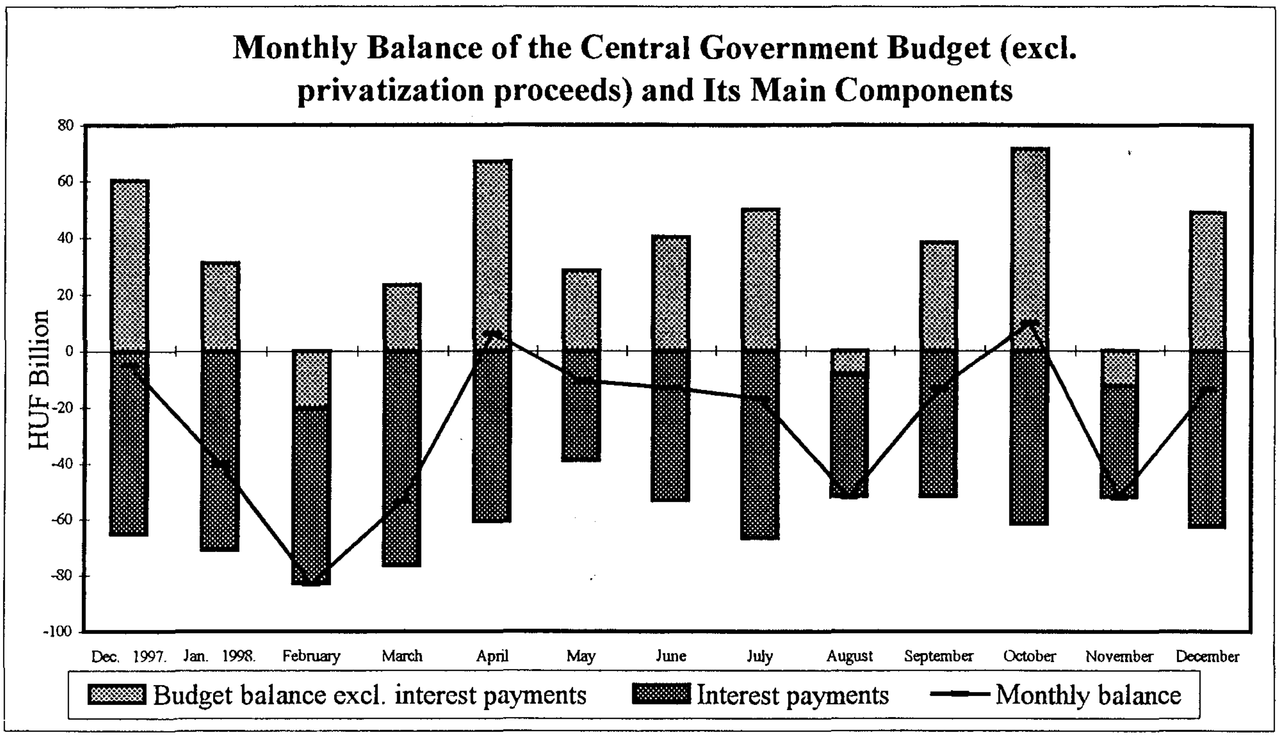
HUF Billion

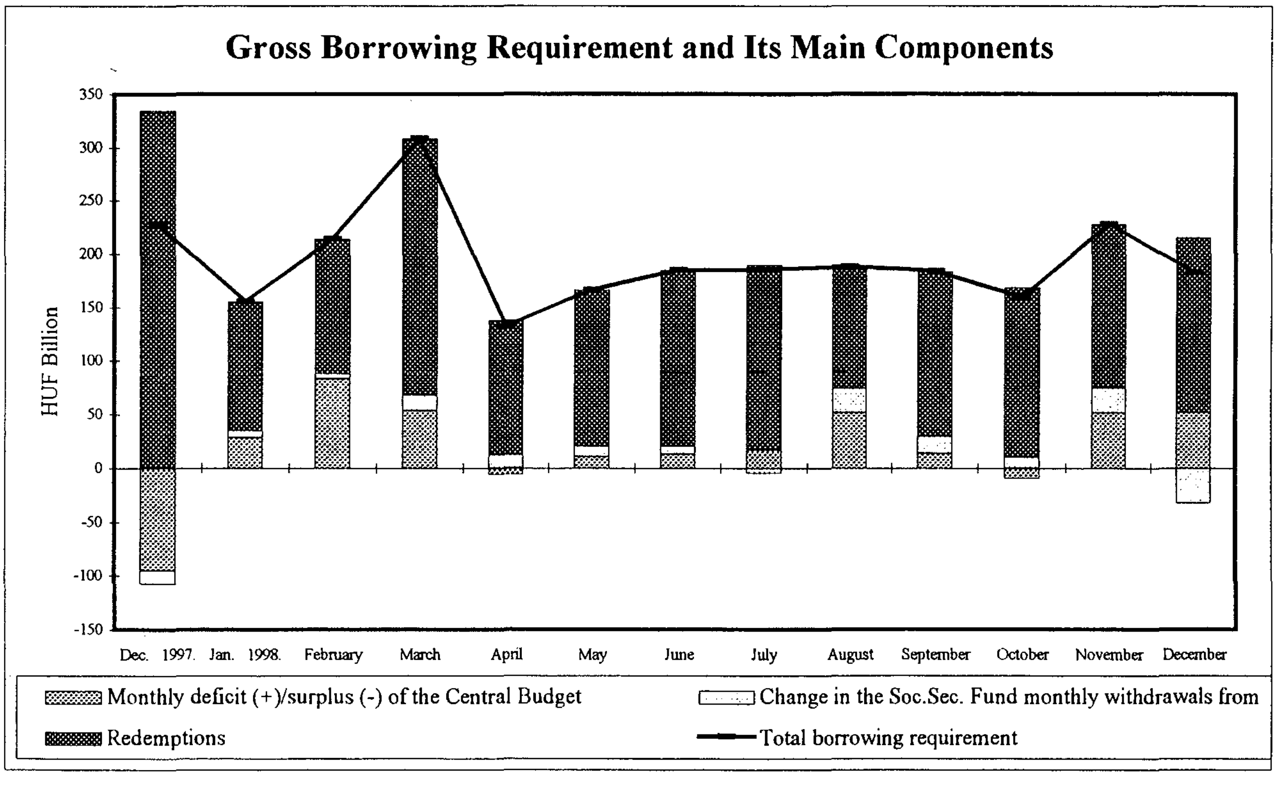
	1998												
	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. Central government budget surplus /deficit													
1.1./A Accumulated balance excluding priv. revenues	-40.27	-123.53	-177.08	-171.11	-181.88	-195.12	-212.03	-263.97	-277.56	-267.87	-319.99	-333.87	
1.1./B Accumulated balance including priv. revenues	-28.41	-111.68	-165.23	-159.14	-169.91	-183.15	-200.06	-252.00	-265.59	-255.90	-308.02	-359.90	
1.2. Monthly balance (1.2.1+..+1.2.3)	**-28.41**	**-83.27**	**-53.55**	**6.09**	**-10.77**	**-13.24**	**-16.91**	**-51.94**	**-13.59**	**9.68**	**-52.12**	**-51.88**	**-359.90**
of which: 1.2.1. net internal interest payments	**-71.21**	**-62.99**	**-76.87**	**-60.84**	**-39.12**	**-53.36**	**-66.84**	**-43.57**	**-51.85**	**-61.82**	**-39.49**	**-62.90**	**-690.85**
of which: expense	*-76.21*	*-67.34*	*-82.29*	*-64.43*	*-43.48*	*-60.10*	*-72.55*	*-50.74*	*-62.89*	*-64.69*	*-42.91*	*-67.75*	-755.37
receipt	*5.00*	*4.35*	*5.42*	*3.58*	*4.36*	*6.74*	*5.70*	*7.17*	*11.05*	*2.87*	*3.42*	*4.85*	64.52
1.2.2. privatization revenues	**11.85**			**0.12**								**-38.00**	**-26.03**
1.2.3. net balance excl. interest payment	**30.94**	**-20.28**	**23.32**	**66.82**	**28.35**	**40.12**	**49.93**	**-8.37**	**38.26**	**71.50**	**-12.63**	**49.02**	**356.98**
2. Social Security Fund													
2.1. Borrowing requirements	6.76	11.51	26.19	38.55	48.12	55.12	50.13	72.80	89.02	99.33	121.83	88.87	
2.2. Securities issues													
2.3. Change in the withdrawal of revolving fund	-6.76	-4.75	-14.68	-12.36	-9.57	-7.00	4.99	-22.66	-16.23	-10.31	-22.50	32.96	-88.87
3. Redemptions													
3.1.1. internal loans	4.05	0.91	16.65	15.18	4.20	16.65	0.05	0.00	16.65	0.05	0.00	16.65	91.02
3.1.2. external loans	0.86	2.71	79.47	-0.36	0.47	27.36	0.42	0.43	0.89	1.70	0.00	4.97	118.93
3.2. bonds	10.52	21.66	42.98	6.82	39.94	17.47	20.99	0.49	20.63	48.40	50.78	2.47	283.14
3.3. interest bearing T-bills	14.70	16.77	11.16	10.92	7.13	8.07	13.07	13.48	14.53	13.24	13.76	17.50	154.33
3.4. treasurysavings bills	9.09	3.97	10.53	7.49	6.60	7.05	7.34	7.49	7.90	8.23	7.29	9.89	92.88
3.6.private inv. bills	0.95	0.00	-0.01	0.00	0.01	0.00							0.95
3.5. discount T-bills**													
of which: 3.5.1. one month T-bills	*3.94*	*3.94*	*3.94*	*4.93*	*3.94*	*3.94*	*4.93*	*0.99*	*0.00*	*0.00*	*0.00*	*0.00*	30.56
3.5.2. three month T-bills	*19.09*	*19.08*	*19.09*	*23.86*	*19.09*	*19.09*	*23.90*	*19.17*	*23.96*	*19.19*	*19.23*	*19.58*	244.32
3.5.3. six month T-bills	*29.16*	*29.14*	*27.32*	*27.38*	*27.38*	*27.38*	*46.55*	*34.68*	*34.71*	*33.00*	*31.27*	*46.83*	394.80
3.5.4. 12 month T-bills	*27.91*	*27.97*	*29.11*	*34.04*	*36.94*	*37.98*	*55.86*	*36.51*	*34.65*	*34.59*	*31.05*	*45.70*	432.34
3.5. Together (3.5.1+...+3.5.4)	80.10	80.13	79.46	90.20	87.35	88.40	131.25	91.35	93.32	86.78	81.55	112.12	1 102.01
Total (3.1+..+3.6)	**120.26**	**126.16**	**240.24**	**130.25**	**145.70**	**165.00**	**173.12**	**113.24**	**153.92**	**158.39**	**153.38**	**163.59**	**1 843.26**
4. Borrowing requirement (1.2+2.3-3)	**-155.44**	**-214.18**	**-308.47**	**-136.52**	**-166.04**	**-185.24**	**-185.04**	**-187.84**	**-183.74**	**-159.01**	**-228.00**	**-182.51**	**-2 292.03**
5. Loans and securities issued													
5.1. loans and debt assumption	0.31	1.17	0.95	0.10	24.10	35.64	0.16	1.11	0.26	0.23	0.00	9.00	73.03
5.2. bonds	49.58	40.24	52.25	95.47	49.22	54.61	54.38	52.69	36.97	27.04	48.12	49.25	609.82
5.3. interest bearing T-bills	23.12	18.82	15.54	14.20	12.25	10.05	14.41	9.16	9.46	6.14	19.49	33.52	186.15
5.4. treasury savings bills	23.62	13.83	22.11	15.74	14.90	12.56	10.42	6.73	6.59	11.30	12.68	16.08	166.54
5.5. treasury savings bonds							2.14	1.66	2.90	1.72	1.59	1.53	11.53
5.6. discount T-bills **													
of which: 5.6.1. one month T-bills	*3.94*	*3.94*	*3.94*	*4.93*	*3.94*	*3.95*	*1.97*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	26.62
5.6.2. three month T-bills	*19.08*	*19.09*	*19.09*	*23.90*	*19.17*	*19.17*	*23.98*	*19.23*	*19.58*	*19.11*	*19.17*	*23.97*	244.54
5.6.3. six month T-bills	*32.86*	*34.68*	*34.71*	*33.00*	*31.27*	*31.27*	*45.08*	*27.77*	*23.04*	*21.03*	*31.73*	*58.07*	404.52
5.6.4. 12 month T-bills	*35.09*	*35.51*	*37.18*	*34.42*	*36.00*	*33.52*	*50.06*	*32.98*	*28.11*	*21.70*	*38.96*	*70.25*	453.78
5.6. Together (5.6.1+..+5.6.4)	*90.97*	*93.22*	*94.93*	*96.25*	*90.39*	*87.90*	*121.10*	*79.98*	*70.73*	*61.84*	*89.87*	*152.28*	1 129.46
5.7 Other transactions*			22.89		-23.58	28.38							27.69
Total (5.1+..+5.7)	**187.59**	**167.28**	**208.67**	**221.75**	**167.28**	**229.13**	**202.61**	**151.33**	**126.91**	**108.25**	**171.74**	**261.65**	**2 204.22**
6. Net issues (2.2.-3.+5.)	**67.33**	**41.12**	**-31.56**	**91.50**	**21.57**	**64.13**	**29.50**	**38.09**	**-27.01**	**-50.13**	**18.36**	**98.06**	**360.96**

*Money transfer to CTA from government forex deposits for the purpose of foreign debt redemption.

** at purchase price

Graph.no. 2.1 Balance of the central Government Budget



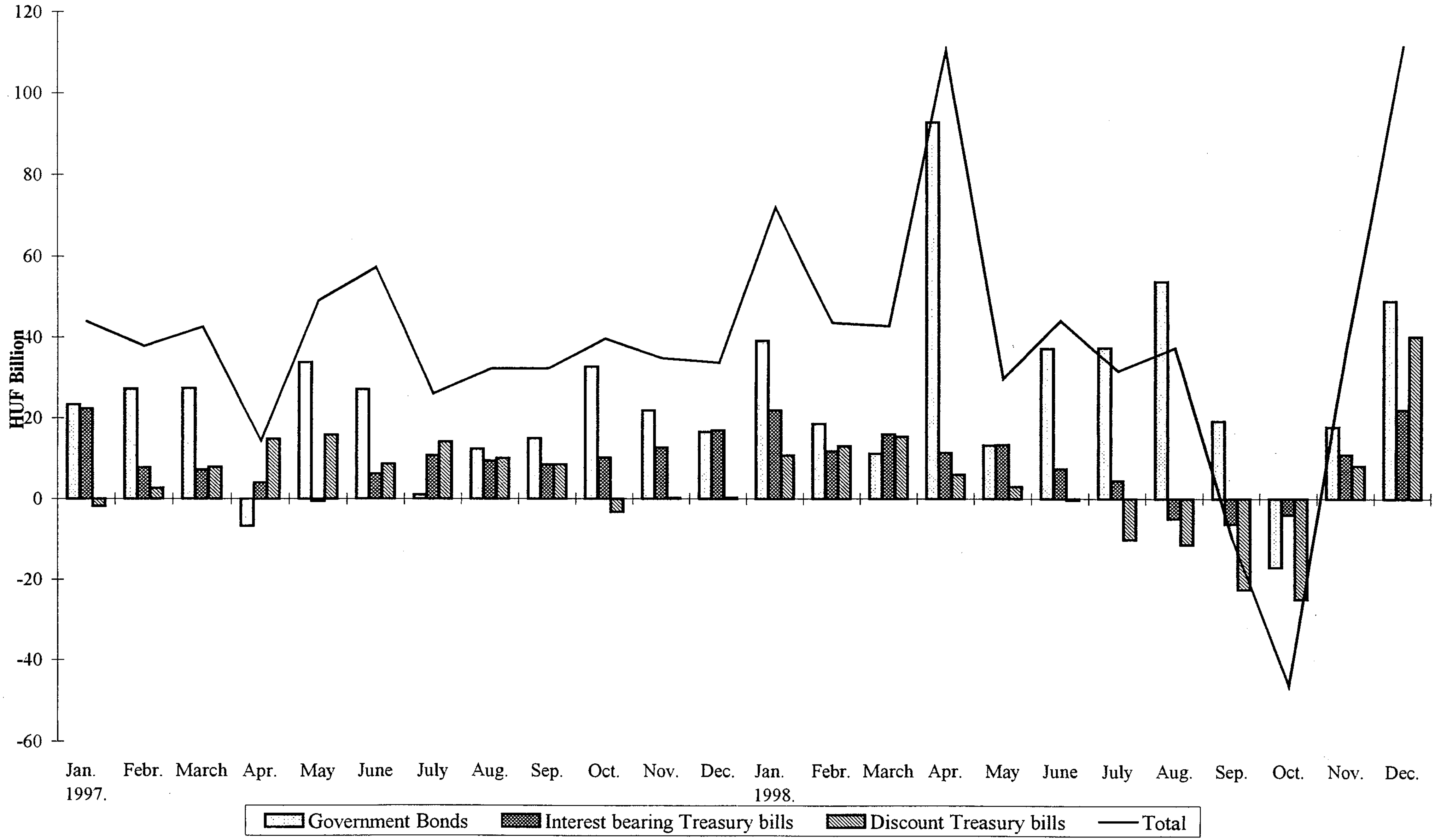


2.2 Monthly Net Government Securities Issues in 1998

	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. Redemptions													
1.1. Bonds	-10.52	-21.66	-40.99	-2.82	-35.89	-17.47	-19.10	-0.49	-20.62	-45.74	-31.91	-1.76	-248.98
1.2. Treasury-bills	-104.84	-100.87	-101.14	-108.61	-101.09	-103.53	-151.66	-112.32	-115.76	-108.24	-102.61	-139.51	-1 350.17
of which: 1.2.1. Interest bearing T-bills	*-24.74*	*-20.74*	*-21.68*	*-18.40*	*-13.74*	*-15.12*	*-20.41*	*-20.97*	*-22.43*	*-21.46*	*-21.05*	*-27.40*	-248.16
*1.2.2. Discount T-bills**	*-80.10*	*-80.13*	*-79.46*	*-90.20*	*-87.35*	*-88.40*	*-131.25*	*-91.35*	*-93.32*	*-86.78*	*-81.55*	*-112.12*	-1 102.01
Total (1.1+1.2)	**-115.35**	**-122.54**	**-142.12**	**-111.43**	**-136.98**	**-121.00**	**-170.76**	**-112.81**	**-136.38**	**-153.99**	**-134.52**	**-141.27**	**-1 599.15**
2. Forint loans	-4.05	0.00	0.00	-4.05	-3.00	0.00	-0.05	0.00	0.00	-0.05	0.00	0.00	-11.19
3. Foreign currency loans	0.00	-0.91	0.00	-3.34	-1.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5.45
Total loans	**-4.05**	**-0.91**	**0.00**	**-7.38**	**-4.20**	**0.00**	**-0.05**	**0.00**	**0.00**	**-0.05**	**0.00**	**0.00**	**-16.64**
4. Government securities issues													0.00
4.1. Bonds	49.58	40.24	52.25	95.47	49.22	54.61	56.52	54.35	39.86	28.75	49.71	50.78	621.35
4.2. Treasury-bills	137.70	125.87	132.58	126.19	117.54	110.50	145.93	95.87	86.79	79.27	122.03	201.88	1 482.16
of which: 4.2.1. Interest bearing T-bills	*46.73*	*32.65*	*37.65*	*29.94*	*27.15*	*22.60*	*24.83*	*15.89*	*16.05*	*17.43*	*32.17*	*49.59*	352.70
*4.2.2. Discount T-bills**	*90.97*	*93.22*	*94.93*	*96.25*	*90.39*	*87.90*	*121.10*	*79.98*	*70.73*	*61.84*	*89.87*	*152.28*	1 129.46
Total (4.1+4.2)	**187.29**	**166.11**	**184.83**	**221.66**	**166.76**	**165.11**	**202.46**	**150.22**	**126.65**	**108.02**	**171.74**	**252.66**	**2 103.51**
5. Net issuance (Issuance-Redemption)													
5.1. Bonds	39.07	18.58	11.26	92.65	13.33	37.14	37.42	53.86	19.24	-16.99	17.79	49.02	372.37
5.2. Treasury-bills	32.87	24.99	31.44	17.58	16.45	6.98	-5.73	-16.45	-28.97	-28.97	19.43	62.37	131.99
of which: 5.2.1. Interest bearing T-bills	*21.99*	*11.90*	*15.97*	*11.53*	*13.41*	*7.48*	*4.42*	*-5.08*	*-6.38*	*-4.03*	*11.12*	*22.20*	104.54
*5.2.2. Discount T-bills**	*10.87*	*13.09*	*15.47*	*6.05*	*3.04*	*-0.50*	*-10.15*	*-11.37*	*-22.59*	*-24.94*	*8.31*	*40.17*	27.45
Net amount of monthly government securities issues (1+4)	**71.94**	**43.57**	**42.71**	**110.23**	**29.77**	**44.11**	**31.69**	**37.41**	**-9.73**	**-45.96**	**37.22**	**111.39**	**504.36**
Cumulated amount of monthly net issues of government securities	**71.94**	**115.51**	**158.22**	**268.45**	**298.22**	**342.33**	**374.03**	**411.44**	**401.71**	**355.75**	**392.97**	**504.36**	

*** at auction price**

Graph.no. 2.2 The Amount of Net Government Securities Issues 1997-1998



2.3. Government Bond Issues

2.3.1. Data on Auctions and Subscriptions of Government Bonds in 1998

Name of Government Bond	2000/G	2004/G	2000/H	2002/G	2004/G	2001/D	2000/H	2002/G	2001/D	2004/G	2000/H	2002/G
ISIN code of Government Bond	HU0000401054	HU0000401021	HU0000401088	HU0000401070	HU0000401021	HU0000401096	HU0000401088	HU0000401070	HU0000401096	HU0000401021	HU0000401088	HU0000401070
Maturity (in years)	3	7	2	5	7	3	2	5	3	7	2	5
Coupon (%)	16.0	CPI+3%	16.0	14.0	CPI+3%	16.0	16.0	14.0	16.0	CPI+3%	16.0	14.0
Type of selling	2.subscription	3.subscription	1. auction	1. auction	8.auction	1.auction	1.subscription	1.subscription	1.subscription	4.subscription	2.auction	2.auction
Date of auction or subscription	29--31-dec-97	29--31-dec-97	30-dec-97	30-dec-97	15-jan-98	15-jan-98	26--30-jan-98	26--30-jan-98	09--13-febr-98	09--13-febr-98	29-jan-98	29-jan-98
Date of financial settlement	07-jan-98	07-jan-98	08-jan-98	08-jan-98	22-jan-98	22-jan-98	04-febr-98	04-febr-98	18-febr-98	18-febr-98	05-febr-98	05-febr-98
Redemption date	24-nov-00	24-mar-04	12-jan-00	12-dec-02	24-mar-04	12-febr-01	12-jan-00	12-dec-02	12-febr-01	24-mar-04	12-jan-00	12-dec-02
Minimum annual yield(%)**			18.60	17.15	floating	18.12					18.78	17.45
Maximum annual yield(%)**	18.30		18.96	17.40	rate	18.50	18.00	16.50	17.50		18.95	17.75
Average annual yield(%)**			18.87	17.27	bond	18.35					18.90	17.59
Minimum selling price(%)			97.05	91.88	99.40	96.97					96.84	91.09
Maximum selling price(%)			96.52	91.17	99.00	96.01					96.60	90.25
Average selling price(%)			96.65	91.53	99.09	96.32					96.68	90.70
Amount offered for sale (HUF million)	50-2500	50-2500	20000	5000	5000	20000	50-12500	50-1750	50-5000	50-1220	20000	4000
Amount of bids submitted (HUF million)			30588	4950.00	2440.00	31286.59					41120.99	9215
Amount of bids accepted (HUF million)			20000	4950	2440	19999.99					24999.96	3500
Cover (amount of bids submitted/amount of bids accepted)			1.53	1.00	1.00	1.56					1.64	2.63
Bids submitted (no.s)			108	27	32	152					179	54
Bids accepted (no.s)			75	27	32	138					75	24
Amount of bids submitted at subscription (HUF million)	97.58	45.85					264.94	65.97	201.45	41.54		
Announced lower price limit (in % of par value)			95.41	89.38	99.00	95.05					95.32	88.83
Net selling price at subscription (in % of par value)	97.62	101.00					97.73	93.60	97.87	100.50		
Tail (average selling price - minimum selling price)			0.13	0.36	0.09	0.31					0.08	0.45
Market sales* (HUF million)	97.58	45.85	20 000.00	4 950.00	2 440.00	19 999.99	264.94	65.97	201.45	41.54	24999.96	3500
Retained on GDMA account (HUF million)	2.42	4.15	4 000.00	990.00	160.00	4 000.01	35.06	34.03	48.55	8.46	2 500.04	350.00
Total Issue Amount (HUF million)	100.00	50.00	24 000.00	5 940.00	2 600.00	24 000.00	300.00	100.00	250.00	50.00	27 500.00	3 850.00

* Without GDMA purchase

** Assuming reinvestment of interest proceeds at the same rate of interest

2.3. Government Bond Issues

2.3.1. Data on Auctions and Subscriptions of Government Bonds in 1998

Name of Government Bond	2001/D	2000/H	2002/G	2000/H	2002/G	2003/H	2001/D	2000/I	2002/G	2003/H	2001/E	2003/H
ISIN code of Government Bond	HU0000401096	HU0000401088	HU0000401070	HU0000401088	HU0000401070	HU0000401104	HU0000401096	HU0000401112	HU0000401070	HU0000401104	HU0000401120	HU0000401104
Maturity (in years)	3	2	5	2	5	5	3	2	5	5	3	5
Coupon (%)	16.0	16.0	14.0	16.0	14.0	floater***	16.0	16.0	14.0	floater***	15.5	floater***
Type of selling	2.auction	2.subscription	2.subscription	3.auction	3.auction	1.auction	2.auction	1.auction	4.auction	1.subscription	1.subscription	2.auction
Date of auction or subscription	12-febr-98	09--13-mar-98	09--13-mar-98	26-febr-98	26-febr-98	12-mar-98	12-mar-98	26-Mar-98	26-Mar-98	14--17-Apr-98	14--17-Apr-98	09-Apr-98
Date of financial settlement	19-febr-98	18-mar-98	18-mar-98	05-mar-98	05-mar-98	19--23-mar-98	19--23-mar-98	02-Apr-98	02-Apr-98	22-Apr-98	22-Apr-98	16-Apr-98
Redemption date	12-febr-01	12-jan-00	12-dec-02	12-jan-00	12-dec-02	12-mar-03	12-febr-01	12-Apr-00	12-Dec-02	12-Mar-03	12-May-01	12-Mar-03
Minimum annual yield(%)**	16.99			18.92	17.93	floating	18.33	17.75	16.50			floating
Maximum annual yield(%)**	18.53	18.00	17.00	19.02	18.07	rate	18.38	18.00	16.67		15.80	rate
Average annual yield(%)**	18.46			18.97	18.01	bond	18.36	17.92	16.59			bond
Minimum selling price(%)	99.14			96.74	89.83	99.40	96.42	98.25	93.91			100.10
Maximum selling price(%)	95.97			96.60	89.45	99.18	96.33	97.89	93.42			99.60
Average selling price(%)	96.11			96.66	89.61	99.20	96.36	98.00	93.66			99.69
Amount offered for sale (HUF million)	10000	50-10500	50-1500	20000	4000	10000	10000	20 000.00	4 000.00	50-6250	50-9375	10 000.00
Amount of bids submitted (HUF million)	17738			37646.6	10700	26317.83	37542.8	91 847.73	22 156.26			25 430.00
Amount of bids accepted (HUF million)	10000			21000	3000	12500	12500	25 000.00	5 000.00			12 500.00
Cover (amount of bids submitted/amount of bids accepted)	1.77			1.79	3.57	2.11	3.00	3.67	4.43			2.03
Bids submitted (no.s)	99			153	55	88	135	197	90			87
Bids accepted (no.s)	48			87	20	12	22	25	14			62
Amount of bids submitted at subscription (HUF million)		72.43	34.82							67.77	58.79	
Announced lower price limit (in % of par value)	94.35			95.40	88.06	98.50	94.22	94.99	87.09			99.00
Net selling price at subscription (in % of par value)		97.80	92.24							100.70	100.38	
Tail (average selling price - minimum selling price)	0.14			0.06	0.16	0.02	0.03	0.11	0.24			0.09
Market sales* (HUF million)	10000	72.43	34.82	21000	3000	12500	12500	25 000.00	5 000.00	67.77	58.79	12500
Retained on GDMA account (HUF million)	1 000.00	27.57	15.18	2 100.00	300.00	2 500.00	1 250.00	5 000.00	500.00	32.23	41.21	1 250.00
Total Issue Amount (HUF million)	11 000.00	100.00	50.00	23 100.00	3 300.00	15 000.00	13 750.00	30 000.00	5 500.00	100.00	100.00	13 750.00

* Without GDMA purchase

** Assuming reinvestment of interest proceeds at the same rate of interest

***Last three 6 Month T-Bill auction's average yield

2.3. Government Bond Issues

2.3.1. Data on Auctions and Subscriptions of Government Bonds in 1998

Name of Government Bond	2001/E	2000/I	2002/G	2005/D	2001/E	2000/I	2002/G	2000/I	2002/G	2003/H	2001/E	2005/D
ISIN code of Government Bond	HU0000401120	HU0000401112	HU0000401070	HU0000401138	HU0000401120	HU0000401112	HU0000401070	HU0000401112	HU0000401070	HU0000401104	HU0000401120	HU0000401138
Maturity (in years)	3	2	5	7	3	2	5	2	5	5	3	7
Coupon (%)	15.5	16.0	14.0	floater****	15.5	16.0	14.0	16.0	14.0	floater***	15.5	floater****
Type of selling	1.auction	2.auction	5.auction	1.auction	2.auction	1.subscription	3.subscription	3.auction	6.auction	3.auction	3.auction	1.subscription
Date of auction or subscription	09-Apr-98	23-Apr-98	23-Apr-98	07-May-98	07-May-98	11-15-May-98	11-15-May-98	21-May-98	21-May-98	04-Jun-98	04-Jun-98	08--12-Jun-98
Date of financial settlement	16-Apr-98	30-Apr-98	30-Apr-98	14-18-May-98	14-18-May-98	20-May-98	20-May-98	28-May-98	28-May-98	11-Jun-98	11-Jun-98	17-Jun-98
Redemption date	12-May-01	12-Apr-00	12-Dec-02	12-Mar-05	12-May-01	12-Apr-00	12-Apr-00	00-apr-12	12-Dec-02	12-Mar-03	12-May-01	12-Mar-05
Minimum annual yield(%)**	16.09	16.24	15.22	index-	16.52			16.78	15.65	floating	16.45	index-
Maximum annual yield(%)**	16.33	16.42	15.43	linked	16.93	15.86	15.05	16.95	15.79	rate	16.62	linked
Average annual yield(%)**	16.32	16.35	15.35	bond	16.81			16.90	15.73	bond	16.56	bond
Minimum selling price(%)	99.94	100.52	97.72	102.00	98.99			99.68	96.49	100.07	99.13	
Maximum selling price(%)	99.42	100.24	97.09	98.55	98.12			99.44	96.09	99.65	98.77	
Average selling price(%)	99.44	100.35	97.34	100.09	98.37			99.51	96.27	99.79	98.89	
Amount offered for sale (HUF million)	15 000.00	20 000.00	6 000.00	5 000.00	20 000.00	50-12500	50-3750	20 000.00	5 000.00	10 000.00	8 000.00	50-2500
Amount of bids submitted (HUF million)	55 872.76	77 679.00	28 180.00	10 487.81	49 508.40			62 738.13	17 095.00	22 110.00	40 960.00	
Amount of bids accepted (HUF million)	18 750.00	25 000.00	7 500.00	5 000.00	17 000.00			19 999.95	5 000.00	12 500.00	10 000.00	
Cover (amount of bids submitted/amount of bids accepted)	2.98	3.11	3.76	2.10	2.91			3.14	3.42	1.77	4.10	
Bids submitted (no.s)	195	219	125	71	204			198	92	78	176	
Bids accepted (no.s)	17	49	32	55	97			79	33	42	58	
Amount of bids submitted at subscription (HUF million)						124.23	28.62					176.71
Announced lower price limit (in % of par value)	93.11	96.57	90.96	98.50	97.30			98.86	94.49	99.20	96.33	
Net selling price at subscription (in % of par value)						100.84	98.06					102.34
Tail (average selling price - minimum selling price)	0.02	0.11	0.25	1.54	0.25			0.07	0.18	0.14	0.12	
Market sales* (HUF million)	18750	25 000.00	7 500.00	5000	17000	124.23	28.62	19 999.95	5 000.00	12 500.00	10 000.00	176.17
Retained on GDMA account (HUF million)	3 750.00	2 500.00	750.00	1 000.00	1 700.00	25.77	21.38	2 000.05	500.00	1 250.00	1 000.00	23.83
Total Issue Amount (HUF million)	22 500.00	27 500.00	8 250.00	6 000.00	18 700.00	150.00	50.00	22 000.00	5 500.00	13 750.00	11 000.00	200.00

* Without GDMA purchase

** Assuming reinvestment of interest proceeds at the same rate of interest

***Last three 6 Month T-Bill auction's average yield

****Index-linked security: the accrued interest shall apply to both original principal and inflation compensation and shall be prorated for the period between the last coupon date (or issue date) and current date on the basis of 365 day calendar year. The real coupon rate of the bond is fix 4% p.a.

2.3. Government Bond Issues

2.3.1. Data on Auctions and Subscriptions of Government Bonds in 1998

Name of Government Bond	2001/E	2000/J	2002/G	2005/D	2001/E	2005/D	2000/J	2003/I	2003/H	2001/F	2000/J	2003/I
ISIN code of Government Bond	HU0000401120	HU0000401146	HU0000401070	HU0000401138	HU0000401120	HU0000401138	HU0000401146	HU0000401161	HU0000401104	HU0000401179	HU0000401146	HU0000401161
Maturity (in years)	3	2	5	7	3	7	2	5	5	3	2	5
Coupon (%)	15.5	15.5	14.0	floater****	15.5	floater****	15.5	13.0	floater***	15.0	15.5	13.0
Type of selling	2.subscription	1.auction	7.auction	2.auction	4.auction	2.subscription	2.auction	1.auction	4.auction	1.auction	3.auction	2.auction
Date of auction or subscription	08--12-Jun-98	18-Jun-98	18-Jun-98	02-jul-98	02-jul-98	06--10-jul-98	16-jul-98	16-jul-98	30-jul-98	30-jul-98	13-aug-98	13-aug-98
Date of financial settlement	17-Jun-98	25-Jun-98	25-Jun-98	09-jul-98	09-jul-98	15-jul-98	23--27-jul-98	23--27-jul-98	06-aug-98	06-aug-98	19-aug-98	19-aug-98
Redemption date	12-May-01	24-júl-00	12-Dec-02	12-mar-05	12-may-01	12-mar-05	24-jul-00	24-jul-03	12-mar-03	24-jul-01	24-jul-00	24-jul-03
Minimum annual yield(%)**		16.37	15.38	index-	16.20		15.78	13.98	floating	15.45	15.97	14.22
Maximum annual yield(%)**	15.76	16.52	15.48	linked	16.27		15.94	14.75	rate	15.51	16.27	14.80
Average annual yield(%)**		16.46	15.43	bond	16.24		15.87	14.69	bond	15.49	16.16	14.60
Minimum selling price(%)		99.49	97.31	100.80	99.65		100.39	98.12	99.98	100.24	100.06	97.33
Maximum selling price(%)		99.26	97.02	99.69	99.51		100.14	95.63	99.67	100.10	99.60	95.50
Average selling price(%)		99.35	97.17	100.15	99.56		100.24	95.82	99.69	100.14	99.77	96.13
Amount offered for sale (HUF million)	50-5000	20 000.00	5 000.00	5 000.00	15 000.00	50-2500	25 000.00	5 000.00	10 000.00	15 000.00	17 000.00	10 000.00
Amount of bids submitted (HUF million)		74 211.79	19 225.00	10 497.00	49 090.00		64 706.01	27 930.00	26 718.60	63 147.96	33 502.80	18 831.60
Amount of bids accepted (HUF million)		25 000.00	6 000.00	5 000.00	18 000.00		24 899.97	5 000.00	10 000.00	15 000.00	19 000.00	7 500.00
Cover (amount of bids submitted/amount of bids accepted)		2.97	3.20	2 10	2.73		2.60	5.59	2.67	4.21	1.76	2.51
Bids submitted (no.s)		228	87	52	181		216	126	87	225	155	70
Bids accepted (no.s)		110	32	32	55		79	26	32	37	119	42
Amount of bids submitted at subscription (HUF million)	25.48					22.96						
Announced lower price limit (in % of par value)		97.11	93.49	99.50	96.89		97.81	90.51	99.00	96.46	99.50	95.00
Net selling price at subscription (in % of par value)	100.37					102.59						
Tail (average selling price - minimum selling price)		0.09	0.15	0.46	0.05		0.10	0.19	0.02	0.04	0.17	0.63
Market sales* (HUF million)	25.48	25 000.00	6 000.00	5 000.00	18 000.00	22.96	24 899.97	5 000.00	10 000.00	15 000.00	19 000.00	7 500.00
Retained on GDMA account (HUF million)	24.52	5 000.00	600.00	500.00	1 800.00	27.04	2 600.03	1 000.00	1 000.00	3 000.00	1 900.00	750.00
Total Issue Amount (HUF million)	50.00	30 000.00	6 600.00	5 500.00	19 800.00	50.00	27 500.00	6 000.00	11 000.00	18 000.00	20 900.00	8 250.00

* Without GDMA purchase

** Assuming reinvestment of interest proceeds at the same rate of interest

***Last three 6 Month T-Bill auction's average yield

****Index-linked security: the accrued interest shall apply to both original principal and inflation compensation and shall be prorated for the period between the last coupon date (or issue date) and current date on the basis of 365 day calendar year. The real coupon rate of the bond is fix 4% p.a.

2.3. Government Bond Issues

2.3.1. Data on Auctions and Subscriptions of Government Bonds in 1998

Name of Government Bond	2005/D	2001/F	2000/J	2003/I	2000/G	2003/1	2003/H	2001/F	2000/G	2003/I	2003/H	2001/F
ISIN code of Government Bond	HU0000401138	HU0000401179	HU0000401146	HU0000401161	HU0000401054	HU0000401161	HU0000401104	HU0000401179	HU0000401054	HU0000401161	HU0000401104	HU0000401179
Maturity (in years)	7	3	2	5	3	5	5	3	2	5	5	3
Coupon (%)	floater****	15.0	15.5	13.0	16.0	13.0	floater***	15.0	16.0	13.0	floater***	15.0
Type of selling	3.auction	2.auction	4.auction	3.auction	6.auction	4.auction	6.auction	4.auction	7.auction	5.auction	7.auction	5.auction
Date of auction or subscription	27-aug-98	27-aug-98	10-szept-98	10-szept-98	08-oct-98	08-oct-98	22-oct-98	22-oct-98	05-nov-98	05-nov-98	19-nov-98	19-nov-98
Date of financial settlement	03-szept-98	03-szept-98	17-szept-98	17-szept-98	15-oct-98	15-oct-98	29-oct-98	29-oct-98	12-nov-98	12-nov-98	26-nov-98	26-nov-98
Redemption date	12-mar-03	24-jul-01	24-jul-00	24-jul-03	24-nov-00	24-jul-03	12-mar-03	24-jul-01	24-nov-00	24-jul-03	12-mar-03	24-jul-01
Minimum annual yield(%)**	index-	16.00	16.57	15.35	18.74	17.85	floating	15.83	16.55	14.74	floating	16.19
Maximum annual yield(%)**	linked	16.25	16.73	15.53	19.33	18.10	rate	16.15	16.76	14.91	rate	16.54
Average annual yield(%)**	bond	16.23	16.69	15.45	19.19	18.01	bond	16.05	16.70	14.85	bond	16.46
Minimum selling price(%)	100.20	99.03	99.17	93.84	96.63	86.83	97.95	99.37	100.09	95.80	97.23	98.70
Maximum selling price(%)	99.52	98.51	98.94	93.30	95.73	86.17	97.29	98.74	99.76	95.28	96.83	98.01
Average selling price(%)	99.64	98.56	99.00	93.55	95.94	86.41	97.44	98.94	99.86	95.47	96.95	98.17
Amount offered for sale (HUF million)	5 000.00	15 000.00	15 000.00	4 000.00	5 000.00	3 000.00	5 000.00	7 500.00	12 000.00	6 000.00	8 000.00	15 000.00
Amount of bids submitted (HUF million)	4 768.00	17 441.13	46 663.96	8 430.00	13 333.50	8 050.00	15 542.35	34 103.86	34 373.17	20 560.00	12 650.00	31 532.31
Amount of bids accepted (HUF million)	4 000.00	11 999.99	15 000.00	4 000.00	5 999.98	3 500.00	6 250.00	9 000.00	15 000.00	7 500.00	8 000.00	15 000.00
Cover (amount of bids submitted/amount of bids accepted)	1.19	1.45	3.11	2.11	2.22	2.30	2.49	3.79	2.29	2.74	1.58	2.10
Bids submitted (no.s)	29	42	183	53	88	38	72	153	200	95	45	174
Bids accepted (no.s)	28	35	76	32	41	16	27	27	98	12	35	88
Amount of bids submitted at subscription (HUF million)												
Announced lower price limit (in % of par value)	99.50	98.50	98.33	93.09	95.10	85.12	96.40	96.58	98.24	91.79	96.80	97.32
Net selling price at subscription (in % of par value)												
Tail (average selling price - minimum selling price)	0.12	0.05	0.06	0.25	0.21	0.24	0.15	0.20	0.10	0.19	0.12	0.16
Market sales* (HUF million)	4 000.00	11 999.99	15 000.00	4 000.00	5 999.98	3 500.00	6 250.00	9 000.00	15 000.00	7 500.00	8 000.00	15 000.00
Retained on GDMA account (HUF million)	400.00	1 200.01	1 500.00	400.00	600.02	350.00	1 250.00	1 800.00	1 500.00	750.00	1 600.00	3 000.00
Total Issue Amount (HUF million)	4 400.00	13 200.00	16 500.00	4 400.00	6 600.00	3 850.00	7 500.00	10 800.00	16 500.00	8 250.00	9 600.00	18 000.00

* Without GDMA purchase

** Assuming reinvestment of interest proceeds at the same rate of interest

***Last three 6 Month T-Bill auction's average yield

****Index-linked security: the accrued interest shall apply to both original principal and inflation compensation and shall be prorated for the period between the last coupon date (or issue date) and current date on the basis of 365 day calendar year. The real coupon rate of the bond is fix 4% p.a.

2.3. Government Bond Issues

2.3.1. Data on Auctions and Subscriptions of Government Bonds in 1998

Name of Government Bond	2000/G	2003/I	2003/H	2001/F
ISIN code of Government Bond	HU0000401054	HU0000401161	HU0000401104	HU0000401179
Maturity (in years)	2	5	5	3
Coupon (%)	16.0	13.0	floater***	15.0
Type of selling	8.auction	6.auction	8.auction	6.auction
Date of auction or subscription	03-dec-98	03-dec-98	17-dec-98	17-dec-98
Date of financial settlement	10-dec-98	10-dec-98	23-dec-98	23-dec-98
Redemption date	24-nov-00	24-jul-03	12-mar-03	24-jul-01
Minimum annual yield(%)**	16.91	14.74	floating	14.68
Maximum annual yield(%)**	17.04	14.90	rate	14.86
Average annual yield(%)**	17.01	14.83	bond	14.80
Minimum selling price(%)	99.53	95.85	97.45	101.67
Maximum selling price(%)	99.34	95.38	97.17	101.32
Average selling price(%)	99.39	95.58	97.31	101.44
Amount offered for sale (HUF million)	15 000.00	5 000.00	5 000.00	15 000.00
Amount of bids submitted (HUF million)	39 287.98	16 441.88	13 059.00	59 994.00
Amount of bids accepted (HUF million)	18 000.00	6 250.00	5 000.00	18 750.00
Cover (amount of bids submitted/amount of bids accepted)	2.18	2.63	2.61	3.20
Bids submitted (no.s)	176	117	59	174
Bids accepted (no.s)	87	53	14	55
Amount of bids submitted at subscription (HUF million)				
Announced lower price limit (in % of par value)	98.80	94.34	96.75	99.29
Net selling price at subscription (in % of par value)				
Tail (average selling price - minimum selling price)	0.05	0.20	0.14	0.12
Market sales* (HUF million)	18 000.00	6 250.00	5 000.00	18 750.00
Retained on GDMA account (HUF million)	3 600.00	1 250.00	1 000.00	3 750.00
Total Issue Amount (HUF million)	21 600.00	7 500.00	6 000.00	22 500.00

* Without GDMA purchase

** Assuming reinvestment of interest proceeds at the same rate of interest

***Last three 6 Month T-Bill auction's average yield

2.3.1/a Data on Reverse Auctions of Government Bonds in 1998

Name of Government Bond	1998/H	1998/I	1998/I	1998/J	1998/G	1998/G2
ISIN code of Government Bond	HU-0000400379	HU-0000400387	HU-0000400387	HU-0000400833	HU-0000400403	HU-0000400395
Coupon (%)	24.0	23.5	23.5	23.5	floater*	floater*
Date of reverse auction	19.01.1998	28.01.1998	11.02.1998	25.03.1998	08.04.1998	08.04.1998
Redemption date	21.03.1998	17.05.1998	17.05.1998	25.07.1998	29.09.1998	29.09.1998
Payment date	21.-22.01.1998	04.-05.02.1998	18.-19.02.1998	01.-02.04.1998	15.-16.04.1998	15.-16.04.1998
Minimum annual yield(%)	18.65	18.65	18.61	0.00	17.65	17.65
Average annual yield(%)	18.75	18.71	18.62	0.00	17.79	17.7
Amount offered for sale (HUF million)	7789.91	11940.09	4435.57	0.00	2154.33	244.21
Amount of bids submitted (HUF million)	7000	7000	4000	0.00	2154.33	244.21
Bids submitted (no.s)	16	31	10	0	4	2
Bids accepted (no.s)	12	23	7	0	4	2

*6 Month T-Bill auction's average yield+0,5%

Name of Government Bond	1998/J	1998/K	1998/K	1998/K	1998/D	1999/E
ISIN code of Government Bond	HU-0000400833	HU-0000400841	HU-0000400841	HU-0000400841	HU-0000400361	HU-0000400890
Coupon (%)	23.5	21.5	21.5	21.5	floater**	19.5
Date of reverse auction	03.06.1998	03.06.1998	17.06.1998	98.07.01	98.07.29	23.09.1998
Redemption date	25.07.1998	03.10.1998	03.10.1998	98.10.03	98.11.23	12.01.1999
Payment date	10.-11.06.1998	10.-11.06.1998	24.-25.06.1998	08.-09.07.1998.	05.-06.08.1998.	30.09.-01.10.1998.
Minimum annual yield(%)	17.25	17.26	17.05	17	0	21
Average annual yield(%)	17.3	17.44	17.18	17.03	0	21.23
Amount offered for sale (HUF million)	2984.28	8429.59	6047.6	3454.34	0	20764.67
Amount of bids submitted (HUF million)	2972.87	7156.24	5947.6	3224.72	0	5000
Bids submitted (no.s)	7	17	12	5	0	38
Bids accepted (no.s)	6	11	10	4	0	10

*6 Month T-Bill auction's average yield+0,5%

2.3.2. Sales of Government Bonds by Selling Methods

HUF Billion

	public offer	private placement	Total
1982	-	8.00	8.00
1983	-	1.40	1.40
1984	-	1.50	1.50
1985	-	-	-
1986	-	5.00	5.00
1987	-	9.00	9.00
1988	-	-	-
1989	-	19.10	19.10
1990	-	-	-
1991	15.00	-	15.00
1992	87.02	173.18	260.20
1993	138.05	340.31	478.36
1994	178.00	150.15	328.15
1995	201.07	159.69	360.76
1996	301.44	429.10	730.54
1997	545.23	-	545.23
1998	609.82	179.00	788.82
Total	2 075.63	1 475.43	3 551.06

2.3.3. Primary Sales and Redemptions by Type of Securities in 1998

HUF Billion

	January-December		
	Sales	Redemption	Changes in Stock
Government Bonds	609.82	283.14	326.68
Treasury Savings Bonds	11.53	0.00	11.53
Interest Bearing T-Bills	186.15	154.33	31.82
Treasury Savings Bills	166.54	92.88	73.66
Discount T-Bills*	1129.46	1102.01	27.45
Total	2103.50	1632.36	471.14

2.3.4. Sales of Government Bonds by Financing Targets

HUF Billion

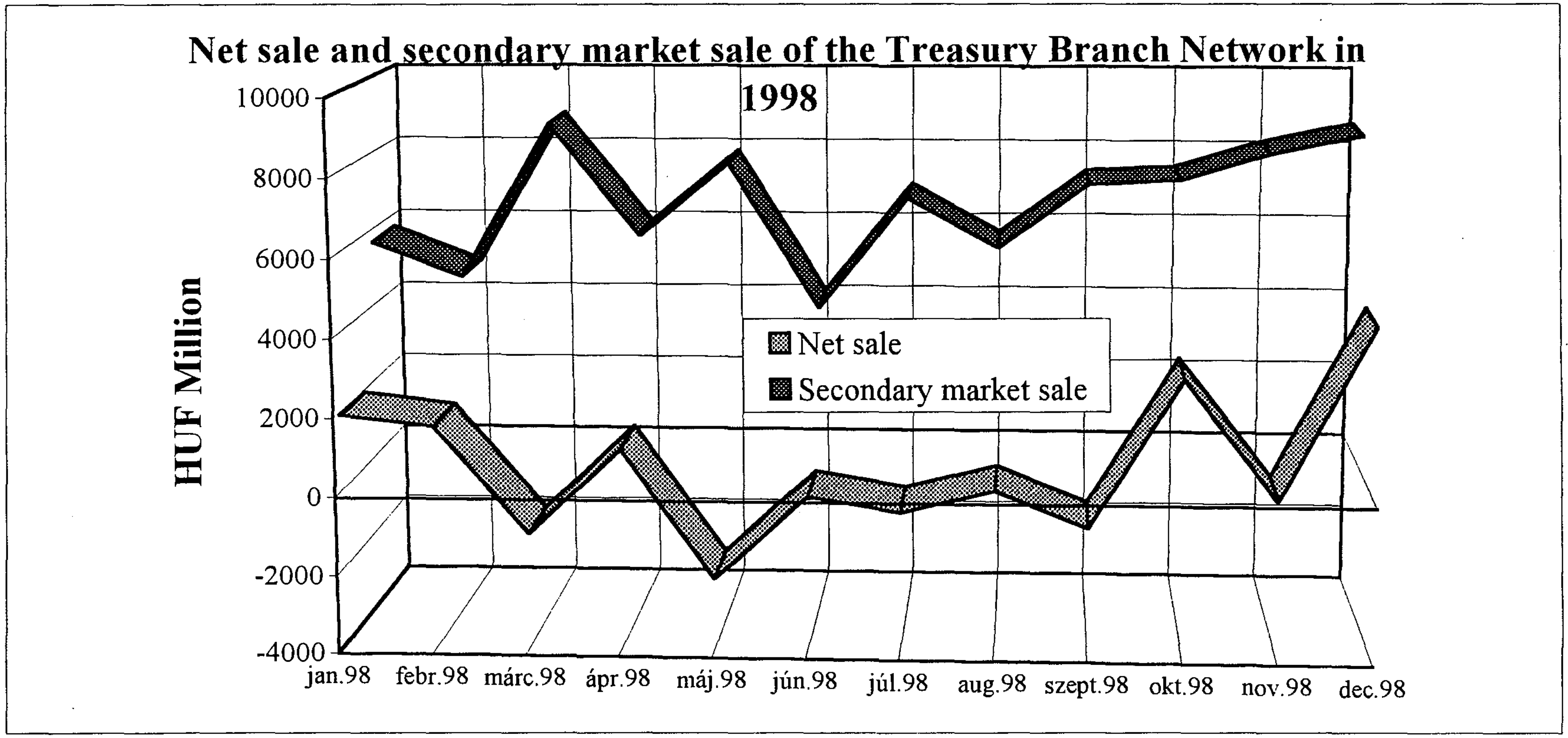
	1991	1992	1993	1994	1995	1996	1997	1998
Bonds financing the budget deficit	15.00	125.04	173.71	212.32	265.63	304.44	545.23	788.82
Due to housing		86.86		0.01				
Due to consolidation (bail-out)			285.64	47.76	18.70	9.00		
Due to buying SUR claims		48.30						
Securitisation of non-interest bearing debt				59.10	72.00	417.10		
Due to deficit of the Social Security Funds in 1992				5.46	5.98			
Universitas loans			3.01	3.00				
Due to allotment of registered cap. to fin. inst.								
Other purposes total		135.16	288.65	115.33	96.68	426.10		
Due to deficit of the Social Security Funds in 1993			16.00	0.50				
Total	15.00	260.20	478.36	328.15	362.31	730.54	545.23	788.82

* Vételáron

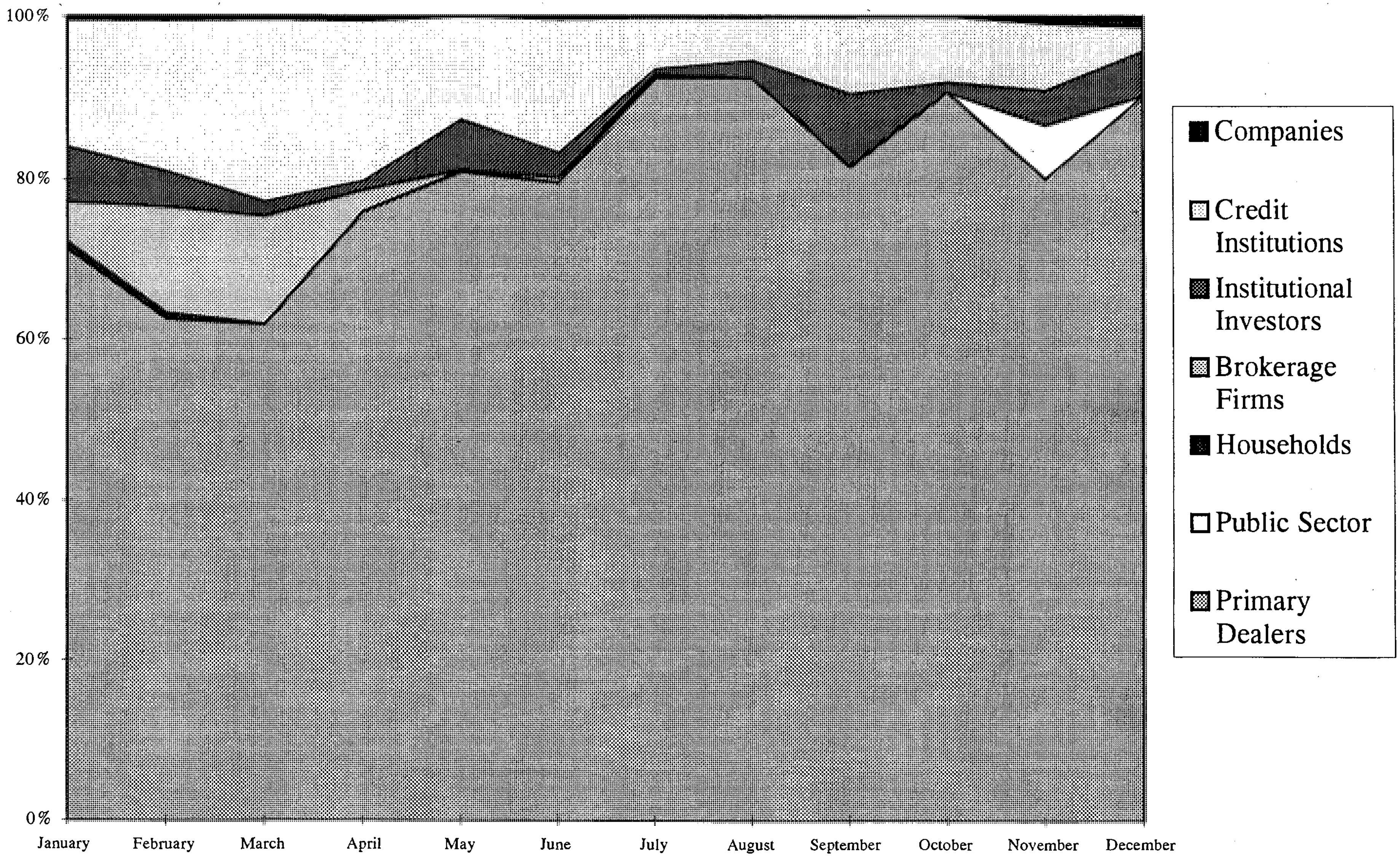
2.3.5 The Turnover of Government Securities transacted by Hungarian State Treasury Branch Network in 1998

HUF Million

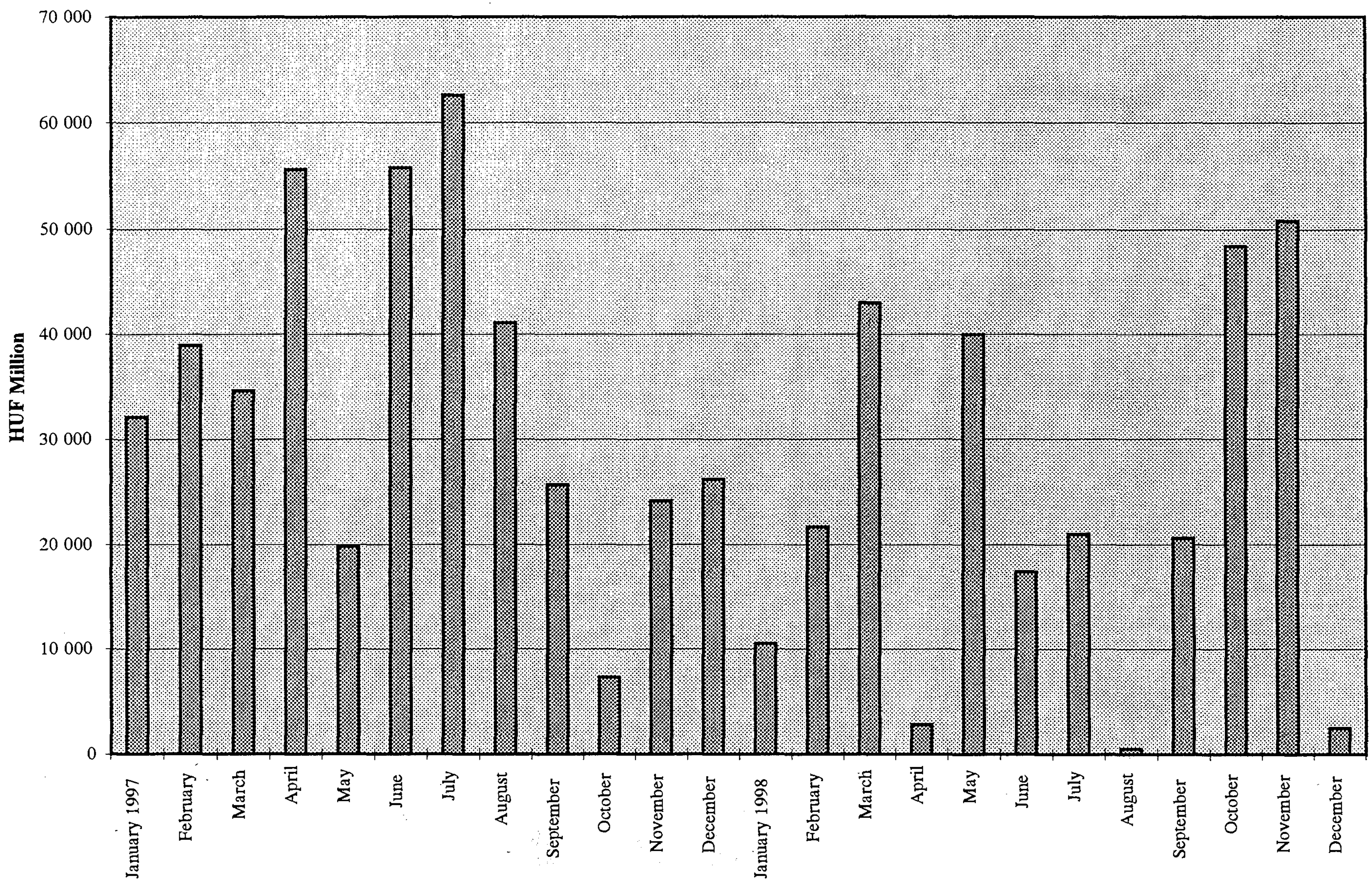
	Primary market	Secondary Market			
	I.Subcription	II.Purchase	III.Sale	IV.Stock redeemed	Net sale I.-II.+III.-IV.
Total turnover:	**36 551.1**	**-11 053.1**	**80 781.9**	**-98 367.5**	**7 912.3**
Government bonds:	387.8	-4 723.1	20 182.8	-28 916.5	-13 069.0
Treasury savings bonds:	4 918.2	0.0			4 918.2
Discount treasury bills:		-4 825.4	60 599.1	-50 075.5	5 698.2
Interest bearing treasury bills:	31 245.0	-1 504.7		-19 375.5	10 364.9



Graph.no. 2.3.1. Ownership Structure of Government Bonds After Auctions and Subscriptions in 1998



Graph.no. 2.3.2 Maturities of Government Bonds in 1997-1998 (at nominal value)



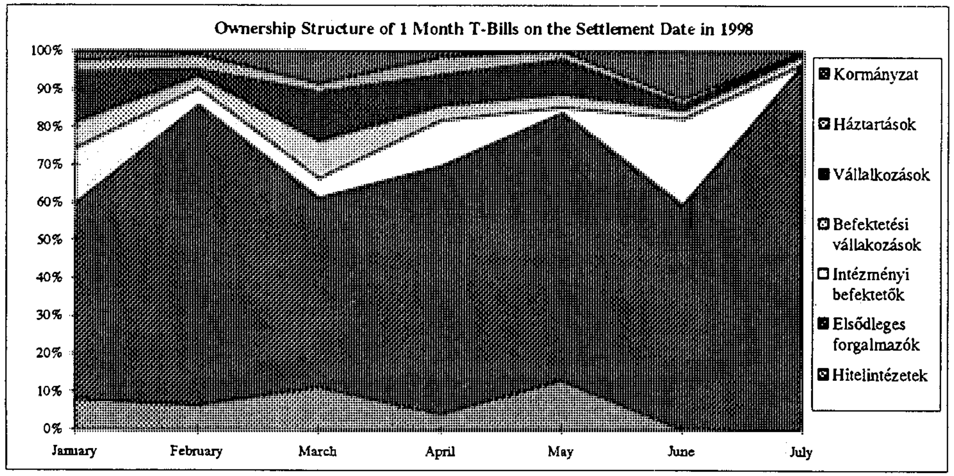
2.4. Treasury Bill Issues

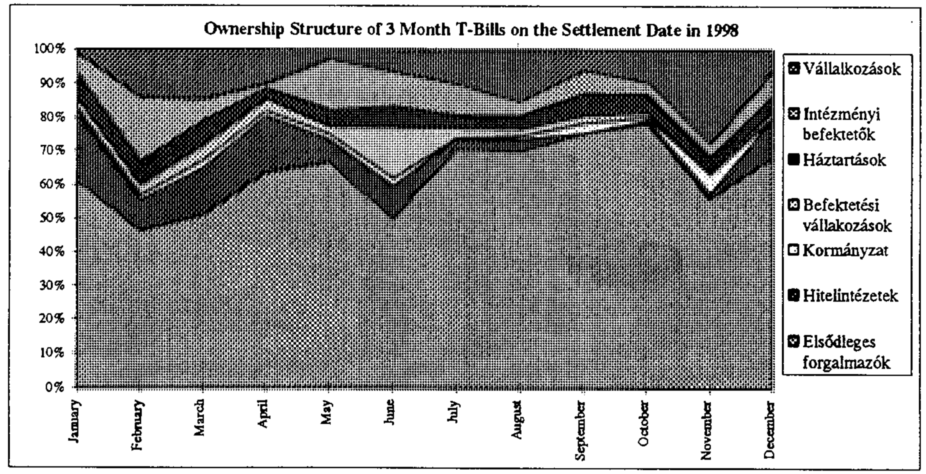
2.4.1. Summary Figures on Discount T-Bill Auctions in 1998

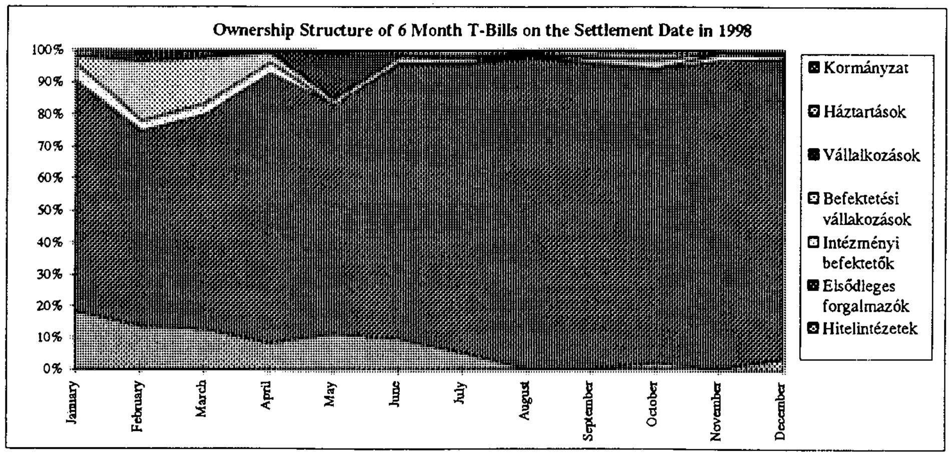
	One month discount T-bill* 01.01.98.-31.12.98.	Three month discount T-bill 01.01.98.-31.12.98.	Six month discount T-bill 01.01.98.-31.12.98.	Twelve month discount T-bill 01.01.98.-31.12.98.
Offered for sale (HUF Million)	27 000.00	265 000.00	424 500.00	452 500.00
Amount of bids submitted (HUF Million)	87 622.02	624 480.71	924 791.26	1 081 472.02
Amount of bids accepted (HUF Million)	27 000.00	260 396.46	440 409.56	471 999.58
Cover	3.25	2.40	2.10	2.29
Amount of issue (HUF Million)	27 000.00	260 396.46	478 000.00	569 000.00
Bids submitted (n.o.)	983	4658	4179	4504
Bids accepted (n.o.)	485	2330	2324	2335

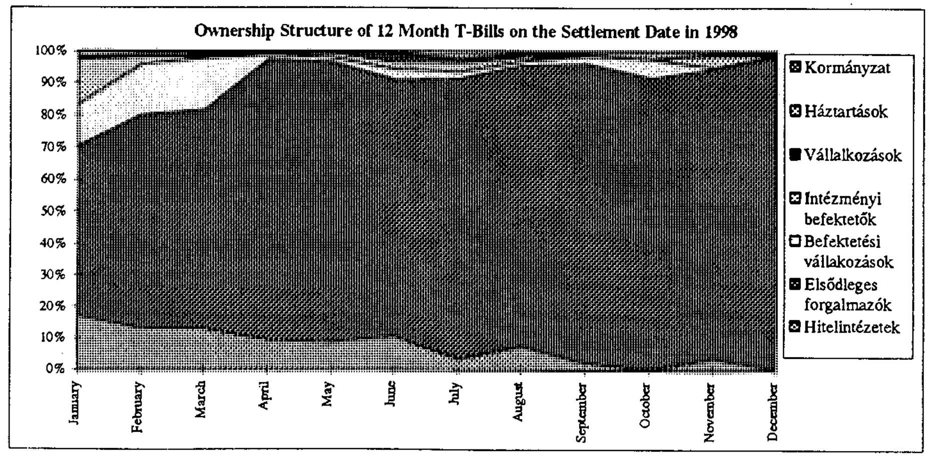
*The last auction on 30th June,1998

Graph.no. 2.4.1 Summary Figures on Discount T-Bill Auctions in 1998



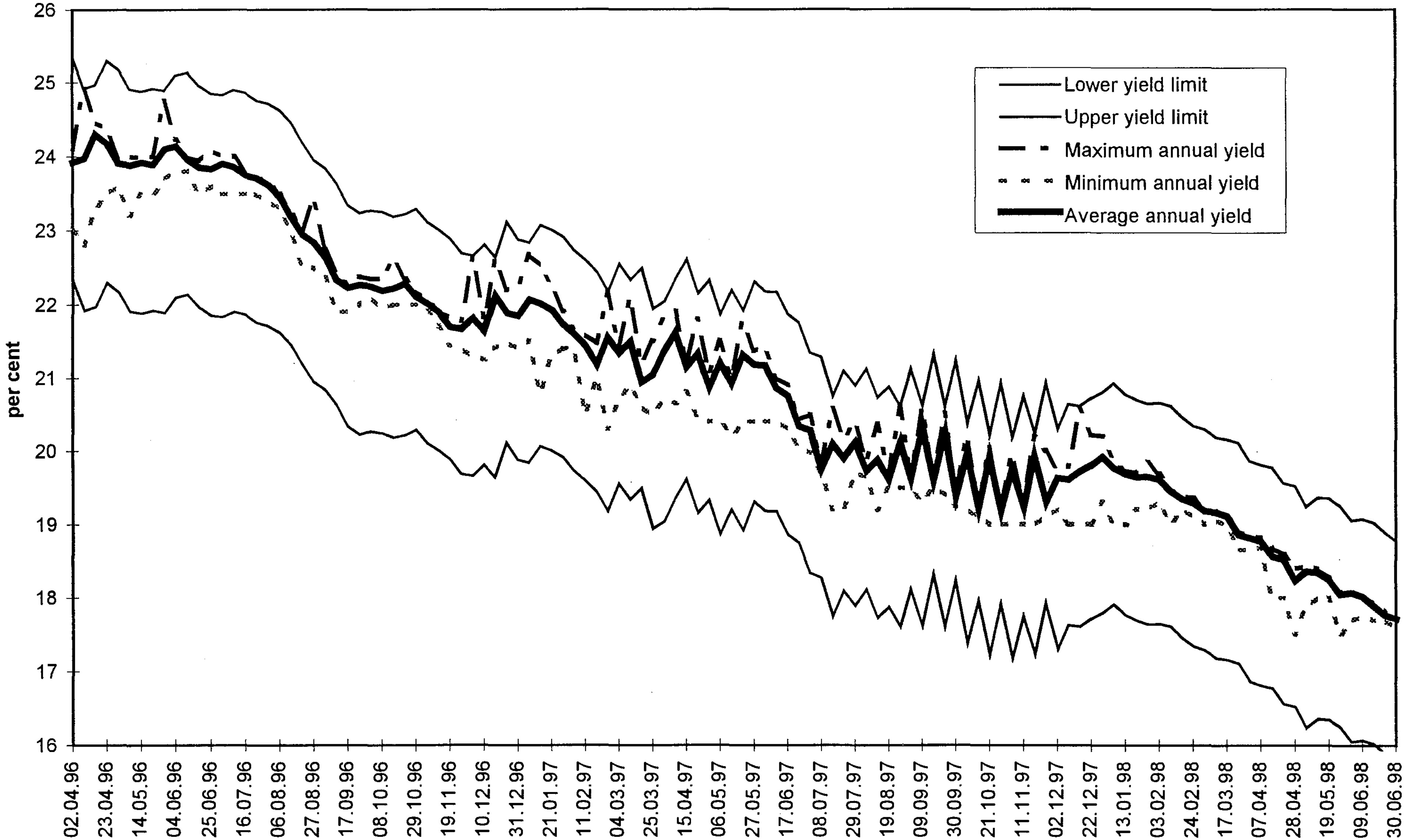






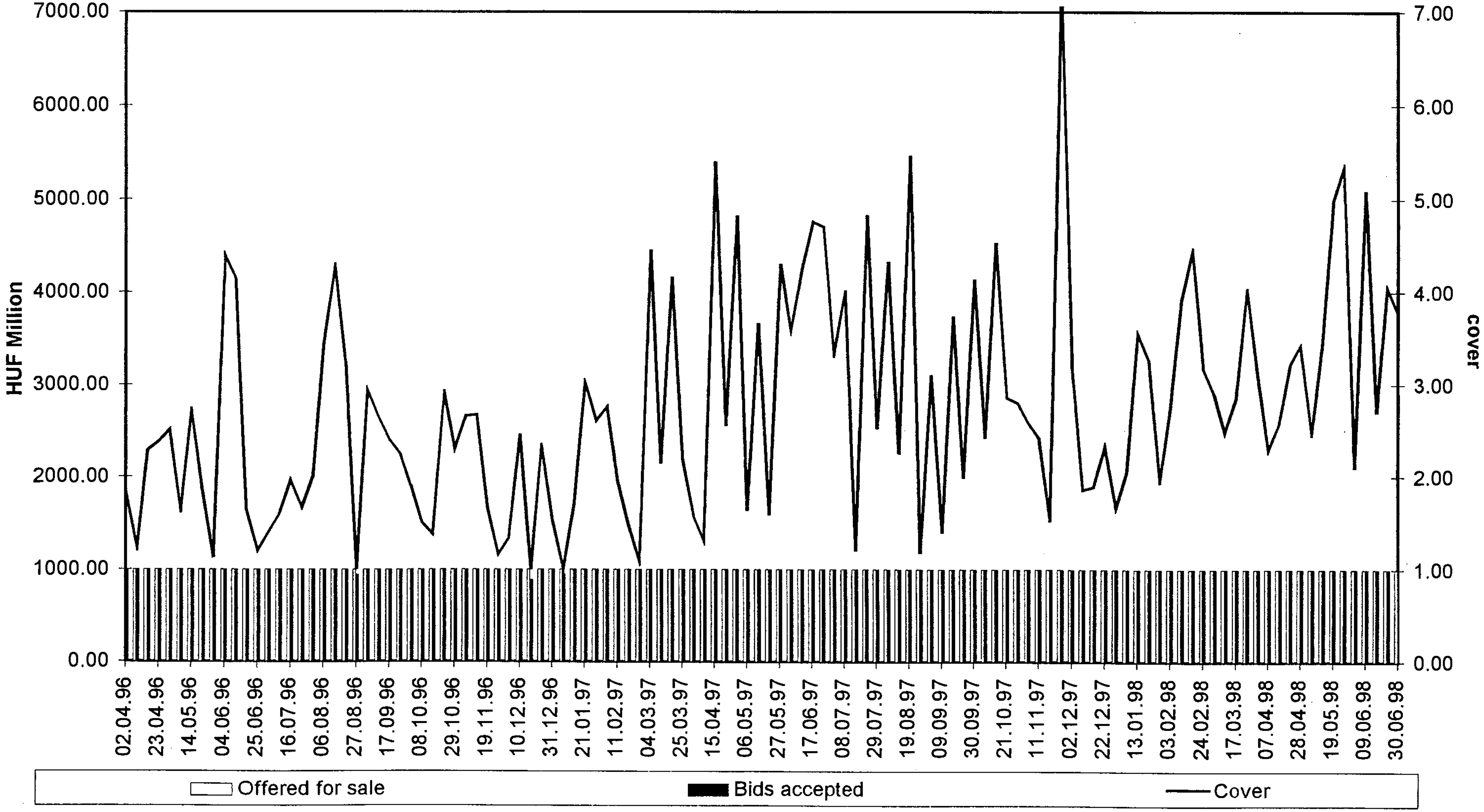
2.4.2 Data on Amount and Yields in the Discount T-Bill Auctions

Graph.no. 2.4.2.1. Yields at Auctions of T-Bills with 1 Month Residual Maturity



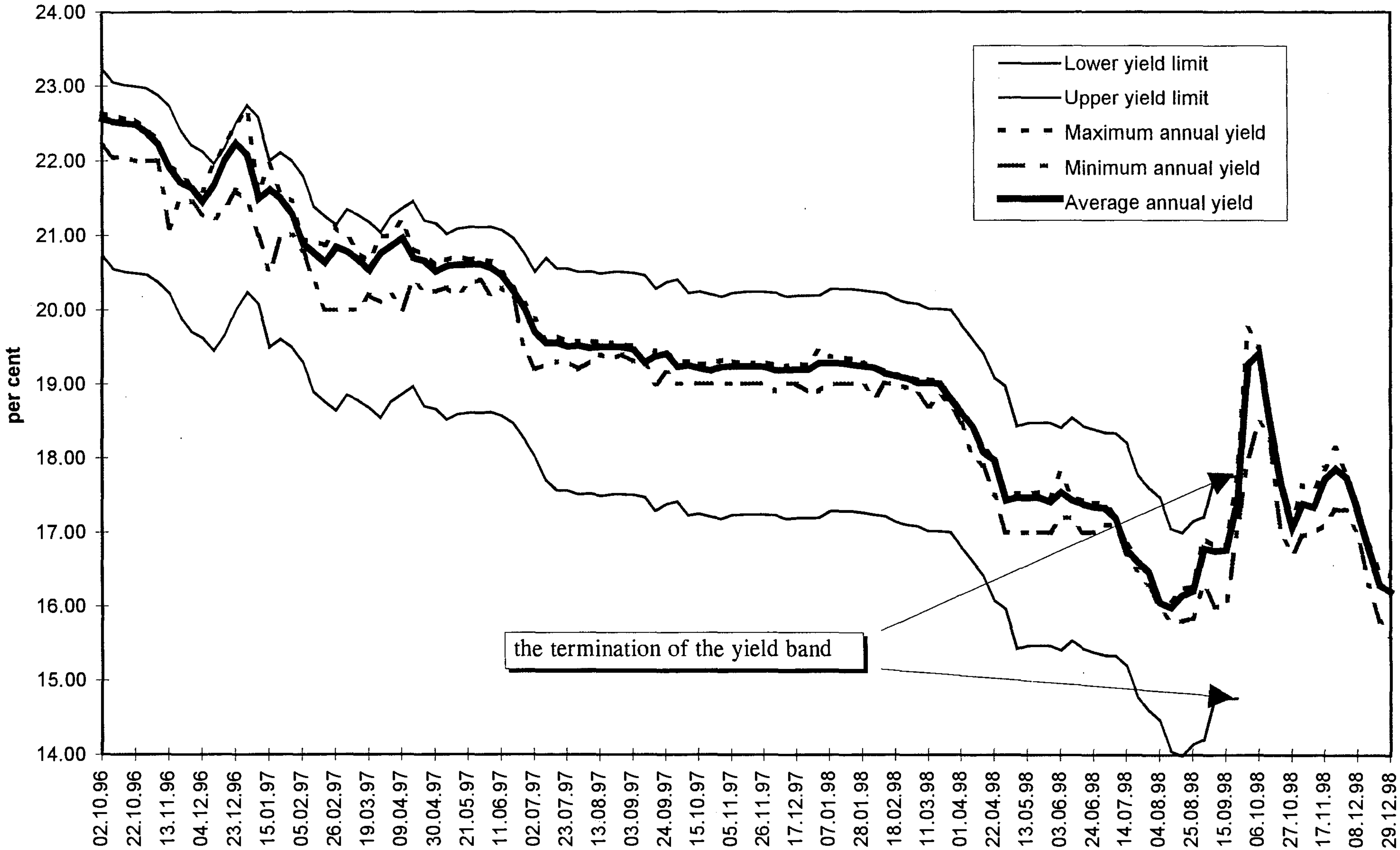
From the end of June 1998 the auctions of 1 month discount Treasury bills were cancelled.

Graph.no. 2.4.2.2 Volume Data at Auctions of T-Bills with 1 Month Residual Maturity

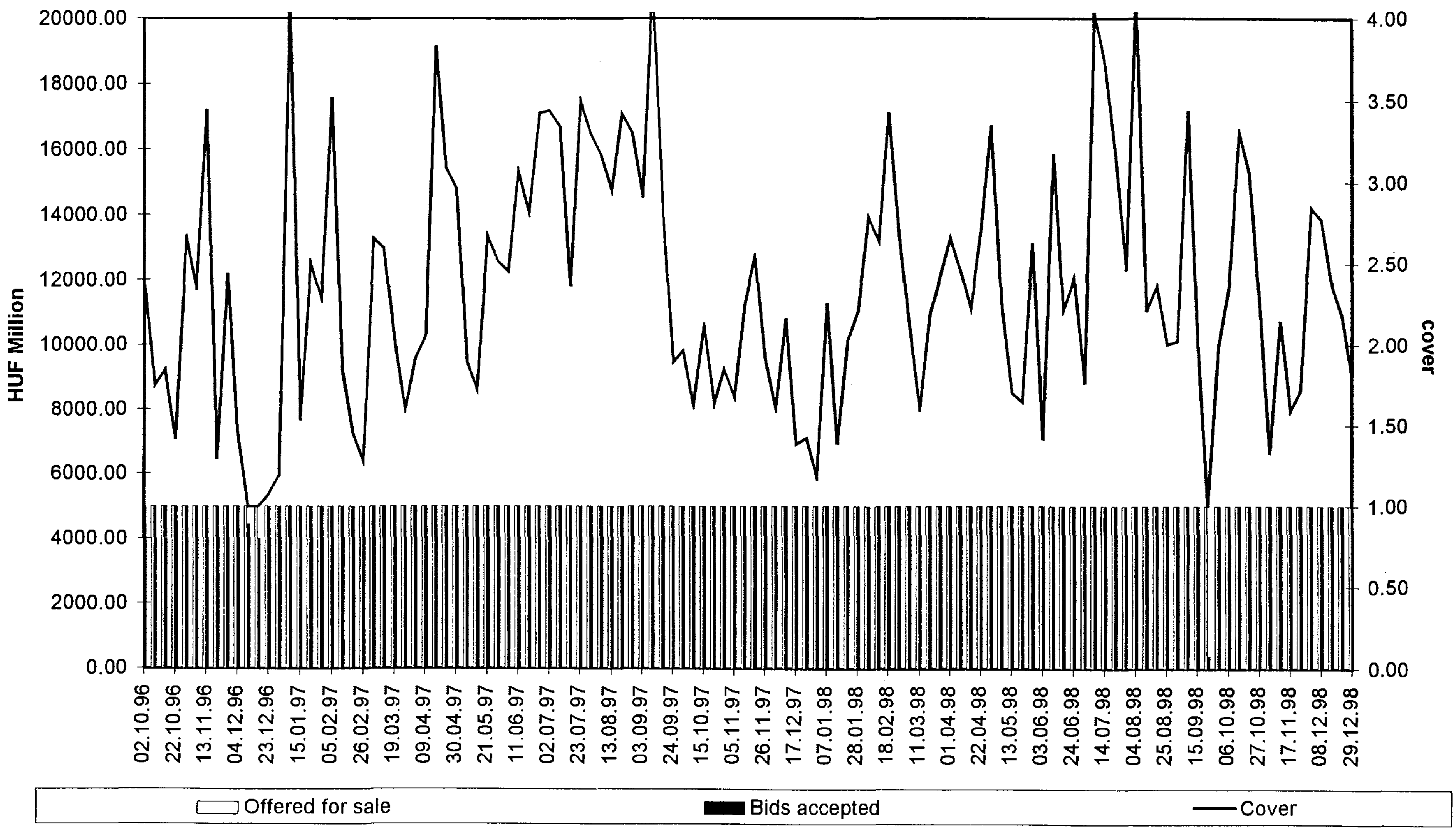


From the end of June 1998 the auctions of 1 month discount Treasury bills were cancelled.

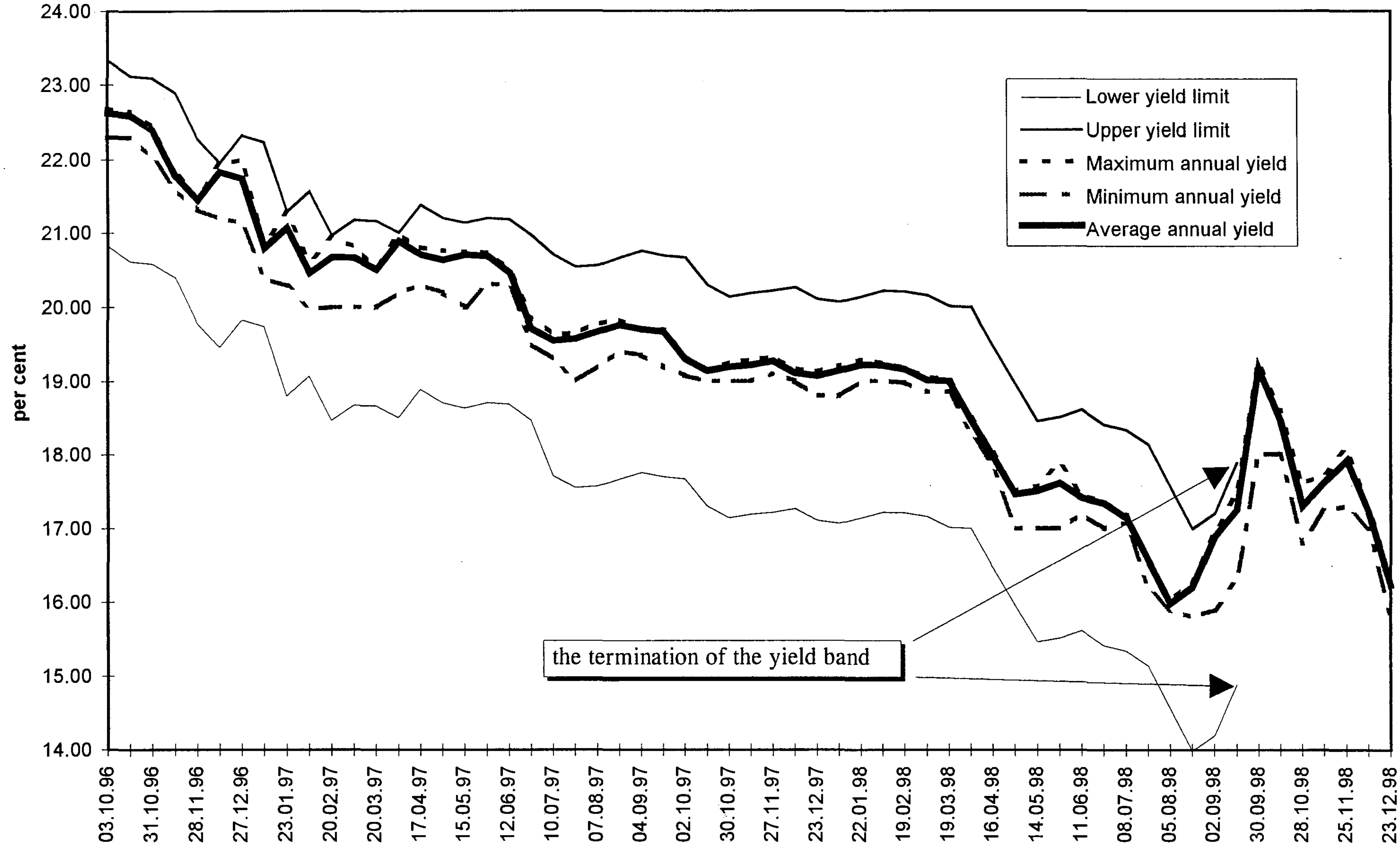
Graph.no. 2.4.2.3. Yields at Auctions of T-Bills with 3 Month Residual Maturity



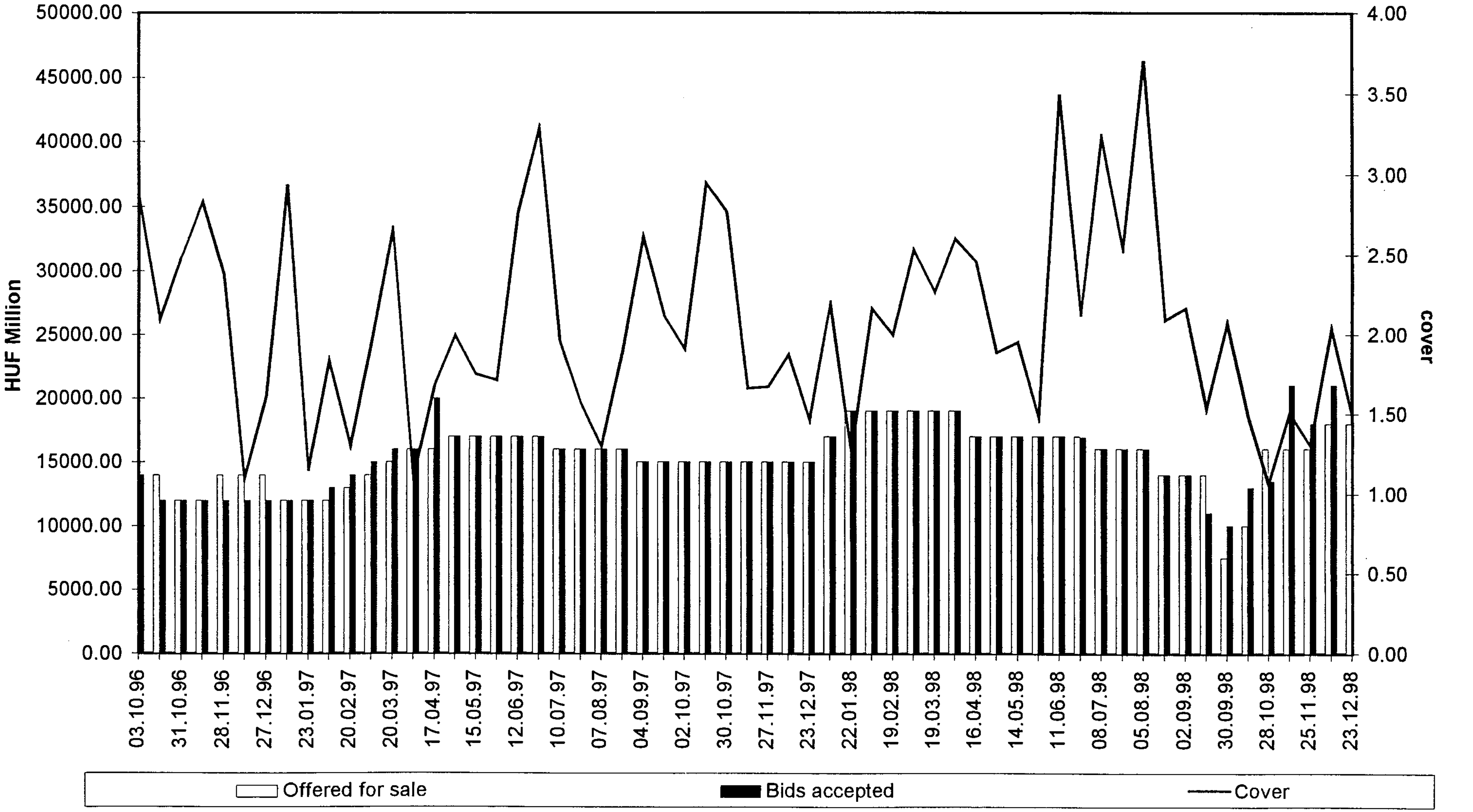
Graph.no. 2.4.2.4 Volume Data at Auctions of T-Bills with 3 Month Residual Maturity



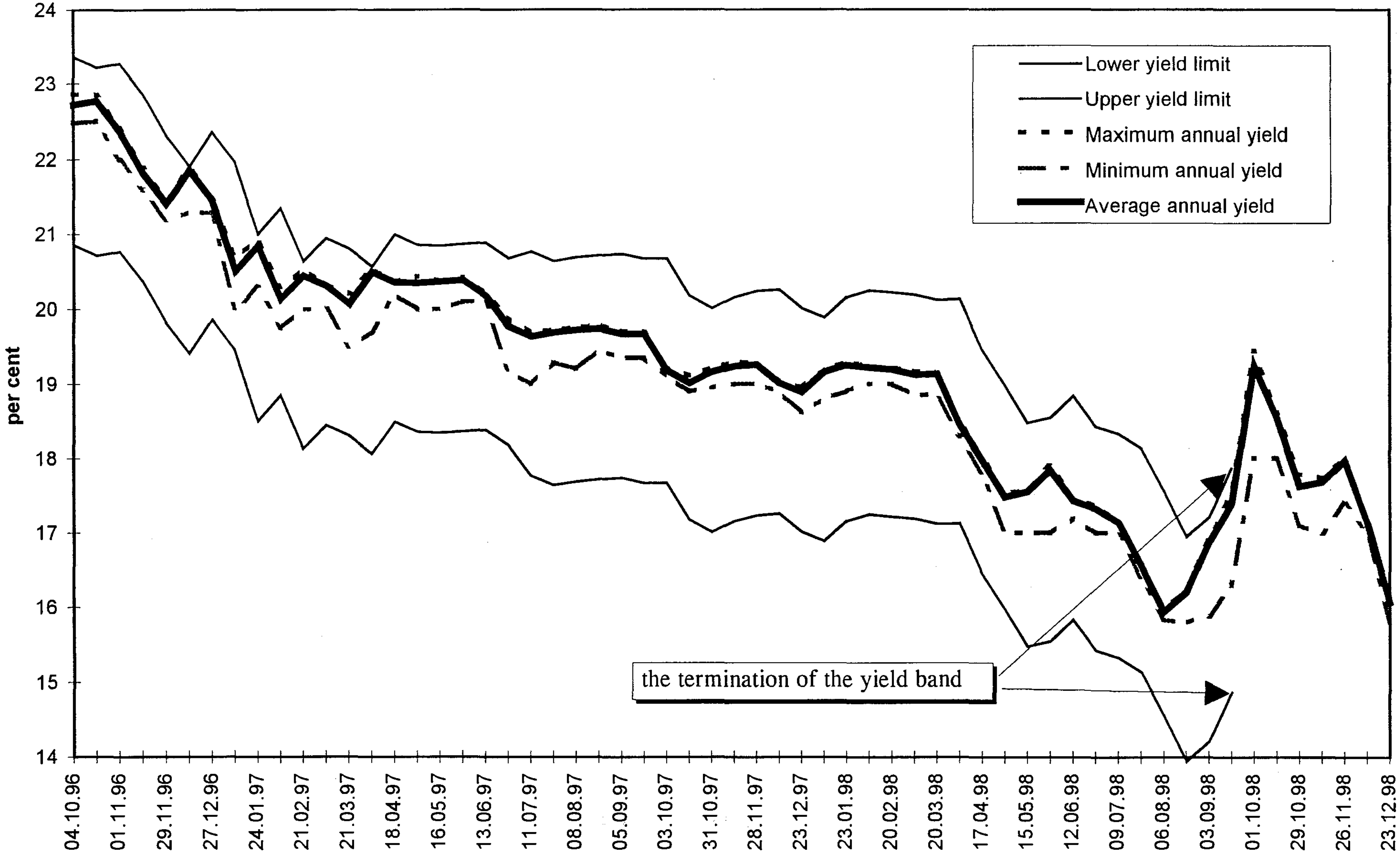
Graph.no. 2.4.2.5. Yields at Auctions of T-Bills with 6 Months Residual Maturity



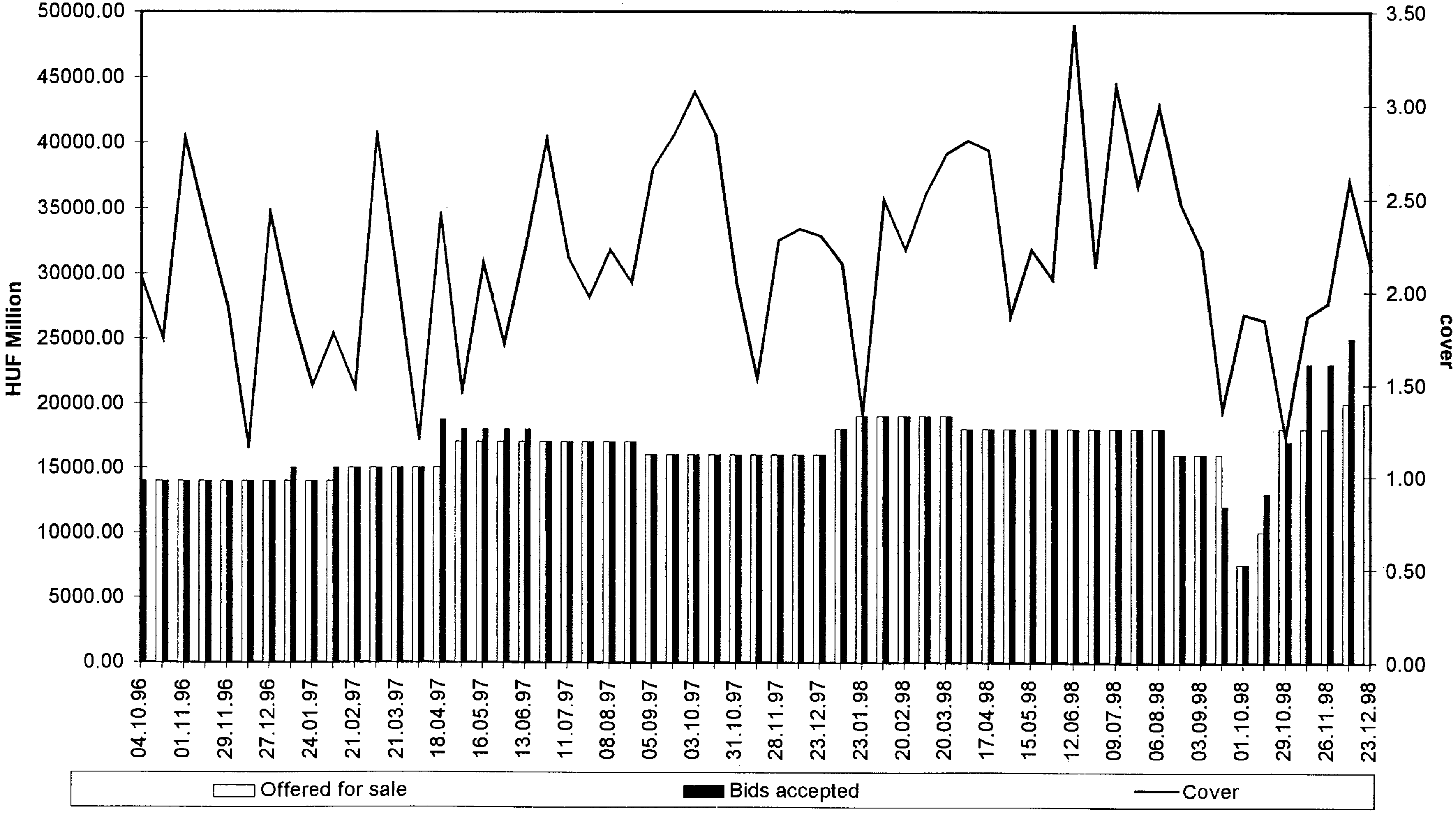
Graph.no. 2.4.2.6 Volume Data at Auctions of T-Bills with 6 Month Residual Maturity



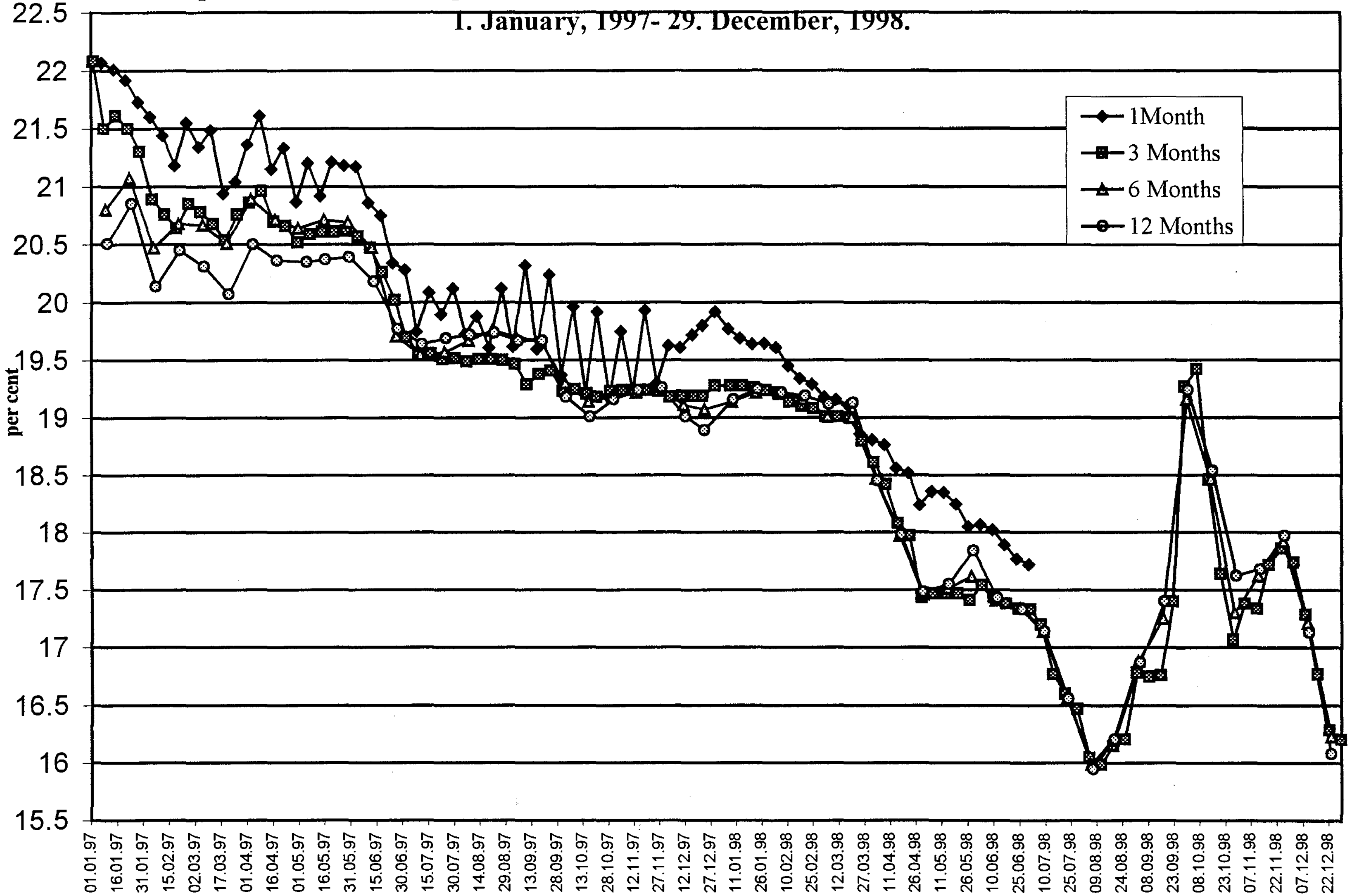
Graph.no. 2.4.2.7. Yields at Auctions of T-Bills with 12 Month Residual Maturity



Graph.no. 2.4.2.8 Volume Data at Auctions of T-Bills with 12 Month Residual Maturity

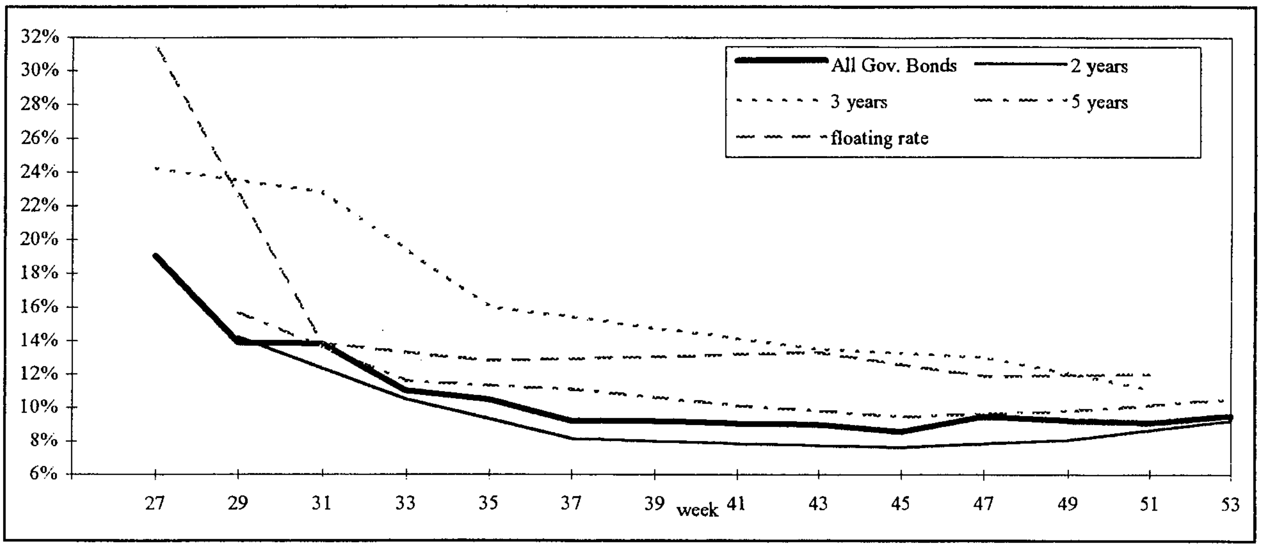


Graph.no. 2.4.2.9. Average Yields at Auction of 1,3,6 and 12 Month T-Bills in the Period 1. January, 1997- 29. December, 1998.

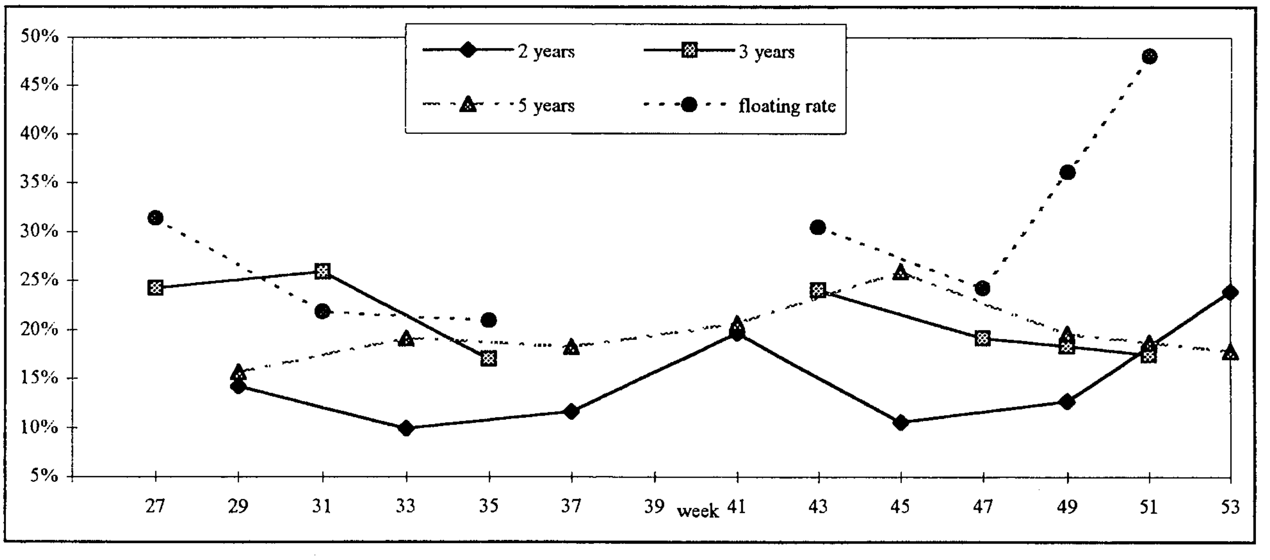


2.5 Concentration of Government Securities' Auctions in Second Half, 1998

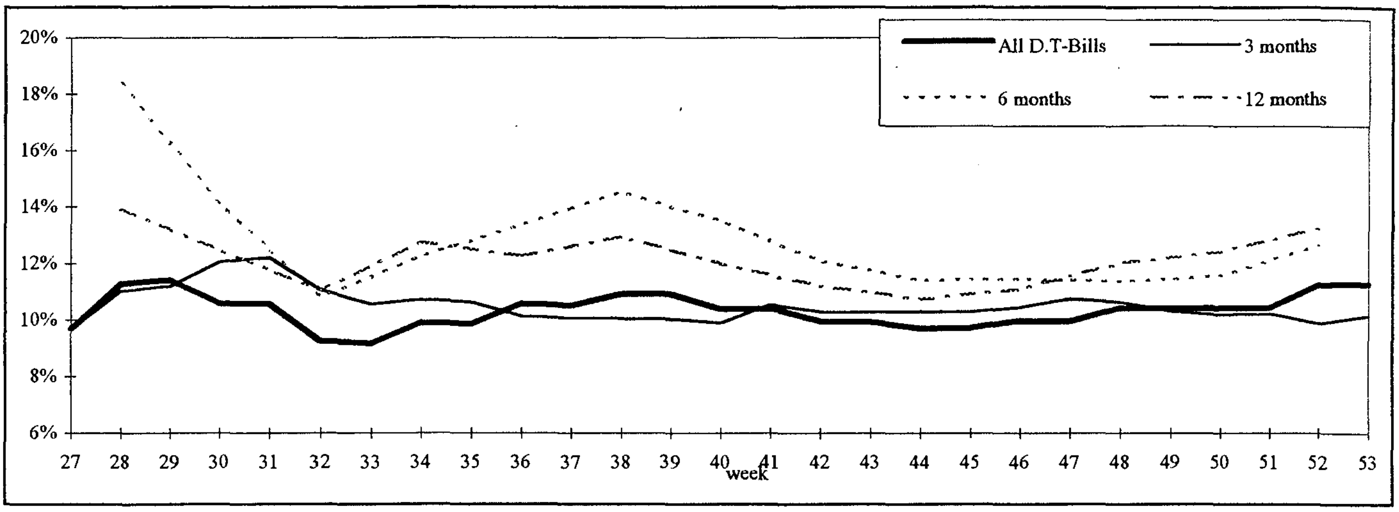
Graph.No. 2.5.1 Cumulated Concentration at the Government Bonds' Auctions



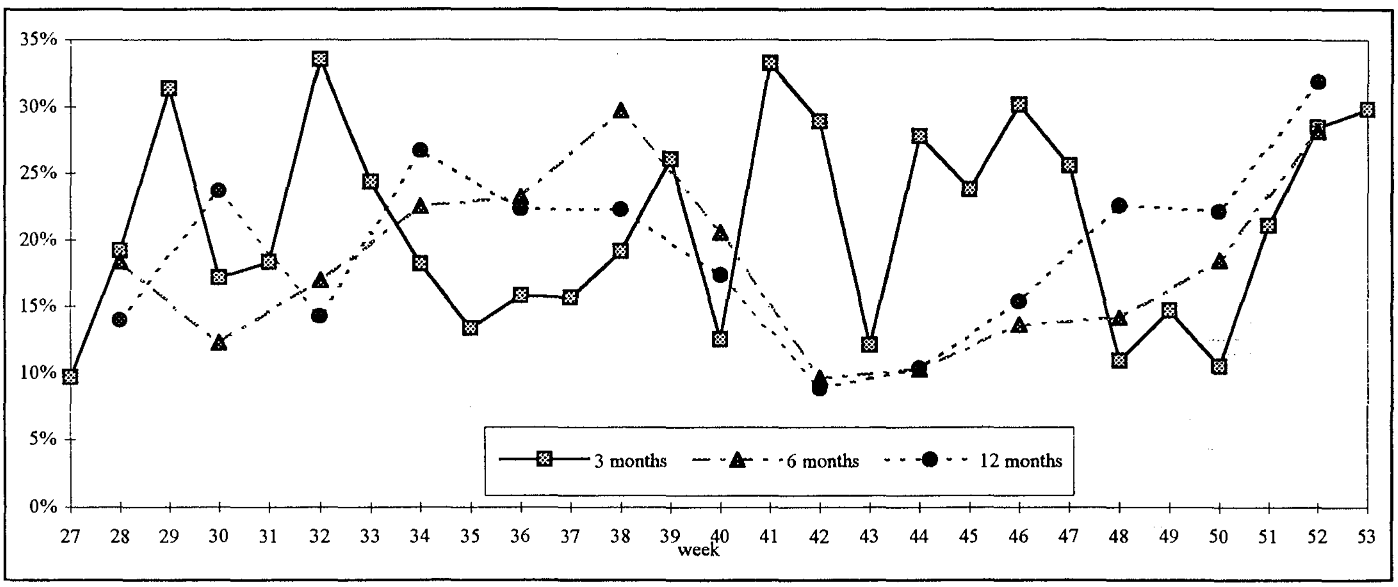
Graph.No. 2.5.2 Concentrations of the Different Government Bond Auctions



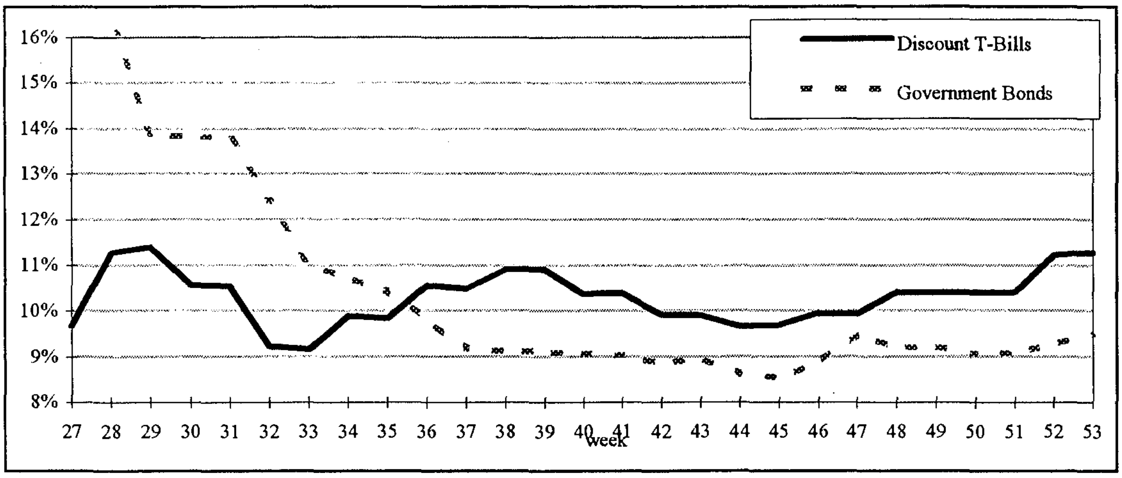
Graph.No. 2.5.3 Cumulated Concentration at the Discount T-Bills' Auctions



Graph.No. 2.5.4 Concentrations of the Different Discount T-Bill Auctions



Graph.No. 2.5.5 Cumulated Concentration of the Two Groups of Government Securities



3. Gross Debt

3.1. The Central Government Gross Debt and Interest Payment

	current price, HUF Billion											
	1990	1991	1992	1993	1994	1995	1996	1997	March 1998	June 1998.	Sept. 1998.	Dec. 1998.
Debt												
1. Deficit financing debt	**465.8**	**578.5**	**796.2**	**1 012.9**	**1 215.3**	**1 413.8**	**1 785.9**	**2 201.1**	**2 347.6**	**2 517.9**	**2 567.7**	**2 826.5**
1.1. Loans	442.6	492.3	489.4	472.7	434.9	422.7	377.6	275.0	264.3	253.7	243.1	233.8
1.2. T-Bills	10.2	60.0	157.3	220.7	315.1	417.0	682.2	902.1	991.4	1 032.4	988.0	1 032.8
1.3. Bonds	13.0	26.2	149.5	319.5	465.2	574.1	726.0	1 024.0	1 091.8	1 231.8	1 336.5	1 559.9
2. Others	**363.8**	**374.8**	**486.1**	**749.8**	**859.8**	**976.5**	**1 291.1**	**967.7**	**972.4**	**954.8**	**947.3**	**923.6**
2.1. Loans	333.8	344.8	326.2	307.1	306.9	346.1	253.8	227.7	233.1	215.6	209.5	203.6
2.2. Bonds	30.0	30.0	159.9	442.7	552.8	630.4	1 037.3	740.0	739.3	739.3	737.9	720.0
I. Gross domestic interest-bearing debt of the central government (1+2)	**829.6**	**953.3**	**1 282.3**	**1 762.8**	**2 075.0**	**2 390.3**	**3 076.9**	**3 168.8**	**3 320.0**	**3 472.8**	**3 515.0**	**3 750.1**
II.Gross external debt of the central government	**37.4**	**118.8**	**133.9**	**202.7**	**236.5**	**319.9**	**289.9**	**315.3**	**238.6**	**281.6**	**290.2**	**294.2**
III. Non-interest bearing debt held by Central Bank (NBH) due to exchange rate	**519.2**	**777.9**	**888.9**	**1 182.0**	**1 440.1**	**2 023.3**	**1 563.3**					
IV.Forex debt taken over by central government in the result of debt swap transaction with NBH								**1 886.7**	**1 935.9**	**2 010.9**	**2 120.3**	**2 116.9**
Gross debt of the central government (I.+II+III.+IV.)	**1 386.2**	**1 850.0**	**2 305.1**	**3 147.4**	**3 751.6**	**4 733.5**	**4 930.2**	**5 370.8**	**5 494.4**	**5 765.2**	**5 925.5**	**6 161.2**
Interest payments												
1. Interest paid on deficit financing debt	**36.1**	**54.5**	**89.3**	**106.9**	**167.6**	**278.0**	**338.8**	**402.2**	**101.5**	**95.0**	**61.9**	**99.0**
1.1. Loans	31.6	47.0	51.5	47.0	49.1	49.8	40.7	37.4	5.5	5.4	5.2	5.0
1.2. T-Bills	2.9	5.8	27.3	31.8	56.1	103.0	117.2	163.0	40.2	39.9	49.2	35.8
1.3. Bonds	1.6	1.7	10.6	28.1	62.5	125.1	181.0	201.7	55.8	49.7	56.7	58.1
2. Others	**19.9**	**33.8**	**62.8**	**48.4**	**115.6**	**199.4**	**194.9**	**235.5**	**63.0**	**42.5**	**23.6**	**30.9**
2.1. Loans	19.0	32.9	30.3	26.2	27.9	29.0	28.9	21.5	6.4	4.8	4.5	4.3
2.2. Bonds	0.9	0.9	32.5	22.2	87.7	170.5	166.0	214.1	56.6	37.7	19.1	26.6
3. Interest payments on forex debt taken over by central government in the result of debt swap transaction with NBH								172.7	61.7	31.9	53.8	32.4
Interest payments on the gross debt of the central government (1+2+3)	**56.0**	**88.3**	**152.2**	**155.3**	**283.3**	**477.4**	**533.7**	**810.4**	**226.2**	**169.3**	**139.2**	**162.3**

	in per cent of GDP								
	1990	1991	1992	1993	1994	1995	1996	1997	1998
Debt									
1. Deficit financing debt	**22.3**	**23.3**	**27.2**	**28.5**	**27.8**	**25.2**	**25.9**	**25.8**	**27.6**
1.1. Loans	21.2	19.8	16.7	13.3	10.0	7.5	5.5	3.2	2.3
1.2. T-Bills	0.5	2.4	5.4	6.2	7.2	7.4	9.9	10.6	10.1
1.3. Bonds	0.6	1.1	5.1	9.0	10.7	10.2	10.5	12.0	15.2
2. Others	**17.4**	**15.0**	**16.5**	**21.1**	**19.7**	**17.4**	**18.7**	**11.3**	**9.0**
2.1. Loans	16.0	13.8	11.1	8.7	7.0	6.2	3.7	2.7	2.0
2.2. Bonds	1.4	1.2	5.4	12.5	12.7	11.2	15.0	8.7	7.0
I. Gross domestic interest-bearing debt of the central government (1+2)	**39.7**	**38.3**	**43.7**	**49.7**	**47.5**	**42.6**	**44.6**	**37.1**	**36.6**
II.Gross external debt of the central government	**1.8**	**4.8**	**4.6**	**5.7**	**5.4**	**5.7**	**4.2**	**3.7**	**2.9**
III. Non-interest bearing debt held by Central Bank (NBH) due to exchange rate	**24.9**	**31.2**	**30.3**	**33.3**	**33.0**	**36.0**	**22.7**		
IV.Forex debt taken over by central government in the result of debt swap transaction with NBH								**22.1**	**20.7**
Gross debt of the central government (I.+II+III.+IV.)	**66.4**	**74.3**	**78.6**	**88.7**	**86.0**	**84.3**	**71.5**	**62.9**	**60.2**
Interest payments									
1. Interest paid on deficit financing debt	**1.7**	**2.2**	**3.1**	3.0	**3.8**	**5.0**	**5.1**	**4.7**	**4.0**
1.1. Loans	1.5	1.9	1.8	1.3	1.1	0.9	0.6	0.4	0.2
1.2. T-Bills	0.1	0.2	0.9	0.9	1.3	1.8	1.8	1.9	1.6
1.3. Bonds	0.1	0.1	0.4	0.8	1.4	2.2	2.7	2.4	2.2
2. Others	**0.9**	**1.3**	**2.1**	**1.4**	**2.6**	**3.6**	**3.0**	**2.8**	**1.6**
2.1. Loans	0.9	1.3	1.0	0.7	0.6	0.5	0.4	0.3	0.2
2.2. Bonds	0.0	0.0	1.1	0.6	2.0	3.0	2.5	2.5	1.4
3. Interest payments on forex debt taken over by central government in the result of debt swap transaction with NBH								**2.0**	**1.8**
Interest payments on the gross debt of the central government (1+2+3)	**2.6**	**3.5**	**5.2**	**4.4**	**6.5**	**8.5**	**8.1**	**9.5**	**7.3**

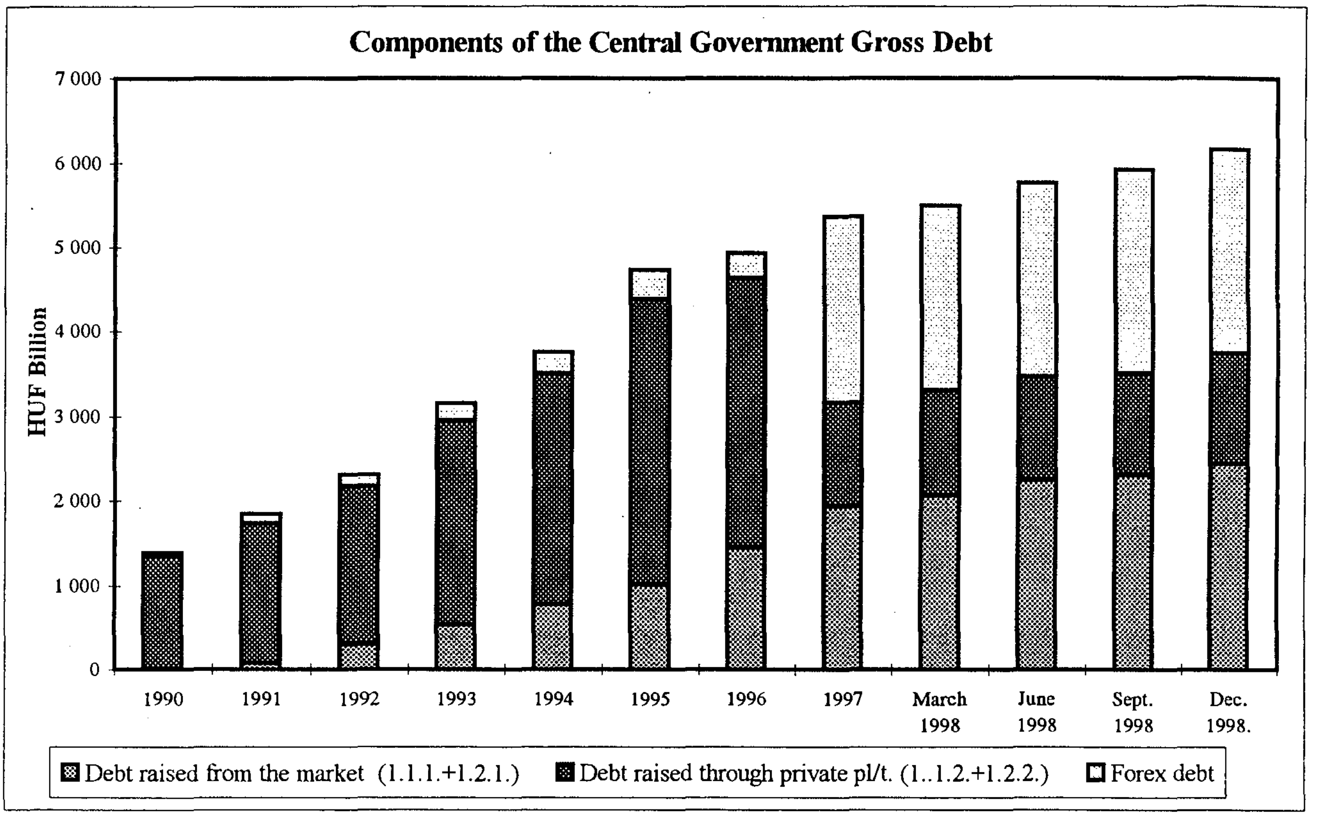
3.1/a.The Central Government Gross Debt

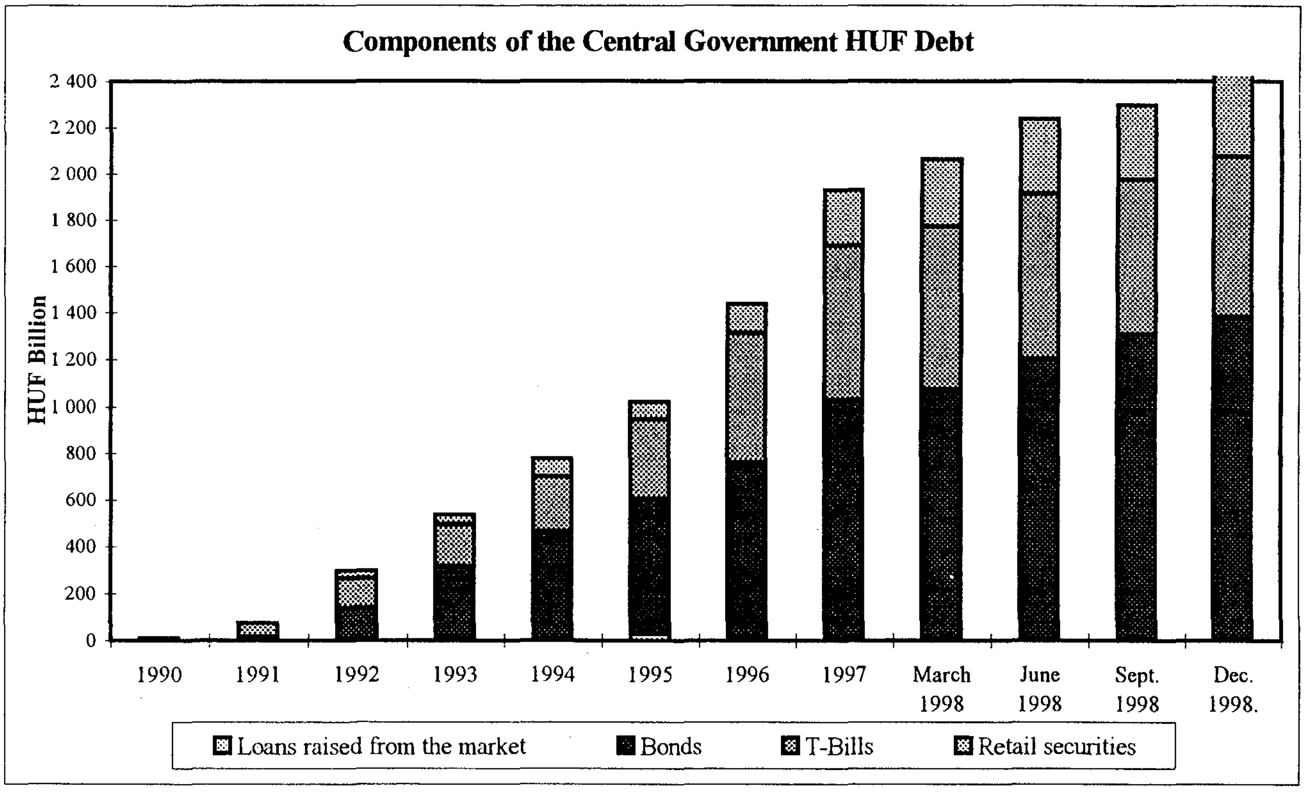
	current price, HUF Billion											
	1990	1991	1992	1993	1994	1995	1996	1997	March 1998.	June 1998	Sept. 1998	Dec. 1998.
Debt												
1. Forint denominated	**1 348.73**	**1 731.20**	**2 171.19**	**2 944.77**	**3 499.09**	**4 377.40**	**4 628.23**	**3 151.67**	**3 450.56**	**3 454.56**	**3 491.40**	**3 730.44**
1.1. Loans	1 295.62	1 615.02	1 704.50	1 961.82	2 181.95	2 766.55	2 193.31	502.67	469.28	469.28	452.59	434.90
1.1.1. Raised from the market					8.49	28.49	19.00	0.19	0.10	0.10	0.05	0.00
1.1.2. Raised from National Bank of Hungary	1 295.62	1 615.02	1 704.50	1 961.82	2 173.46	2 738.06	2 174.32	502.48	469.18	469.18	452.54	434.90
1.1.2.1. Interest bearing loans	776.42	837.12	815.60	779.82	733.40	714.76	611.01	502.48	469.18	469.18	452.54	434.90
1.1.2.2. Non-interest bearing loans	519.20	777.90	888.90	1 182.00	1 440.06	2 023.30	1 563.31					
1.2. Government securities	53.11	116.18	466.69	982.95	1 317.14	1 610.85	2 434.92	2 649.00	2 981.28	2 985.28	3 038.81	3 295.54
1.2.1. Public issues	10.20	75.00	297.33	535.46	769.75	993.59	1 420.73	1 900.85	2 238.92	2 237.38	2 299.24	2 429.40
1.2.1.1. Bonds		*15.00*	*140.02*	*314.74*	*454.61*	*576.61*	*738.49*	*998.73*	*1 206.51*	*1 204.96*	*1 311.23*	*1 385.55*
1.2.1.2. T-Bills	*10.20*	*60.00*	*122.70*	*179.12*	*236.02*	*339.74*	*558.51*	*661.26*	*709.28*	*709.28*	*665.22*	*689.36*
1.2.1.3. Retail securities			*34.60*	*41.60*	*79.11*	*77.24*	*123.73*	*240.86*	*323.13*	*323.13*	*322.79*	*354.48*
1.2.2. Private placements	*42.91*	*41.18*	*169.37*	*447.49*	*547.39*	617.26	1 014.18	748.16	742.36	747.90	739.57	866.15
2. Forex denominated	**37.40**	**118.80**	**133.90**	**202.68**	**252.52**	**356.10**	**301.95**	**2 219.05**	**2 310.68**	**2 310.68**	**2 430.07**	**2 430.68**
2.1. Loans	37.40	118.80	133.90	202.68	236.50	345.46	258.32	2 161.31	2 248.68	2 248.68	2 366.69	2 367.28
2.1.1. Direct foreign loans	37.40	118.80	133.90	202.68	236.50	319.89	256.91	274.60	237.79	237.79	246.44	250.36
2.1.1.1. Loans for reserves purposes	*39.70*	*109.40*	*116.20*	*141.90*	*166.30*	*152.30*	*107.40*	*112.81*	*49.30*	*93.12*	*49.25*	*49.28*
2.1.1.2. Bős-Nagymaros							*66.19*	*59.40*	*55.47*	*55.47*	*58.13*	*54.21*
2.1.1.3. Others	*-2.30*	*9.40*	*17.70*	*60.78*	*70.20*	*167.59*	*83.32*	*102.38*	*133.03*	*89.21*	*139.07*	*146.87*
2.1.2. Domestic						25.57	1.40	1 886.71	2 010.88	2 010.88	2 120.25	2 116.92
2.1.2.1. Taken over in 1997								*1 886.71*	*2 010.88*	*2 010.88*	*2 120.25*	*2 116.92*
2.1.2.2. Others						*25.57*	*1.40*					
2.2. Government securities					16.02	10.65	43.63	57.74	62.00	62.00	63.38	63.40
2.2.1. Issued abroad							32.99	40.70	43.82	43.82	43.78	43.81
2.1.2.1. Loans for reserves purposes							*32.99*	*40.70*	*43.82*	*43.82*	*43.78*	*43.81*
2.1.2.2. Others												
2.2.2. Issued in the domestic market					16.02	10.65	10.65	17.04	18.18	18.18	19.60	19.60
Total	**1 386.13**	**1 850.00**	**2 305.09**	**3 147.45**	**3 751.60**	**4 733.50**	**4 930.18**	**5 370.72**	**5 761.24**	**5 765.23**	**5 921.46**	**6 161.13**
Memo item: **marketable HUF debt** (1.2.1.1.+1.2.1.2.+1.2.2.)	53.11	116.18	432.09	941.35	1 238.03	1 533.61	2 311.19	2 408.15	2 658.15	2 662.14	2 716.02	2 941.06

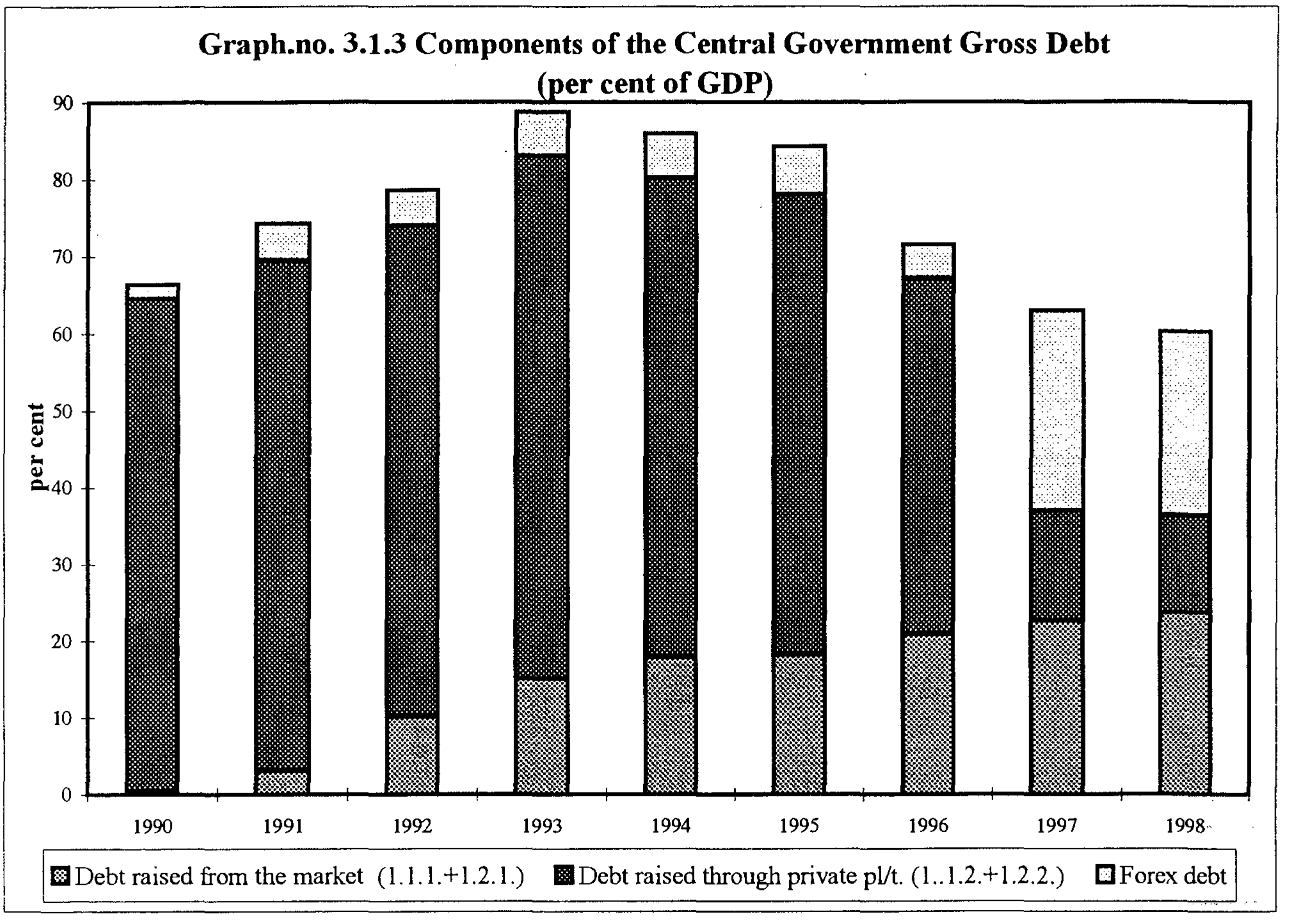
Republic of Hungary guaranteed internal debt amounted to HUF billion 519.88 (USD billion 2.37) at the end of the 1998.

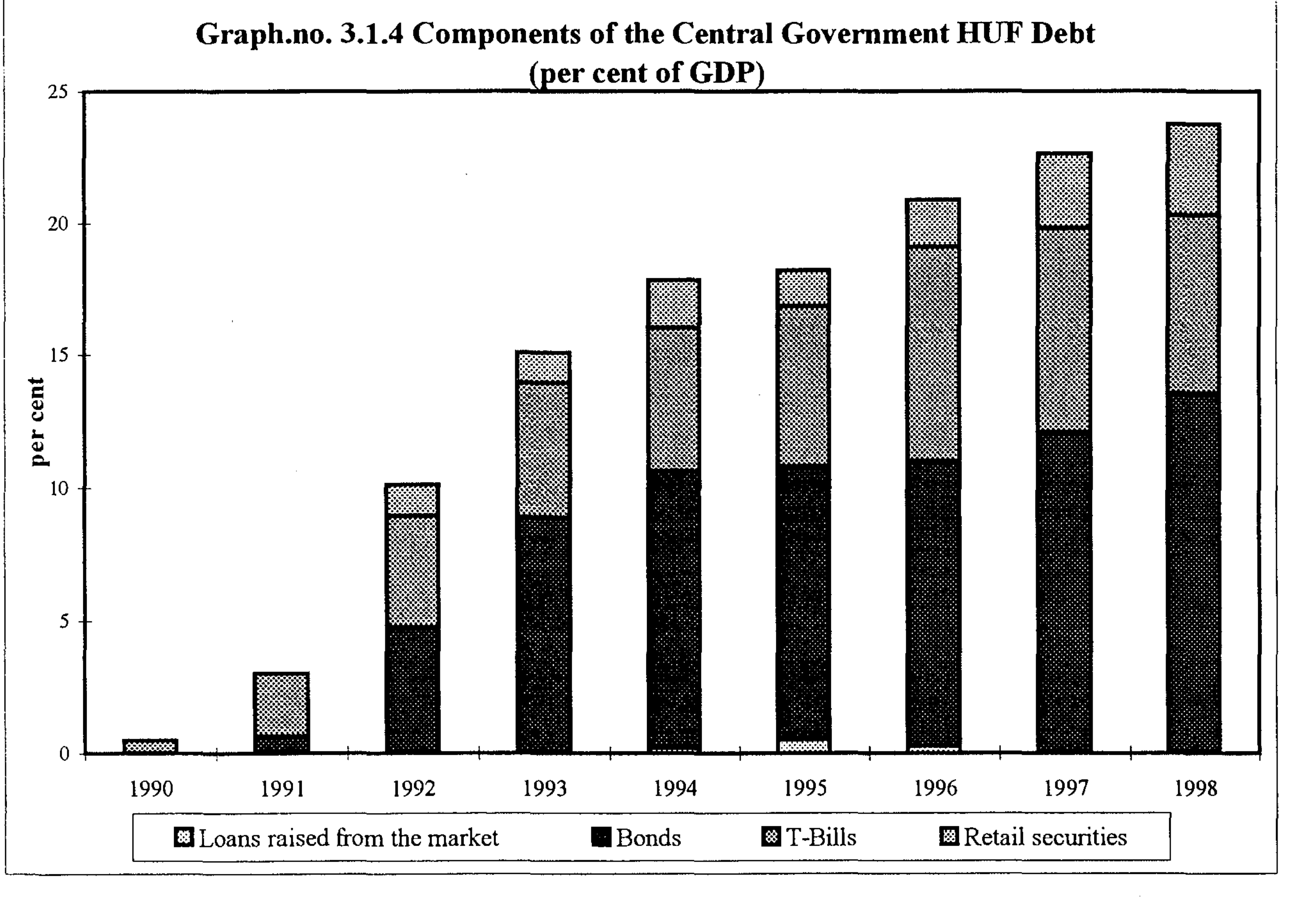
In line with international statistical conventions within forint denominated debt retail securities and loans are classified as non-marketable instruments.

Graph.no. 3.1. Debt of the Central Government






Graph.no. 3.1.3 Components of the Central Government Gross Debt
(per cent of GDP)
90
80
70
60
50
40
30
20
10
0
per cent
1990
1991
1992
1993
1994
1995
1996
1997
1998
Debt raised from the market (1.1.1.+1.2.1.)
Debt raised through private pl/t. (1..1.2.+1.2.2.)
Forex debt


Graph.no. 3.1.4 Components of the Central Government HUF Debt
(per cent of GDP)
25
20
15
10
5
0
per cent
1990
1991
1992
1993
1994
1995
1996
1997
1998
Loans raised from the market
Bonds
T-Bills
Retail securities

3.2. Stock of Securities Outstanding

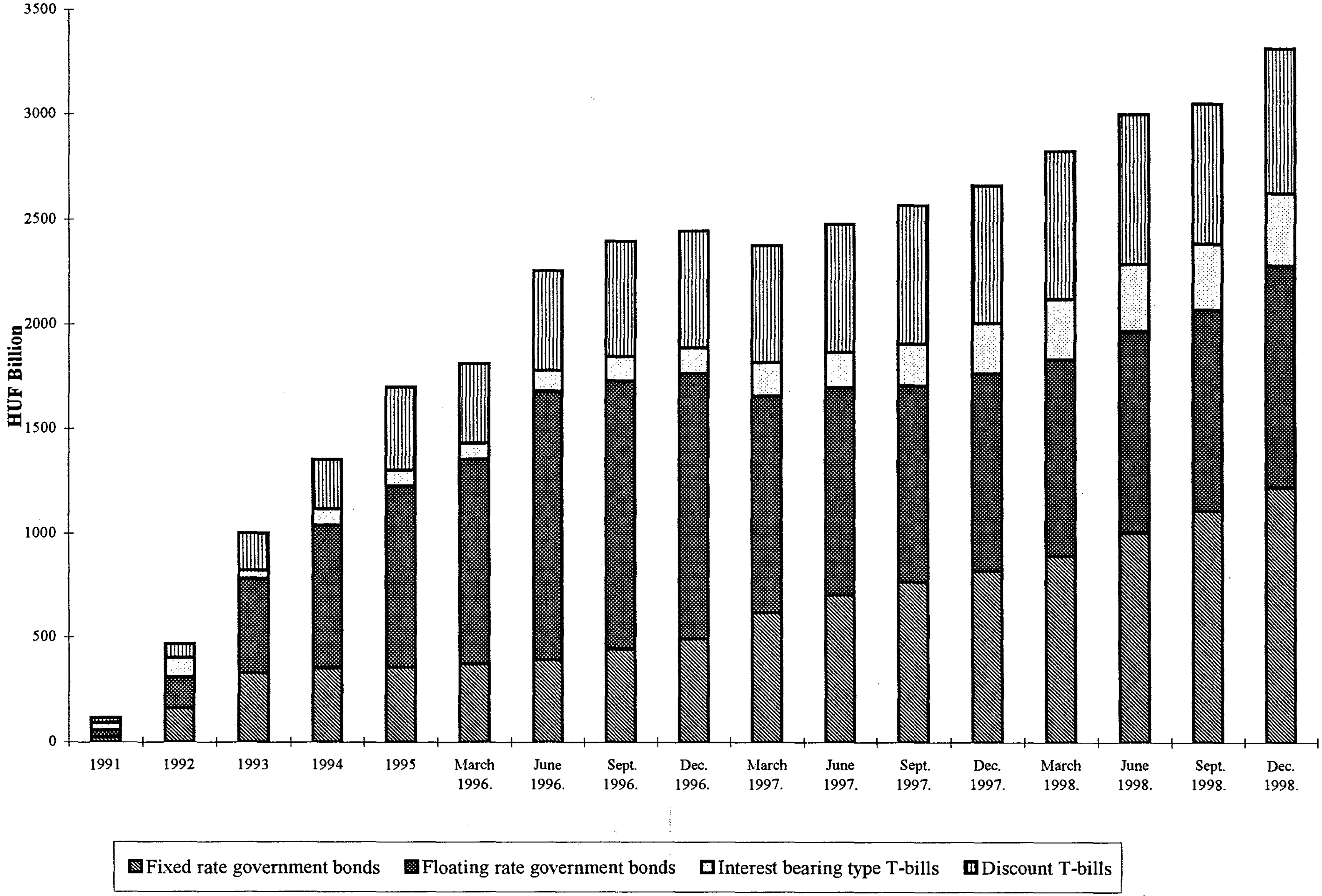
3.2.1 The Stock of Government Securities Outstanding (at end of period, face value)

	1991	1992	1993	1994	1995.	1996.	1997.	March 1998	June 1998	Sept. 1998	Oct. 1998.	Nov. 1998.	dec. 1998.
Government Bonds													
Total	**56.18**	**309.39**	**778.23**	**1034.52**	**1221.02**	**1761.00**	**1760.38**	**1827.56**	**1963.71**	**2067.15**	**2053.76**	**2052.71**	**2279.93**
Central Government													
priv.placements	11.21	47.50	82.42	97.99	121.74	77.85	86.11	72.96	73.81	75.23	75.26	75.04	203.58
public	15.00	102.02	237.08	367.22	452.39	646.10	943.83	1025.03	1165.22	1270.34	1256.62	1255.79	1356.37
total	26.21	149.52	319.51	465.21	574.12	723.96	1029.94	1097.98	1239.04	1345.57	1331.88	1330.83	1559.94
Social Security Fund**	-	-	16.00	21.96	27.94	22.65	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Consolidation Bonds	-	-	285.64	332.67	338.65	347.65	261.76	261.76	261.76	261.76	261.76	261.76	261.76
Higher Education Dev.	-	-	3.01	6.01	6.01	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	29.97	159.87	154.08	208.69	274.30	663.74	451.68	450.81	445.91	442.82	443.12	443.12	441.23
Of which:													
priv.placements	41.18	207.37	538.14	661.30	762.63	1111.89	816.55	802.53	798.49	796.81	797.14	796.92	923.57
public	15.00	102.02	240.09	373.22	458.39	649.10	943.83	1025.03	1165.22	1270.34	1256.62	1255.79	1356.37
fix interest rate	22.11	162.02	331.01	353.44	357.76	491.17	817.75	889.30	998.98	1104.25	1084.58	1124.53	1213.83
floating interest rate	34.07	147.37	447.22	681.08	863.25	1269.83	942.63	938.26	964.73	962.90	969.17	928.18	1066.10
T-Bills													
Interest Bearing													
public	-	17.85	16.37	55.14	65.00	90.05	154.98	170.00	180.49	172.33	164.80	170.50	185.31
priv.pl.	-	-	12.10	10.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
total	0.00	17.85	28.47	65.65	65.00	90.05	154.98	170.00	180.49	172.33	164.80	170.50	185.31
Private Inv.	11.80	16.75	13.13	13.47	3.32	1.74	0.04	0.04	0.03	0.03	0.03	0.03	0.03
Savings Bills					8.91	32.15	86.89	121.45	143.19	144.20	147.58	152.73	158.70
Liquidity T-Bills	23.00	58.09	-	-									
Discount T-Bills *	25.20	64.62	179.12	236.02	339.75	560.65	658.89	700.70	709.29	665.22	640.28	648.59	688.76
Total	**60.00**	**157.30**	**220.72**	**315.14**	**416.99**	**684.59**	**900.80**	**992.19**	**1033.00**	**981.77**	**952.68**	**971.85**	**1032.80**
Government securities													
Total	**116.18**	**466.69**	**998.95**	**1349.66**	**1638.03**	**2445.59**	**2661.18**	**2819.75**	**2996.71**	**3048.92**	**3006.44**	**3024.55**	**3312.73**
As compared to the previous month								158.57	176.96	52.21	-42.48	18.11	288.17
As comp. to the end of the prev. year		350.51	532.26	350.71	288.37	807.56	215.59	1181.72	1358.68	603.33	345.26	204.80	316.02

* at purchase price ** The Social Security Bonds were only government guaranteed securities which amounted to HUF 16 bn in 1993, HUF 16.5 bn in 1994 and 1995.

In 1996 there bonds were taken over by the government becoming part of the Central Government debt.

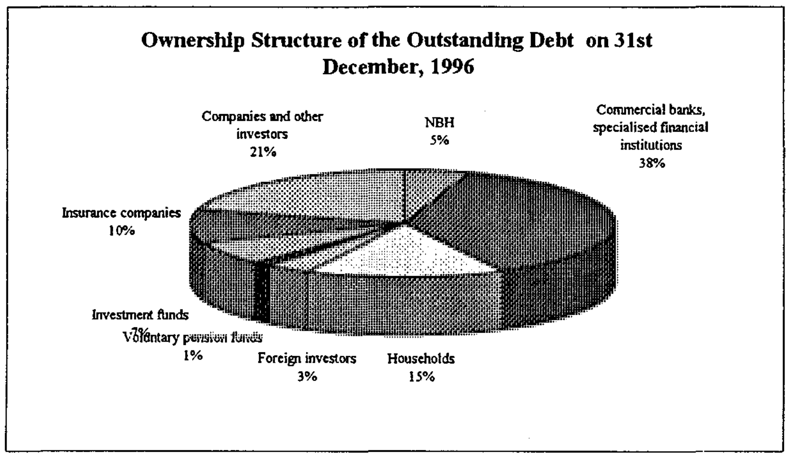
Graph.no. 3.2.1 The Structure of Government Securities' Stock Outstanding (1991-1998)

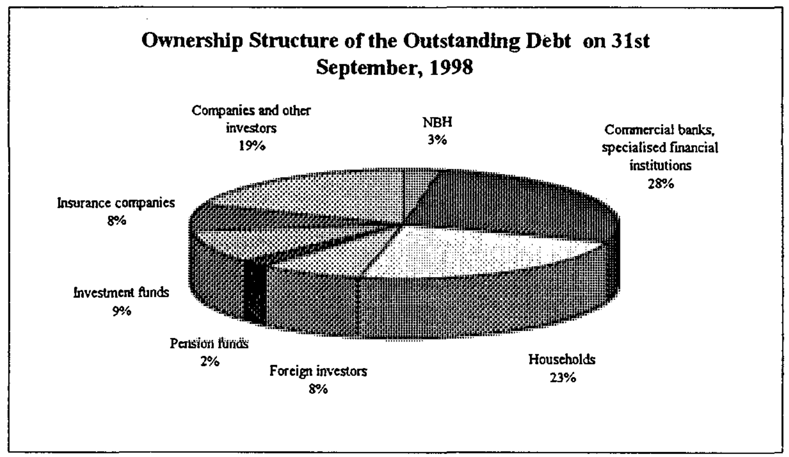


Graph.no. 3.2.2 Ownership Structure of Deficit Financing* Government Securities' Stock Outstanding

	31.12.1996.				31.12.1997.				30.06.1998.				31.09.1998.			
	Bond	T-Bill	Total	%	Bond	T-Bill	Total	%	Bond	T-Bill	Total	%	Bond	T-Bill	Total	%
NBH**	54.67	17.03	71.70	5.09%	82.62	7.33	89.95	4.66%	68.03	0.01	68.04	3.00%	67.55	0.04	67.59	2.90%
Commercial banks, spec. fin. int.***	267.15	254.78	521.92	37.05%	397.37	221.68	619.05	32.06%	410.99	197.96	608.95	26.85%	458.03	182.00	640.03	27.50%
Households****	77.99	139.07	217.06	15.41%	43.87	311.17	355.04	18.39%	40.68	390.85	431.53	19.02%	81.70	454.10	535.80	23.02%
Foreign investors*****	45.33	2.48	47.81	3.39%	74.00	0.00	74.00	3.83%	352.22	0.00	352.22	15.53%	175.65	0.00	175.65	7.55%
Voluntary Pension Funds**	9.49	6.97	16.46	1.17%	17.70	17.60	35.30	1.83%	20.89	20.49	41.38	1.82%	27.14	27.47	54.61	2.35%
Investment Funds	59.72	38.54	98.26	6.98%	117.30	51.20	168.50	8.73%	141.91	79.60	221.50	9.77%	161.68	56.60	218.28	9.38%
Insurance companies	58.70	84.40	143.10	10.16%	123.15	65.07	188.22	9.75%	133.80	54.40	188.20	8.30%	134.05	54.33	188.39	8.09%
Companies and other investors	150.91	141.32	292.23	20.75%	173.93	226.75	400.68	20.75%	67.37	289.10	356.47	15.72%	239.76	207.23	446.99	19.21%
Total	723.96	684.59	1408.55	100.00%	1029.94	900.80	1930.74	100.00%	1235.89	1032.41	2268.30	100.00%	1345.57	981.77	2327.34	100.00%

* Government securities financing the Central Government current deficit
**Treasury bill at face value
*** Since 30.06.1996. these figures also include the outstanding stock of government securities held by mutual savings banks and credit associations
**** Estimated data: taking account of issuances, redemtions and secondary market turnover
***** According to the data supplied by Hungarian central Depository and Clearing House





3.3 The Stock of Government Bonds Outstanding

3.3.1 Publicly Offered Government Bonds and Government Guaranteed Bonds (in Serial Number Order)

Serial Number/ ISIN Code	First issue date	Amount of issue (HUF Billion)	Maturity (year)	Coupon	Date of interest payment	Redemption date	Denomi-nation HUF	Stock exchange listing date	Principal paying agent	Investors
1998/D HU0000400361	23.11.1994.	50.00	4	average yield of 1, 3, 6 month T-bill auctions of the last month before int. rate setting + 1.75%	23-May, 23-Nov	23.11.1998.	10 000	27.12.1994.	GDMA	no limitation
1998/K HU0000400841	03.10.1996.	58.65824	2	21.50%	03-Apr,03-Okt	03.10.1998.	10 000	07.10.1996.	GDMA	no limitation
1999/B HU0000400437	01.05.1996.	16.00	3	average yield of six month T-bill auctions of the last calendar month before int. rate setting+0.5%	05-Jan, 05-Jul	05.01.1999.	10 000	12.02.1996.	GDMA	no limitation
1999/C HU0000400452	06.05.1996.	40.7625	3	23.00 %	06-May, 06-Nov	06.05.1999.	10 000	31.05.1996.	GDMA	no limitation
1999/D HU0000400866	31.10.1996.	38.775	3	21.00%	24-Apr, 24-Okt	24.10.1999.	10 000	01.11.1996.	GDMA	no limitation
1999/E HU0000400890	09.01.1997.	62.875	2	19.50%	12-Jan, 12-Jul	12.01.1999.	10 000	10.01.1997.	GDMA	no limitation
1999/F HU0000400916	03.03.1997.	71.20	2	16.50%	12-Apr, 12-Oct	12.04.1999.	10 000	04.03.1997.	GDMA	no limitation
1999/G HU0000400965	23.06.1997.	79.50	2	16.5%	24-Jan, 24-Jul.	24.07.1999.	10 000	25.06.1997.	GDMA	no limitation
1999/H HU0000401062	16.10.1997.	46.775	2	16,5%	24-Apr, 24-Oct.	24.10.1999.	10 000	17.10.1997.	GDMA	no limitation
2000/B HU0000400460	15.06.1995.	3.00	5	DWIX + 2.25%	15-Jun, 15-Dec	15.06.2000.	10 000	20.07.1996.	GDMA	no limitation
2000/C HU0000400478	25.08.1995.	3.00	5	Consumer Price Index + 3.50%	25-Aug	25.08.2000.	10 000	03.10.1995.	GDMA	no limitation
2000/D HU0000400908	20.01.1997.	65.274	3	18.50%	12-Feb, 12-Aug	12.02.2000.	10 000	21.01.1997.	GDMA	no limitation
2000/E HU0000400940	18.04.1997.	40.20	3	16%	12.May, 12-Nov.	12.05.2000.	10 000	21.04.1997.	GDMA	no limitation
2000/F HU0000401013	07.07.1997.	51.05	3	16%	24-Feb, 24-Aug	24.08.2000.	10 000	08.07.1997.	GDMA	no limitation

Note: According to the **Government Decree No. 161 of 1995 8/C §.** residents are entitled to transfer government securities to non-residents without the permission of the foreign exchange authority only if the tenor of the security is equal to or more than 365 days. The issuer upholds the right to restrict the transferability of the government security.

Serial Number/ ISIN Code	First issue date	Amount of issue (HUF Billion)	Maturity (year)	Coupon	Date of interest payment	Redemption date	Denomi-nation HUF	Stock exchange listing date	Principal paying agent	Investors
2000/G HU0000401054	04.09.1997.	81.00	3	16%	24-May, 24-Nov	24.11.2000.	10 000	05.09.1997.	GDMA	no limitation
2000/H HU0000401088	08.01.1998	75.00	2	16%	12-Jan., 12-Jul.	12.01.2000	10 000	09.01.1998	GDMA	no limitation
2000/I HU0000401112	02.04.1998	79.65	2	16%	12-Apr, 12-Oct	12.04.2000	10 000	03.04.1998	GDMA	no limitation
2000/J HU0000401146	25.06.1998	94.90	2	15.5%	24-Jan, 24-Jul	24.07.2000	10 000	26.06.1998	GDMA	no limitation
2001/C HU0000400874	03.02.1997.	33.60	5	15%	12-Jun, 12-Dec	12.12.2001.	10 000	04.02.1997.	GDMA	no limitation
2001/D HU0000401096	22.01.1998	49.00	3	16%	12-Feb., 12-Aug.	12.02.2001	10 000	23.01.1998	GDMA	no limitation
2001/E HU0000401120	16.04.1998	72.15	3	15.5%	12-May., 12-Nov.	12.05.2001	10 000	17.04.1998	GDMA	no limitation
2001/F HU0000401796	06.08.1998	82.50	3	15%	24-Jan., 24-Jul.	24.07.2001	10 000	07.08.1998	GDMA	no limitation
2002/F HU0000401039	24.07.1997.	32.875	5	14%	24-Jun, 24-Dec.	24.06.2002.	10 000	25.07.1997.	GDMA	no limitation
2002/G HU0000401070	08.01.1998	39,14	5	14%	12-Jun, 12-Dec.	12.12.2002.	10 000	09.01.1998	GDMA	no limitation
2003/F HU0000400858	17.10.1996.	49.3305	7	Consumer Price Index of the last calendar month before int. rate setting + 3% (interest rates are reset twice a year)	24-Sept	24.09.2003.	10 000	25.10.1996.	GDMA	no limitation
2003/H HU0000401104	19.03.1998	76.10	5	average yield of last three 6 month T-bill auction before interest rate reset	12-Mar., 12-Sept.	12.03.2003.	10 000	20.03.1998.	GDMA	no limitation
2003/I HU0000401161	23.07.1998	38.25	5	13%	24-Jan., 24-Jul.	24.07.2003	10 000	24.07.1998	GDMA	no limitation
2004/F HU0000400932	18.03.1997	25.75	7	Consumer Price Index of the last calendar month before int. rate setting + 3% (interest rates are reset twice a year)	12-Mar	12.03.2004.	10 000	19.03.1997.	GDMA	no limitation

Note: According to the **Government Decree No. 161 of 1995 8/C §.** residents are entitled to transfer government securities to non-residents without the permission of the foreign exchange authority only if the tenor of the security is equal to or more than 365 days. The issuer upholds the right to restrict the transferability of the government security

Serial Number/ ISIN Code	First issue date	Amount of issue (HUF Billion)	Maturity (year)	Coupon	Date of interest payment	Redemption date	Denomi-nation HUF	Stock exchange listing date	Principal paying agent	Investors
2004/G HU0000401021	07.07.1997	42.30	7	Consumer Price Index of the last calendar month before int. rate setting + 3% (interest rates are reset twice a year)	24-Mar.	24.03.2004.	10 000	08.07.1997.	GDMA	no limitation
2005/C HU0000400635	11.08.1995	1.20	10	first year: 29.50%, afterwards DWIX+1%, but if the reset interest rate is between 18%-23%, then 23% is to apply	11-Aug	11.08.2005.	10 000	18.09.1995.	GDMA	no limitation
2005/D HU0000401138	14.05.1998	16.15	7	Indexed-linked Bond pays 4% real interest	12-Mar	12.03.2005.	10 000	15.05.1998.	GDMA	no limitation

Note: According to the **Government Decree No. 161 of 1995 8/C §.** residents are entitled to transfer government securities to non-residents without the permission of the foreign exchange authority only if the tenor of the security is equal to or more than 365 days. The issuer upholds the right to restrict the transferability of the government security.

3.3.2 Privately Placed Government Bonds and Government Guaranteed Bonds (in Serial Number Order)

Serial Number/ ISIN Code	Date of issue	Amount of issue (HUF billion)	Maturity (year)	Coupon	Date of interest payment	Redemption date	Denomi-nation	Principal paying agent	Investors
1998/B HU0000400429	01.01.1993.	0.90	6	8.00%	31-Dec	31.12.1993 31.12.1998	10 000 HUF	GDMA	only for residents
1999/A HU0000400445	10.03.1994.	10.00	5	average yield of 1, 3, 6 T-bill auctions of the last calendar month before interest rate reset + 1.75%	10-Sep, 10-Mar	10.03.1999.	10 000 HUF	GDMA	only for residents
2000/A HU0000400486	01.01.1993.	4.00	8	8.00%	31-Dec	31.12.1993 31.12.2000	10 000 HUF	GDMA	only for residents
2001/A HU0000401047 Banking system	01.01.1987.	9.00	15	10.00%	31-Dec	31.12.1992 31.12.2001	10 000 HUF	GDMA	no limitation
2001/B	21.12.1994.	150 M DEM 10.6 Bn HUF*	7	9 5/8%	18-Dec-98, 21-Dec-99, 20-Dec-00, 20-Dec-01	20.12.2001.	1.000 DEM 10.000 DEM	GDMA	no limitation
2002/A HU0000400494	02.03.1992.	30.00	10	base rate of the Central Bank	02-Mar, 02-Sep	02.03.2002.	100 000 HUF	GDMA	no limitation
2002/B HU0000400502	01.12.1992.	5.00	10	19.00%	01-Jun., 01-Dec	01.06.2002 01.12.2002	10 000 HUF	GDMA	no limitation
2002/C HU0000400510	15.12.1992.	1.00	10	18.00%	15-Jun, 15-Dec	15.06.2002 15.12.2002	10 000 HUF	GDMA	only for residents
2002/D HU0000400528	31.12.1992.	8.00	10	8.40%	31-Dec	31.12.2001. 31.12.2002. in two equal instalments	10 000 HUF	GDMA	no limitation
2002/E	01.11.1994.	0.50	7,5	25, 24, 24, 21, 21, 18, 18, 18%	25-Mar	115-115 M HUF in 1995, 1996 33-33 M HUF between 1997-1999, 57-57 M HUF between 2000-2002 25-Mar every year	50 000 000 HUF	GDMA	only for residents
2003/A HU0000400536 Social Sec.	01.07.1993.	1.00	10	16.5%	01-Jul	01.07.2003.	100 000 000 HUF	GDMA	no limitation
2003/B HU0000400544 Social Sec.	01.07.1993.	4.00	10	21,17,14 % afterwards the investors can opt for either floating interest rate or fix 14%	01-Jul	01.07.2003.	100 000 000 HUF	GDMA	no limitation

*Exchange rate on the date of issue

Note: According to the **Government Decree No. 161 of 1995 8/C §.** residents are entitled to transfer government securities to non-residents without the permission of the foreign exchange authority only if the tenor of the security is equal to or more than 365 days. The issuer upholds the right to restrict the transferability of the government security.

Serial Number/ ISIN Code	Date of issue	Amount of issue (HUF billion)	Maturity (year)	Coupon	Date of interest payment	Redemption date	Denomi-nation	Principal paying agent	Investors
2003/C HU0000400551 Social Sec.	29.10.1993.	1.00	10	23,23 and at the end of the 2nd, 4th and 7th year the investor can opt for either floating interest rate (average yield of 6 month T-bill auctions + 1%) or fix	29-Oct	29.10.2003.	100 000 000 HUF	GDMA	no limitation
2003/D HU0000400569 Social Sec.	22.12.1993.	2.00	10	23,23,23,19,19,17,17,16,16,16% since 1996 floating interest rate: avg. yield of 6 m. T-bill auctions +1% (min.15%); at the end of 5th and 7th year option for either floating or fix	22-Dec	22.12.2003.	100 000 000 HUF	GDMA	only for residents
2003/E HU0000400577 Social Sec.	30.12.1993.	8.00	10	average yield of 1, 3, 6 T-bill auctions of the last calendar month before interest rate reset + 3%, after the 3rd year option	30-Dec	30.12.2003.	100 000 000 HUF	GDMA	no limitation
2003/G HU0000400882	15.12.1996.	3.00	7	23,23,23,23,15,15,15% at the end of the 4th year the investor can opt for floating interest rate: average yield of 2-5 year Bond auctions	15-Dec	15.12.2003.	10 000 HUF	GDMA	no limitation
2004/A HU0000400973 HU0000400981 HU0000400999 HU0000401005 Housing	01.07.1989.	19.10	15	average weighted yield of the T-bill of the longest maturity	15-Feb	01.07.1995 01.07.2004	10 000 HUF	GDMA	no limitation
2004/B HU0000400585 Social Sec.	28.03.1994.	0.50	10	average yield of 1, 3, 6 T-bill auctions of the last calendar month before interest rate reset + 1.75%	28-Mar, 28-Sep	28.03.2004.	50 000 000 HUF	GDMA	no limitation
2004/D HU0000400601 Social Sec.	17.08.1994.	0.50	10	DWIX + 1.75 %	17-Feb, 17-Aug	17.08.2004.	50 000 000 HUF	GDMA	no limitation
2004/E HU0000400619	26.10.1994.	0.80	10	23.00%	26-Oct	26.10.2004.	10 000 HUF	GDMA	only for residents
2005/A HU0000400643	29.12.1993.	1.16	12	19.00% - The sum of interest payment and the redemption is constant every year - annuity	quarterly on the 20th Mar, Jun, Sep, Dec	quarterly on the 20th Mar, Jun, Sep, Dec	1 000 000 HUF	GDMA	no limitation

Note: According to the **Government Decree No. 161 of 1995 8/C §.** residents are entitled to transfer government securities to non-residents without the permission of the foreign exchange authority only if the tenor of the security is equal to or more than 365 days. The issuer upholds the right to restrict the transferability of the government security.

Serial Number/ ISIN Code	Date of issue	Amount of issue (HUF billion)	Maturity (year)	Coupon	Date of interest payment	Redemption date	Denomi-nation	Principal paying agent	Investors
2006/A HU0000400668 Government debt	28.02.1996.	50.00	10	average yield of 3, 6 T-bill auctions of the last calendar month before interest rate reset	28-Feb-97 afterwards yearly: 28-Feb	28.02.2006.	10 000 HUF	GDMA	no limitation
2006/B HU0000400650 Government debt	24.05.1996.	77.97	10	average yield of 3, 6 T-bill auctions of the last calendar month before interest rate reset	24-Jan	24.01.2006.	10 000 HUF	GDMA	no limitation
2006/C HU0000400676 Government debt	24.05.1996.	77.97	10	average yield of 3, 6 T-bill auctions of the last calendar month before interest rate reset	24-Jul-97, afterwards yearly 24-Jul	24.07.2006.	10 000 HUF	GDMA	no limitation
2006/D HU0000401203	30.12.1998.	10.00	8	average yield of last three 6 month T-bill auction before interest rate reset	12-Feb.,12-Aug.	08.12.2006.	10 000 HUF	GDMA	no limitation
2007/A HU0000400684	31.12.1992.	20.00	15	8.40%	31-Dec	31.12.2003.- 31.12.2007. in five equal instalments	10 000 HUF	GDMA	no limitation
2007/B HU0000401211	30.12.1998.	24.00	9	average yield of last three 6 month T-bill auction before interest rate reset	12-June,12-Dec.	12.12.2007.	10 000 HUF	GDMA	no limitation
2007/C HU0000401229	30.12.1998.	10.00	9	average yield of last three 6 month T-bill auction before interest rate reset	12-Feb.,12-Aug.	12.08.2007.	10 000 HUF	GDMA	no limitation
2008/A HU0000401237 HU0000401278	30.12.1998.	55.02232 0.000005	10	average yield of last three 6 month T-bill auction before interest rate reset (quarterly interest reset on 17-Jan.,17-Apr., 17-July, 17-Oct.)	24-Apr.,24-Oct.	24.10.2008.	10 000 HUF 5 843 HUF	GDMA	no limitation
2008/B HU0000401245	30.12.1998.	10.00	10	average yield of last three 6 month T-bill auction before interest rate reset	12-Feb.,12-Aug.	12.08.2008.	10 000 HUF	GDMA	no limitation
2009/A HU0000401252	30.12.1998.	10.00	11	average yield of last three 6 month T-bill auction before interest rate reset	12-Feb.,12-Aug.	12.08.2009.	10 000 HUF	GDMA	no limitation
2010/A HU0000401260	30.12.1998.	10.00	12	average yield of last three 6 month T-bill auction before interest rate reset	12-Feb.,12-Aug.	12.08.2010.	10 000 HUF	GDMA	no limitation
2012/A HU0000400692	31.12.1992.	20.30	20	8.40%	31-Dec	31.12.2008.- 31.12.2012 in five equal instalments	10 000 HUF	GDMA	no limitation

Note: According to the **Government Decree No. 161 of 1995 8/C §.** residents are entitled to transfer government securities to non-residents without the permission of the foreign exchange authority only if the tenor of the security is equal to or more than 365 days. The issuer upholds the right to restrict the transferability of the government security.

Serial Number/ ISIN Code	Date of issue	Amount of issue (HUF billion)	Maturity (year)	Coupon	Date of interest payment	Redemption date	Denomi-nation	Principal paying agent	Investors
2013/A HU0000400700 Debt Cons.	20.03.1993.	150.00	20	average yield of 3 month T-bill auctions of the last six months before interest rate reset	20-Mar	20.03.2013.	10 000 HUF	GDMA	no limitation
2013/C HU0000400726 Debt Cons.	20.12.1993.	150.00	20	average yield of 3 month T-bill auctions of the last six months before interest rate reset	20-Jun, 20-Dec	20.12.2013.	10 000 HUF	GDMA	no limitation
2014/A HU0000400734 Debt Cons.	02.05.1994.	50.00	20	average yield of 3 month T-bill auctions of the last six months before interest rate reset	02-May, 02-Nov	02.05.2014.	10 000 HUF	GDMA	no limitation
2014/B HU0000400742 Debt Cons.	20.12.1994.	35.00	20	average yield of 3 month T-bill auctions of the last six months before interest rate reset	20-Jun, 20-Dec	20.12.2014.	10 000 HUF	GDMA	no limitation
2016/A Treasury Bond	01.01.1992.	83.20	25	average interest rate of T-bill of the longest maturity, changing quarterly	quarterly at the end of Mar, Jun, Sep, Dec	quarterly at the end of Mar, Jun, Sep, Dec	-	GDMA	no limitation
25 series of government bonds. Maturity from 1 to 25 years, redemption in the last year of the maturity in 4 instalments quarterly									
2016/B HU0000400759 Debt Cons.	02.01.1996.	10.00	20	average yield of 3 month T-bill auctions of the last calendar month before interest rate setting	02-Jan-97 afterwards twice a year: 02-Jan, 02-Jul	02.01.2016.	10 000 HUF	GDMA	only for residents
2026/A HU0000400783 Government debt	28.02.1996.	51.165	30	average yield of 3, 6 T-bill auctions of the last calendar month before interest rate reset	28-Feb-97 afterwards yearly: 28-Feb	28.02.2026.	10 000 HUF	GDMA	no limitation
2026/B HU0000400791 Government debt	24.05.1996.	80.00	30	average yield of 3, 6 T-bill auctions of the last calendar month before interest rate reset	24-Apr	24.04.2026.	10 000 HUF	GDMA	no limitation
2026/C HU0000400809 Government debt	24.05.1996.	80.00	30	average yield of 3, 6 T-bill auctions of the last calendar month before interest rate reset	24-Oct-97 afterwards yearly: 24-Oct	24.10.2026.	10 000 HUF	GDMA	no limitation

Note: According to the **Government Decree No. 161 of 1995 8/C** §. residents are entitled to transfer government securities to non-residents without the permission of the foreign exchange authority only if the tenor of the security is equal to or more than 365 days. The issuer upholds the right to restrict the transferability of the government security.

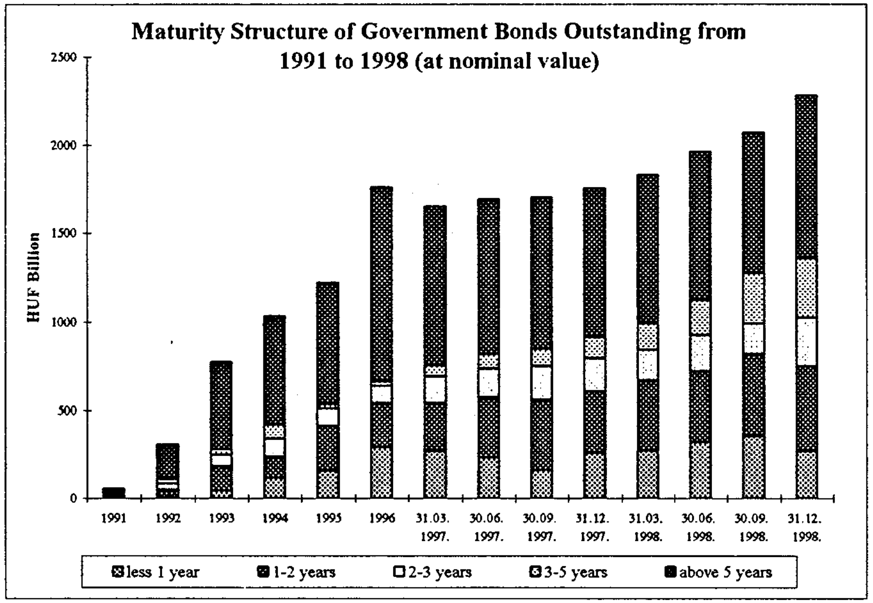
3.3.3. Stock of Government Bonds and Government Guaranteed Bonds, Outstanding at end of Periods (at nominal value, HUF Billion)

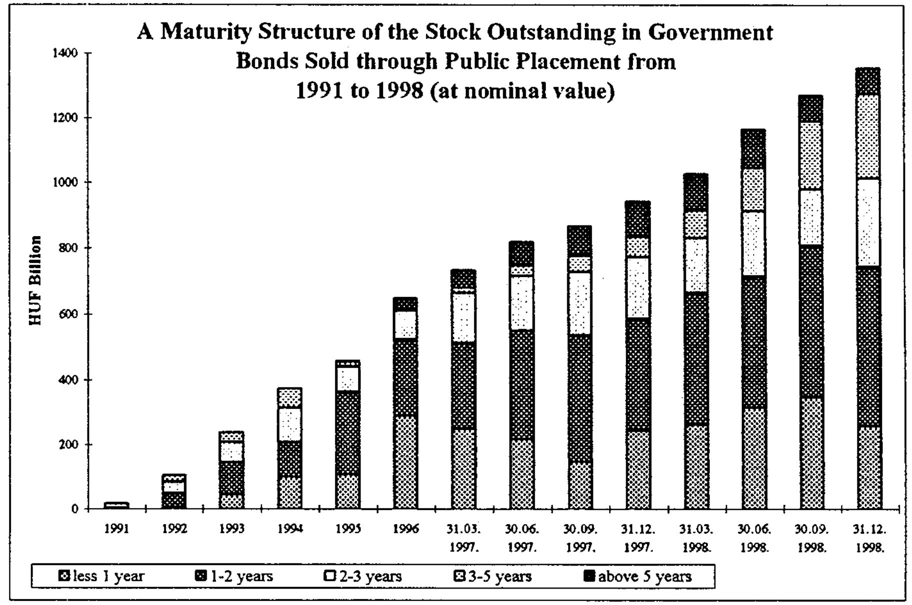
Serial Number of Government Bond	September 1998.		October 1998.		November 1998.		December 1998.	
	stock outstanding	GDMA account	stock outstanding	GDMA account	stock outstanding	GDMA account	stock outstanding	GDMA account
1998/B	0.15	0.00	0.15	0.00	0.15	0.00	0.00	0.00
1998/D	49.26	0.74	49.25	0.75	0.00	0.00	0.00	0.00
1998/K	41.81	16.85	0.00	0.00	0.00	0.00	0.00	0.00
1999/A	10.00	0.00	10.00	0.00	10.00	0.00	10.00	0.00
1999/B	15.31	0.69	15.25	0.75	15.24	0.76	15.22	0.78
1999/C	40.57	0.20	40.39	0.37	40.35	0.41	40.37	0.39
1999/D	38.66	0.11	38.67	0.11	38.67	0.11	38.67	0.11
1999/E	62.72	0.16	57.69	5.19	57.67	5.21	57.62	5.26
1999/F	68.97	2.23	68.66	2.54	68.67	2.53	68.69	2.51
1999/G	74.38	5.27	74.44	5.21	74.47	5.18	77.68	1.97
1999/H	43.01	3.77	43.07	3.70	43.19	3.58	45.14	1.63
2000/A	1.50	0.00	1.50	0.00	1.50	0.00	1.00	0.00
2000/B	2.88	0.12	2.88	0.12	2.88	0.12	2.86	0.14
2000/C	2.78	0.22	2.83	0.17	2.83	0.17	2.82	0.18
2000/D	65.15	0.12	65.10	0.17	64.81	0.46	64.81	0.46
2000/E	38.14	2.06	38.16	2.04	38.39	1.81	38.45	1.75
2000/F	47.74	3.31	48.12	2.93	48.16	2.89	48.87	2.18
2000/G	33.38	2.92	39.41	3.49	54.56	4.76	75.57	5.43
2000/H	67.36	7.64	67.39	7.61	67.53	7.47	73.11	1.89
2000/I	70.60	9.05	70.77	8.88	71.00	8.64	77.44	2.21
2000/J	83.84	11.06	84.06	10.83	84.05	10.85	92.60	2.30
2001/A	3.02	0.58	3.07	0.53	3.07	0.53	2.17	0.53
2001/B	18.18	0.00	19.63	0.00	19.41	0.00	19.60	0.00
2001/C	30.35	3.25	30.33	3.27	30.34	3.26	31.56	2.04
2001/D	43.80	5.20	44.08	4.92	44.32	4.68	47.15	1.85
2001/E	63.93	8.22	63.96	8.19	64.10	8.05	69.36	2.79
2001/F	26.82	4.83	36.03	6.47	51.05	9.45	73.51	9.49
2001/T1	5.26	0.74	5.22	0.77	5.19	0.80	5.18	0.81
2001/T2	0.53	0.90	3.17	0.02	4.60	0.07	4.51	0.16
2002/A	30.00	0.00	30.00	0.00	30.00	0.00	30.00	0.00
2002/B	5.00	0.00	5.00	0.00	5.00	0.00	5.00	0.00
2002/C	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00
2002/D	8.00	0.00	8.00	0.00	8.00	0.00	8.00	0.00
2002/E	0.20	0.00	0.20	0.00	0.20	0.00	0.20	0.00
2002/F	29.49	3.38	29.52	3.36	29.53	3.34	30.54	2.33
2002/G	35.36	3.78	35.39	3.75	35.43	3.71	36.79	2.35
2002/T1	0.00	0.00	0.00	0.00	0.19	0.00	1.82	0.01
2003/A	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00
2003/B	4.00	0.00	4.00	0.00	4.00	0.00	4.00	0.00
2003/C	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00
2003/D	2.00	0.00	2.00	0.00	2.00	0.00	2.00	0.00
2003/E	8.00	0.00	8.00	0.00	8.00	0.00	8.00	0.00
2003/F	48.21	1.12	48.23	1.10	48.29	1.04	48.34	0.99
2003/G	3.00	0.00	3.00	0.00	3.00	0.00	3.00	0.00
2003/H	48.12	5.48	54.41	6.69	62.52	8.16	71.47	5.23
2003/I	16.52	2.08	19.96	2.64	27.49	3.36	35.03	3.22
2004/A	11.37	0.00	11.37	0.00	11.37	0.00	11.37	0.00
2004/B	0.50	0.00	0.50	0.00	0.50	0.00	0.50	0.00
2004/D	0.50	0.00	0.50	0.00	0.50	0.00	0.50	0.00
2004/E	0.80	0.00	0.80	0.00	0.80	0.00	0.80	0.00

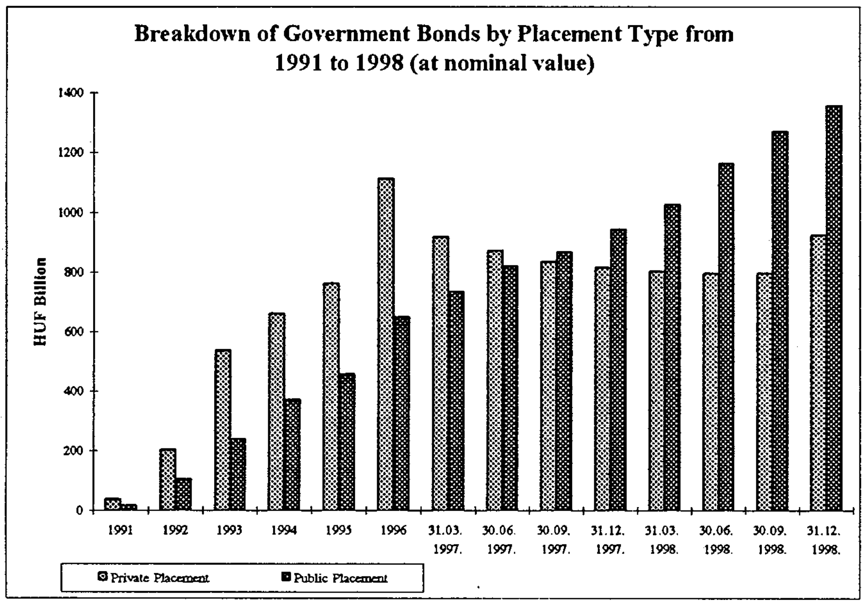
3.3.3. Stock of Government Bonds and Government Guaranteed Bonds, Outstanding at end of Periods (at nominal value, HUF Billion)

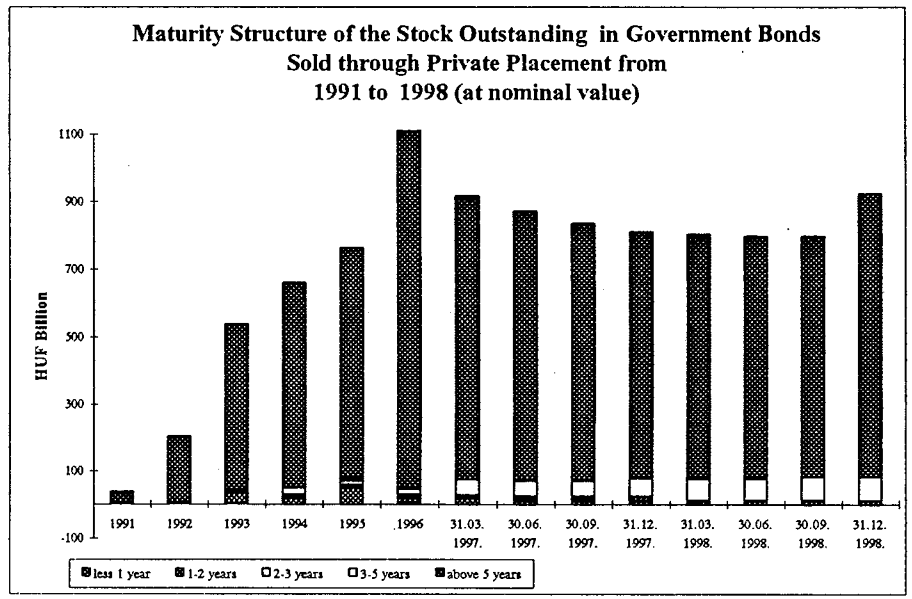
Serial Number of Government Bond	September 1998.		October 1998.		November 1998.		December 1998.	
	stock outstanding	GDMA account	stock outstanding	GDMA account	stock outstanding	GDMA account	stock outstanding	GDMA account
2004/F	25.28	0.47	25.29	0.46	25.29	0.46	25.33	0.42
2004/G	39.00	3.29	38.89	3.41	38.89	3.41	39.72	2.58
2005/A	0.97	0.00	0.97	0.00	0.97	0.00	0.95	0.00
2005/C	1.16	0.04	1.16	0.04	1.16	0.04	1.16	0.04
2005/D	14.98	1.10	14.83	1.32	14.93	1.22	14.96	1.19
2006/A	38.57	11.43	38.57	11.43	38.57	11.43	38.57	11.43
2006/B	77.97	0.00	77.97	0.00	77.97	0.00	77.97	0.00
2006/C	77.97	0.00	77.97	0.00	77.97	0.00	77.97	0.00
2006/D	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00
2007/A	20.00	0.00	20.00	0.00	20.00	0.00	20.00	0.00
2007/B	0.00	0.00	0.00	0.00	0.00	0.00	24.00	0.00
2007/C	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00
2008/A	0.00	0.00	0.00	0.00	0.00	0.00	55.02	0.00
2008/B	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00
2009/A	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00
2010/A	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00
2012/A	9.66	10.64	9.66	10.64	9.66	10.64	9.60	10.70
2013/A	76.67	72.48	76.67	72.48	76.67	72.48	76.67	72.48
2013/C	127.93	7.52	127.93	7.52	127.93	7.52	127.93	7.52
2014/A	31.55	0.00	31.55	0.00	31.55	0.00	31.55	0.00
2014/B	16.61	18.39	16.61	18.39	16.61	18.39	16.61	18.39
2016/A	62.55	0.00	62.55	0.00	62.55	1.00	61.65	0.00
2016/B	9.00	1.00	9.00	1.00	9.00	0.00	9.00	1.00
2026/A	51.17	0.00	51.17	0.00	51.17	0.00	51.17	0.00
2026/B	80.00	0.00	80.00	0.00	80.00	0.00	80.00	0.00
2026/C	5.55	74.45	5.80	74.20	5.80	74.20	5.76	74.24
Total	**2070.75**	**306.87**	**2053.76**	**297.45**	**2052.71**	**302.23**	**2279.93**	**260.97**
Partial Redemptions	0.91						2.11	
Redeemed Stock at Reverse Auctions		5.00						
Total Amount Issued	**2377.62**		**2351.21**		**2354.94**		**2540.90**	

Graph.no. 3.3.1. Breakdown of Government Bonds Outstanding by Maturity and Placement Type

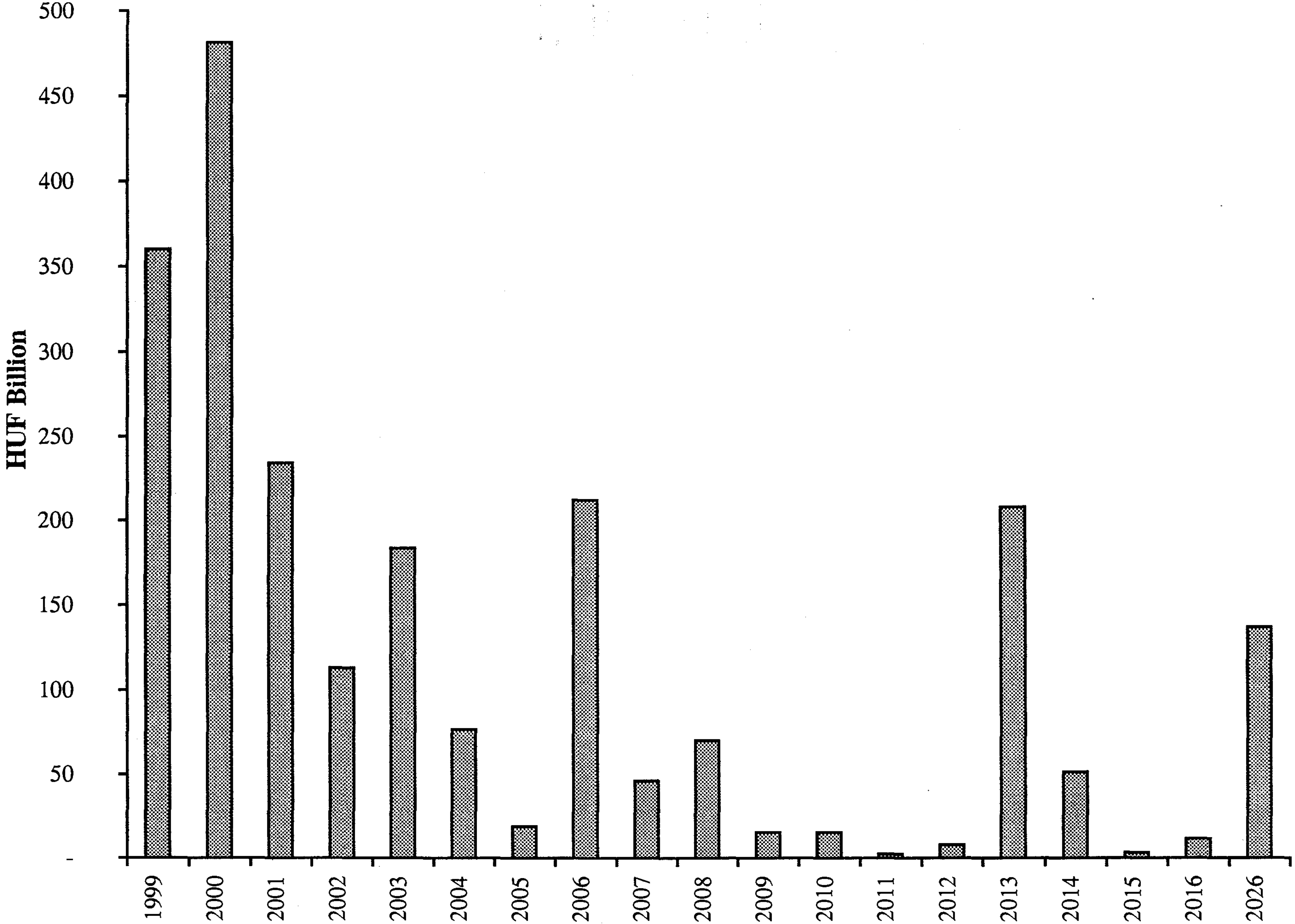








Graph.no. 3.3.2 Maturity Profile of Government Bonds
(on the basis data avaible on 31st December, 1998.)



3.4 Treasury Bills Outstanding

3.4.1 List of Treasury Bills Outstanding (in Serial Number Order)

Interest Bearing Type T-Bills	Placement type	Date of Issue	Amount Issued (HUF Bn)	Maturity	Coupon (per cent)	EHM (per cent)	Interest Payment Day and Redemption Date	Redemption Option	Denomination Transferability	Stock Exchange Listing	Principal Paying Agent
IBTB 1999/I.	Subscription	28.01.1998.	23.20	1 year	18.5	18.42	28.01.1998.	c.	a.	b.	GDMA
IBTB 1999/II.	Subscription	04.03.1998.	21.50	1 year	18.5	18.42	04.03.1998.	c.	a.	b.	GDMA
IBTB 1999/III.	Subscription	01.04.1998.	15.30	1 year	18	17.93	01.04.1998.	c.	a.	b.	GDMA
IBTB 1999/IV.	Subscription	06.05.1998.	13.50	1 year	17.5	17.44	06.05.1998.	c.	a.	b.	GDMA
IBTB 1999/V.	Subscription	03.06.1998.	12.60	1 year	17.5	17.44	03.06.1998.	c.	a.	b.	GDMA
IBTB 1999/VI.	Subscription	01.07.1998.	9.80	1 year	17	16.95	01.07.1998.	c.	a.	b.	GDMA
IBTB 1999/VII.	Subscription	29.07.1998.	14.90	1 year	17	16.95	29.07.1998.	c.	a.	b.	GDMA
IBTB 1999/VIII.	Subscription	02.09.1998.	8.70	1 year	15.5	15.48	02.09.1998.	c.	a.	b.	GDMA
IBTB 1999/IX.	Subscription	07.10.1998..	14.30	1 year	16	15.97	07.10.1998..	c.	a.	b.	GDMA
IBTB 1999/X.	Subscription	11.11.1998.	19.50	1 year	17	16.95	11.11.1998.	c.	a.	b.	GDMA
IBTB 1999/XI.	Subscription	09.12.1998.	17.50	1 year	16.5	16.46	09.12.1998.	c.	a.	b.	GDMA
Treasury Savings Bills 1997/II.	Continuous sale	02.06.1997. (d.)	80	1 year	16	16.5 (i)	e.	any time before maturity	f.	-	Post Office Plc. Branch Network
Treasury Savings Bills II. 1997/11.	Continuous sale	09.06.1997. (d.)	40	2 years	16.5 (h)	15.33 (i)	e.	any time before maturity	f1.	-	Post Office Plc. Branch Network
Treasury Savings Bills 1998/I.	Continuous sale	02.02.1998. (d.)	150	1 year	16	16.5 (i)	e.	any time before maturity	f1.	-	Post Office Plc. Branch Network
Treasury Savings Bills II. 1998/11.	Continuous sale	02.02.1998. (d.)	50	2 years	16.5 (h)	15.33 (i)	e.	any time before maturity	f1.	-	Post Office Plc. Branch Network

3.4.2 Main Features of Discount T-Bills Outstandings

Discount T-Bills	Placement Type	Auction Date**	Issue Amount (HUF Bn)	Maturity	Redemption Option	Denomination Transferability	Stock Exch. Listing	Principal Paying Agent
1 month*	auction	-	1	28 days	c.	g.	b.	GDMA
3 month	auction	each Tuesday	5	91 days	c.	g.	b.	GDMA
6 month	auction	every other Wednesday	7.5-18	182 days	c.	g.	b.	GDMA
12 month	auction	every other Thursday	7.5-20	364 days	c.	g.	b.	GDMA

***utolsó aukció 1998.06.30-án volt **a megváltozott az aukciós naptár**

a. denom: HUF 10, 100, 1000, 10 000 th only residents may buy it
b. 1st business day after issue date

c. issuer does not redeem before maturity but can be sold any time on the secondary market
d. start date of ongoing sale
e. at redemption

f. denom:HUF 10, 50, 100 and 500 th only resident phisycal entities can buy it
f1. denom:HUF 10,50,100,500 th and 1Million only resident phisycal entities can buy it

g. Base denom. HUF 10th , only residents can buy it
h. at end of the maturity TSB II.pays 16.5 per cent interest (p.a.) without paying compound interest
i. Effective interest from 18.11.1998. The rate of interest was 16.5% from 05.10.1998, 17% from 19.10.1998. The 2 years TSB EHM was (15.33%, 15.76%).

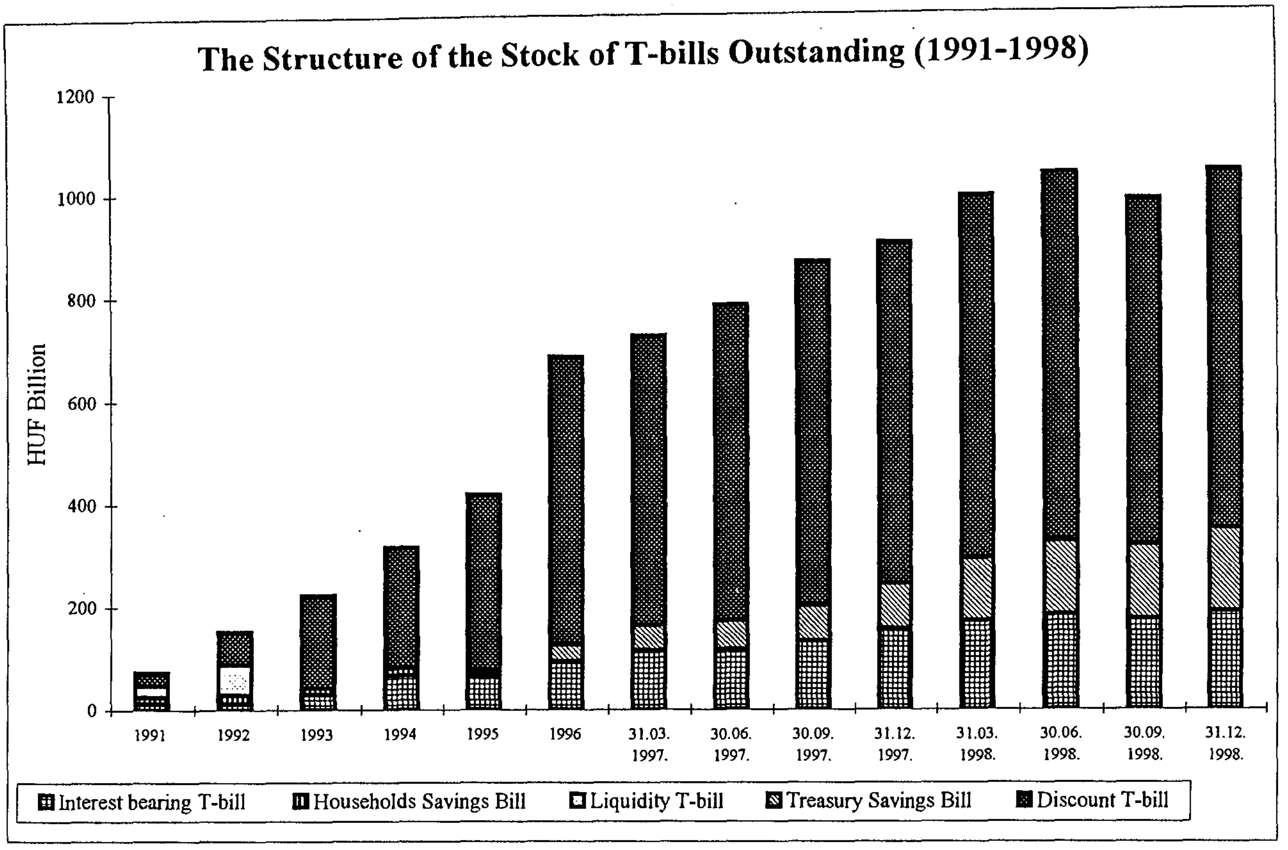
3.4.3 Stock of Treasury Bills Outstanding (end of period, nominal value)

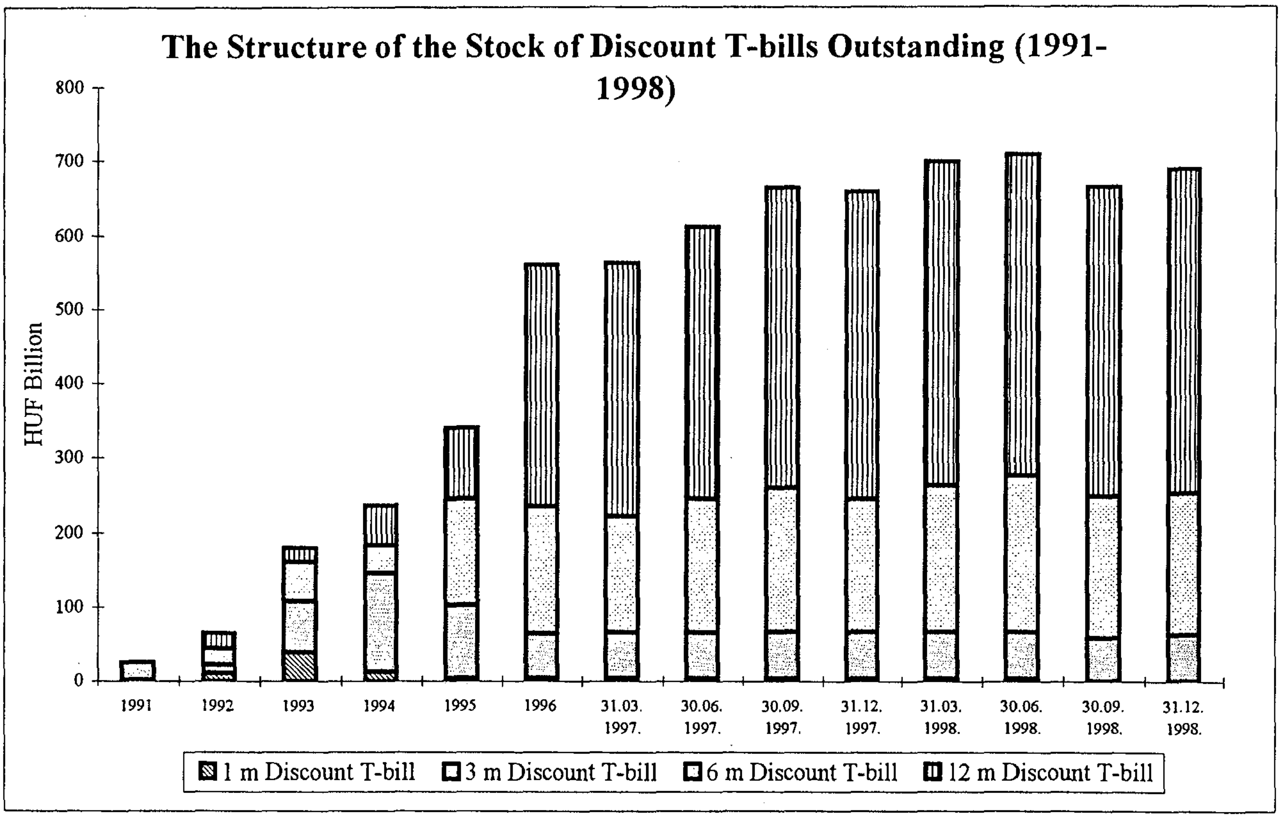
HUF Billion

	September 1998	October 1998.	November 1998.	December 1998.
Interest Bearing Treasury Bill (IBTB)				
IBTB 1995/VII.-XII.	0.02	0.02	0.02	0.02
IBTB 1996/I.-XII.	0.60	0.60	0.60	0.60
IBTB 1997/I.-XI.	0.80	0.28	0.28	0.28
IBTB 1998/I.-IX.	0.01	0.01	0.01	0.01
IBTB 1998/X.	13.13	0.18	0.01	0.01
IBTB 1998/XI.	13.66	13.65	0.17	0.03
IBTB 1998/XII.	17.38	17.36	17.35	0.16
IBTB 1999/I.	23.08	23.07	23.06	23.04
IBTB 1999/II.	21.36	21.35	21.34	21.32
IBTB 1999/III.	15.17	15.16	15.15	15.15
IBTB 1999/IV.	13.34	13.34	13.33	13.32
IBTB 1999/V.	12.45	12.44	12.42	12.41
IBTB 1999/VI.	9.68	9.66	9.66	9.65
IBTB 1999/VII.	14.79	14.77	14.74	14.73
IBTB 1999/VIII.	8.64	8.61	8.60	8.60
IBTB 1999/IX.	8.16	14.30	14.27	14.27
IBTB 1999/X.	0.00	0.00	19.49	19.46
IBTB 1999/XI.	0.00	0.00	0.00	17.43
IBTB 2000/I.	0.00	0.00	0.00	14.81
Total	**172.27**	**164.80**	**170.50**	**185.31**
GDMA account	**1.55**	**1.52**	**1.51**	**1.35**
Households' Savings Bills	0.03	0.03	0.03	0.02
Treasury Savings Bills	144.20	147.58	152.73	158.70
Discount Treasury Bills				
1 Month	0.00	0.00	0.00	0.00
3 Month	58.36	58.28	58.22	62.61
6 Month	190.34	178.37	178.83	190.06
12 Month	416.52	403.63	411.54	436.08
Total*	**665.22**	**640.28**	**648.59**	**688.76**
GDMA account	**31.05**	**62.35**	**62.03**	**75.45**
Total Stock of Treasury Bills Outstanding	**981.71**	**952.68**	**971.85**	**1032.79**

*at purchase price

Graph.no. 3.4.4. Treasury Bill Stock Outstanding





3.5 Outstanding Forex Denominated Debt Taken Over by Central Government

3.5.1 Components of Forex Denominated Debt Taken Over by Central Government

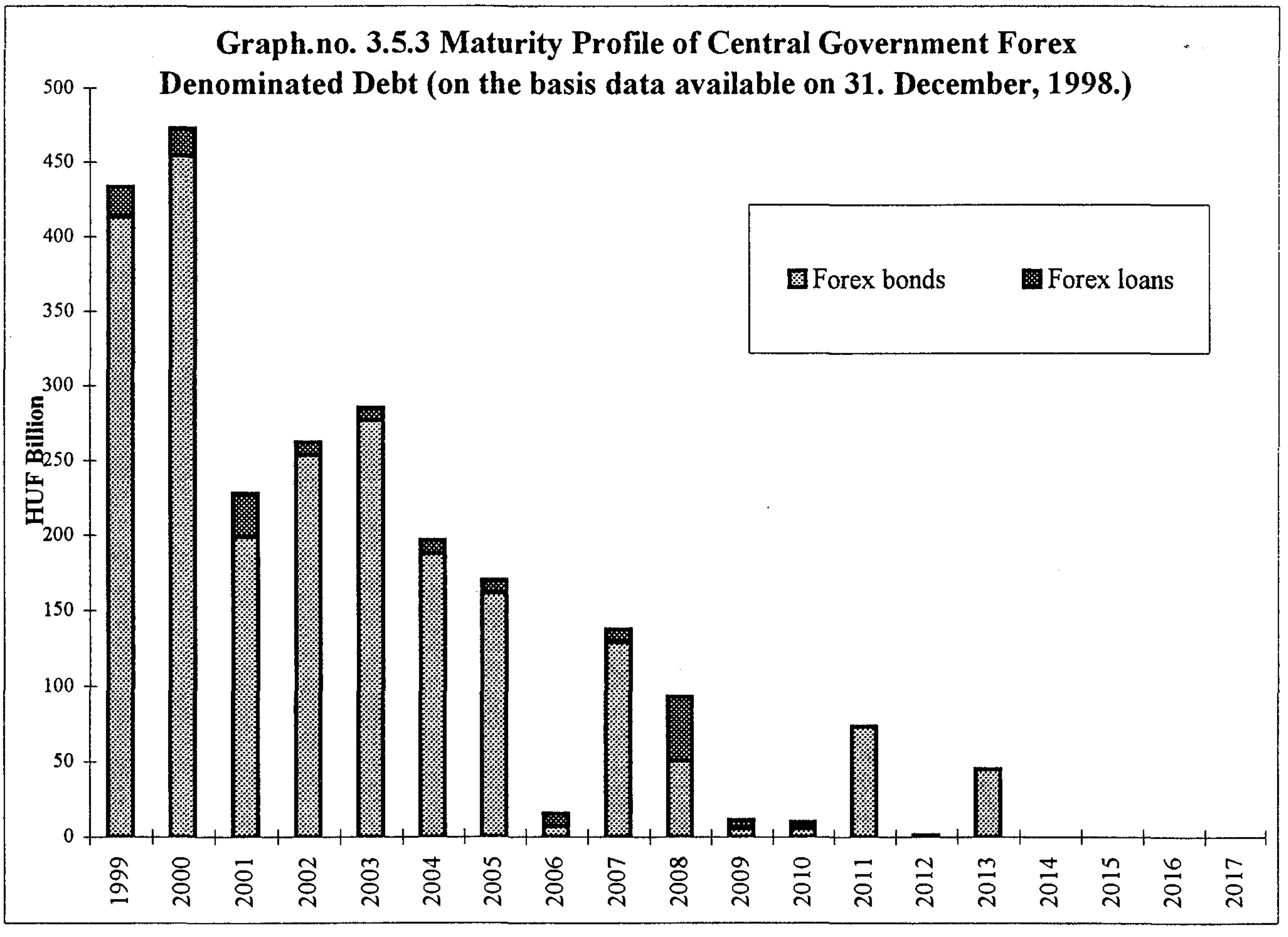
Million(of currency)

Number of of Bond	Redemption Date	Interest Payment Date		Currency	Type of Interest	Rate of Interest	Principal
1	19-Oct-2000	19 -Oct	-	ATS	Fix	8.50%	1,000
2	15-Jun-2001	15 -Jun	-	ATS	Fix	9.00%	1,250
3	24-Jan-2002	24 -Jan	-	ATS	Fix	9.625%	750
4	05-May-1999	05 -May	-	ATS	Fix	10.375%	600
5	18-Oct-1999	18 -Oct	-	CHF	Fix	8.25%	150
6	03-Dec-1999	03 -Dec	-	CHF	Fix	6.75%	200
7	07-Jun-2000	07 -Jun	-	CHF	Fix	7.25%	100
8	18-Oct-2000	18 -Oct	-	CHF	Fix	6.75%	200
9	11-Mar-1999	11 -Mar	-	DEM	Fix	10.25%	600
10	07-Jan-2000	07 -Jan	-	DEM	Fix	10.00%	600
11	17-Mar-2000	17 -Mar	-	DEM	Fix	9.25%	1,000
12	27-Jun-2001	27 -Jun	-	DEM	Fix	9.00%	750
13	08-Sep-2003	08 -Sep	-	DEM	Fix	8.75%	1,000
14	13-Jan-2004	13 -Jan	-	DEM	Fix	8.00%	1,000
15	21-May-2002	21 -Feb	21 -Aug	DEM	3LIB+0,9%	***4.54%***	500
16		21 -Aug	21 -Nov				
	12-Nov-1999	12 -Nov	-	FRF	Fix	8.00%	1,000
17	05-Aug-2003	05 -Aug	-	GBP	Fix	10.00%	100
18	29-Mar-1999	21 -Mar	29 -Sep	JPY	Fix	5.70%	29,624
19	23-Jul-1999	23 -Jan	23 -Jul	JPY	Fix	6.45%	50,000
20	21-Sep-1999	29 -Mar	21 -Sep	JPY	Fix	6.00%	25,000
21	05-Apr-2000	05 -Apr	05 -Oct	JPY	Fix	6.45%	50,000
22	01-Aug-2000	06 -Jan	01 -Aug	JPY	Fix	6.15%	15,000
23	06-Dec-2001	18 -Feb	06 -Dec	JPY	Fix	8.00%	30,000
24	18-Feb-2002	22 -Feb	18 -Aug	JPY	Fix	7.00%	30,000
25	22-Feb-2002	06 -Jan	22 -Aug	JPY	Fix	6.65%	30,000
26	06-Jan-2004	04 -Feb	06 -Jul	JPY	Fix	5.45%	50,000
27	08-Feb-2005	08 -Feb	08 -Aug	JPY	Fix	6.75%	25,000
28	18-Jul-2005	18 -Jul	-	JPY	Fix	5.20%	25,000
29	12-Sep-2005	12 -Mar	12 -Sep	JPY	Fix	5.00%	30,000
30	19-Jun-2007	19 -Jun	19 -Dec	JPY	Fix	6.00%	30,000
31	19-Oct-2007	19 -Apr	19 -Oct	JPY	Fix	5.00%	30,000
32	14-Mar-2008	14 -Mar	14 -Sep	JPY	Fix	5.00%	25,000
33	10-Jan-2011	10 -Jan	10 -Jul	JPY	Fix	5.20%	40,000
34	27-Jul-1999	27 -Jul	-	NLG	Fix	8.75%	150
35	26-Aug-1999	26 -Feb	26 -Aug	USD	6LIB+1,5%	***7.19%***	69.5
36	01-Oct-2002	01 -Apr	01 -Oct	USD	Fix	8.80%	200
37	01-Nov-2003	01 -May	01 -Nov	USD	Fix	7.95%	200
38	01-Nov-2013	01 -May	01 -Nov	USD	Fix	8.875%	200

3.5.2 Currency Structure of Central Government Gross Forex Debt * (HUF Billion)

Currency	31. March, 1998.	30.June, 1998.	30.Sept. 1998.	31.Dec. 1998.
ATS	59	118	125	121
DEM	1 299	1 323	1 438	1 422
FRF	35	36	39	39
JPY	4	10	12	16
GBP	0	1	0	0
NLG	15	16	17	17
USD	717	804	806	811
XEU	4	4	9	4
Total	2133	2311	2446	2430

* with the value of the hedging transactions related to the debt



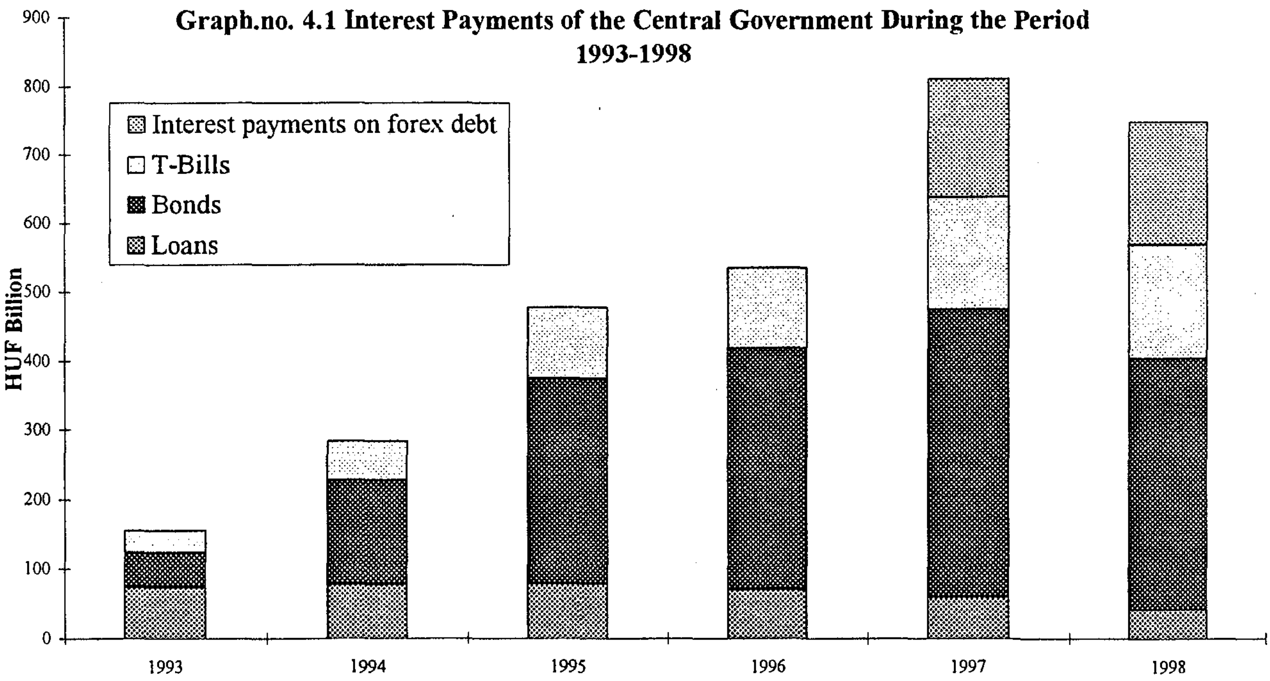
4. Interest, Interest Payments and Yields

4.1. Interest Payments of the Central Government

UF Billion

	1993	1994	1995	1996	1997	1998			
						I.Quarter	II.Quarter	III.Quarter	IV.Quarter
1. Loans	73.24	77.06	78.78	69.54	58.88	11.92	10.13	9.67	9.32
of which: deficit financing	47.01	49.12	49.79	40.69	37.44	5.52	5.36	5.20	4.98
other purposes	26.23	27.93	28.99	28.85	21.45	6.40	4.77	4.47	4.34
of which: preferencial interest	60.44	61.46	55.18	46.08	44.16	10.07	9.84	9.61	9.27
market interest	12.80	15.60	23.60	23.46	14.72	1.85	0.29	0.06	0.05
2.Bonds	49.90	150.17	295.60	347.01	415.76	112.40	87.42	75.75	84.72
of which: deficit financing	28.11	62.46	125.14	180.99	201.71	55.85	49.71	56.65	58.14
other purposes	21.79	87.71	170.46	166.02	214.05	56.55	37.71	19.10	26.59
of which: preferencial interest	4.81	4.29	4.46	0.00	0.00	0.00	0.00	0.00	0.00
market interest	45.09	145.88	291.14	347.02	415.76	112.40	87.42	75.75	84.72
3. T-Bills	31.77	56.07	103.02	117.15	163.01	40.18	39.90	49.18	35.83
4. Interest payments on forex debt					172.70	61.71	31.90	53.79	32.41
Total (1+2+3+4)	**154.91**	**283.29**	**477.40**	**533.71**	**810.35**	**226.20**	**169.35**	**188.38**	**162.28**
of which: deficit financing	106.89	167.65	277.95	338.83	574.86	163.25	126.86	164.82	131.36
other purposes	48.02	115.64	199.45	194.88	235.49	62.95	42.48	23.57	30.92
of which: preferencial interest	65.25	65.75	59.64	46.08	44.17	10.07	9.84	9.61	9.27
market interest	89.66	217.54	417.76	487.64	766.18	216.13	159.51	178.78	153.02

Graph.no. 4.1 Interest Payments of the Central Government During the Period 1993-1998



4.1.1. Interest Payments on Loans Effected by Central Government

HUF Billion

	Interest 1993	Interest 1994	Interest 1995	Interest 1996	Interest 1997	1998						
						I.Quarter	II.Quarter	III.Quarter	October	November	December	IV.Quarter
1.1. Deficit financing loans												
Raised before 1981	34 769.60	34 744.23	30 704.17	17 674.18	16 139.70	3 535.28	3 428.32	3 345.05	1 016.24	1 090.00	1 095.08	3 201.32
Raised between 1982-1990				8 595.20	8 848.68	1 980.97	1 930.14	1 854.16	608.13	588.51	583.43	1 780.08
Raised in 1991	12 238.30	14 378.33	16 878.33	14 422.47	12 447.04							
1.1. Total	**47 007.90**	**49 122.56**	**47 582.51**	**40 691.85**	**37 435.42**	**5 516.25**	**5 358.47**	**5 199.21**	**1 624.37**	**1 678.51**	**1 678.51**	**4 981.40**
1.2. Others												
Establishment of revolving fund	3 263.60	3 538.22	3 325.56	3 285.26	3 317.12	805.14	813.94	822.89	268.33	277.28	277.28	822.89
Allotment of registered cap. to financial int.	96.10											
Allotment of registered cap. to enterpr.	238.80											
Enterprise debt settlement	1 444.40	1 386.22	1 132.20	250.06								
Contribution to reg. cap. of int. fin. int.	538.90	585.70	550.50	529.57	552.11	131.06	129.12	127.14	40.35	41.69	41.69	123.73
World Bank loans	560.50	515.80	562.62	453.47	321.75	66.82	61.77	56.11	16.99	17.56	17.05	51.60
Equity allocation credit	20 065.90	21 178.71	19 438.33	15 745.57	15 305.24	3 617.99	3 538.92	3 457.89	1 088.47	1 124.75	1 124.75	3 337.97
Overdraft	0.00	228.09	76.19									
1.2. Total	**26 208.20**	**27 432.73**	**25 085.38**	**20 263.91**	**19 496.21**	**4 621.01**	**4 543.76**	**4 464.02**	**1 414.14**	**1 461.28**	**1 460.77**	**4 336.19**
1. Centrak Bank loans total	**73 216.10**	**76 555.30**	**72 667.89**	**60 955.76**	**56 931.63**	**10 137.26**	**9 902.22**	**9 663.23**	**3 038.51**	**3 139.79**	**3 139.29**	**9 317.59**
2. Deficit fin. loans in foreign currencies												
3. Loans taken by local governments	**0.00**	**473.12**	**2 122.23**	**1 950.86**	**621.78**							
4. Deficit fin. forex loans raised in 1995	**0.00**	**0.00**	**2 206.47**									
5. MAV loans (Hungarian State Railways)	**0.00**	**0.00**	**1 756.54**	**6 615.57**	**700.71**	**1 775.64**	**227.10**					
6. Budapest infrastructural loans	**0.00**	**0.00**	**0.00**	**0.00**	**514.63**							
7. STRABAG loans	**0.00**	**0.00**	**0.00**	**0.00**	**101.86**							
8. HAGE loans	**26.20**	**28.23**	**28.36**	**22.38**	**15.54**	**2.90**	**2.82**	**2.70**			**2.62**	**2.62**
Total (1+8)	**73 242.30**	**77 056.65**	**78 781.48**	**69 544.57**	**58 886.16**	**11 915.81**	**10 132.14**	**9 665.93**	**3 038.51**	**3 139.79**	**3 141.91**	**9 320.21**
of which: deficit financing	47 007.90	49 122.56	49 788.98	40 691.85	37 435.42	5 516.25	5 358.47	5 199.21	1 624.37	1 678.51	1 678.51	4 981.40
other purposes	26 234.40	27 934.08	28 992.51	28 852.71	21 450.74	6 399.56	4 773.67	4 466.72	1 414.14	1 461.28	1 463.40	4 338.81
of which: preferencial interest	60 443.50	61 461.31	55 179.10	46 079.83	44 162.85	10 070.44	9 840.45	9 607.12	3 021.52	3 122.24	3 122.24	9 265.99
market interest	12 798.80	15 595.34	23 602.38	23 464.74	14 723.31	1 845.37	291.69	58.81	16.99	17.56	19.68	54.22

4.1.2. Interest on Government Bonds and Government Guaranteed Bonds

HUF Billion

	1993	1994	1995	1996	1997	1998						
						I.Quarter	II.Quarter	III.Quarter	October	November	December	IV.Quarter
1. Deficit financing loans	28.11	62.46	125.14	180.99	201.71	55.85	49.71	56.65	24.63	23.49	10.02	58.14
2.1. Related to housing	16.79	23.82	25.70	23.34	17.10	5.72	3.16	2.78	0.00	-0.05	2.43	2.37
2.2. Due to consolidation	0.00	54.47	96.61	102.67	86.45	16.03	17.06	0.86	3.02	0.00	14.21	17.23
2.3. Due to buy Rb claims	4.06	4.06	4.06	4.06	4.04	0.00	0.06	0.00	0.00	0.00	3.16	3.16
2.4. Securitisation of non-int. bearing lons	0.00	0.00	34.77	27.31	100.95	34.71	16.25	15.35	1.12	0.00	0.00	1.12
2.5. Social Security Funds deficit	0.00	3.96	7.27	6.82	4.36	0.05	1.18	0.10	0.20	0.05	2.14	2.40
2.6. UNIVERSITAS loans	0.00	0.67	1.41	1.42	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.7. Due to allotment of regist. cap. to financial int.	0.94	0.72	0.63	0.41	0.40	0.04	0.00	0.00	0.00	0.00	0.31	0.31
2. Other purposes total (2.1.+....+2.7.)	21.79	87.71	170.46	166.02	214.05	56.55	37.71	19.10	4.34	0.00	22.24	26.59
Total (1.+2.)	**49.90**	**150.17**	**295.60**	**347.01**	**415.76**	**112.40**	**87.42**	**75.75**	**28.97**	**23.49**	**32.26**	**84.72**
of which: preferencial interest	28.11	62.46	4.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
market interest	21.79	87.71	291.14	347.02	415.76	112.40	87.42	75.75	28.97	23.49	32.26	84.72

4.1.3 Interest Rate Reset of Floating Rate Government Bonds

Serial No.	Issue Date	Redemption Date	Interest Period	Interest Rate Reset	Interest Payment	Interest Rate Payable
1998/D	23.11.94	23.11.98	23.05.98 - 23.11.98	19.95%	23.11.98	10.06%
1999/A	10.03.94	10.03.99	10.03.98 - 10.09.98	18.65%	10.09.98	9.40%
			10.09.98 - 10.03.99	*	10.03.99	*
1999/B	05.01.96	05.01.99	05.01.98 - 05.07.98	19.59%	05.07.98	9.71%
			05.07.98 - 05.01.99	17.88%	05.01.99	9.01%
2000/B	15.06.95	15.06.00	15.12.98 - 15.06.99	20.06%	15.06.99	10.00%
2000/C	25.08.95	25.08.00	25.08.98 - 25.08.99	17.60%	25.08.99	17.60%
2001/T1**	29.06.98	15.09.01	15.09.98 - 15.09.01	17.50%	15.09.01	52.50%
2001/T2**	14.09.98	18.11.01	18.11.98 - 18.11.01	18.00%	18.11.01	54.00%
2002/A	02.03.92	02.03.02	02.03.98 - 02.09.98	19.16%	02.09.98	9.66%
			02.09.98 - 02.03.99	*	02.03.99	*
2002/T1**	16.11.98	19.01.02	18.11.98 - 18.11.01	17.50%	19.01.02	52.50%
2003/C	29.10.93	29.10.03	29.10.98 - 29.04.99	18.30%	-	-
			29.04.99 - 29.10.99		29.10.99	
2003/D	22.12.93	22.12.03	22.12.98 - 22.12.99	18.90%	22.12.99	18.90%
2003/E	30.12.93	30.12.03	30.12.98 - 30.06.99	19.80%	-	-
			30.06.99 - 30.12.99		30.12.99	
2003/F	17.10.96	24.09.03	24.09.98 - 24.03.99	16.50%	-	-
			24.03.99 - 24.09.99		24.09.99	
2003/H	19.03.98	12.03.03	19.09.98 - 12.03.99	16.34%	12.03.99	8.10%
2004/A	01.07.89	01.07.04	01.01.98 - 31.12.98	17.3138%	15.02.99	17.3138%
2004/B	28.03.94	28.03.04	28.09.98 - 28.03.99	18.35%	28.03.99	9.10%
2004/D	17.08.94	17.08.04	17.08.98 - 17.02.99	18.35%	17.02.98	9.25%
2004/F	18.03.97	12.03.04	12.03.98 - 12.09.98	20.70%	-	-
			12.09.98 - 12.03.99	17.10%	12.03.99	18.92%
2004/G	07.07.97	24.03.04	24.03.98 24.09.98	20.10%	-	-
			24.09.98 24.03.99	16.50%	24.03.99	18.31%
2005/C	11.08.95	11.08.05	11.08.98 - 11.08.99	17.98%	11.08.99	17.98%
2005/D	14.05.98	12.03.05	14.05.98 - 12.03.99		12.03.99	
2006/A	28.02.96	28.02.06	28.02.98 - 28.08.98	19.22%	-	-
			28.08.98 - 28.02.99	16.86%	28.02.99	18.03%
2006/B	24.05.96	24.01.06	24.01.98 - 24.07.98	19.15%	-	-
			24.07.98 - 24.01.99	17.40%	24.01.99	18.27%
2006/C	24.05.96	24.07.06	24.07.98 - 24.01.99	17.40%	-	-
			24.01.99 - 24.07.99		24.07.99	
2006/D	30.12.98	12.08.06	30.12.98 - 12.08.99	17.04%	12.08.99	10.50%
2007/B	30.12.98	12.12.07	30.12.98 - 12.06.99	17.04%	12.06.99	7.66%
2007/C	30.12.98	12.08.07	30.12.98 - 99.08.12	17.04%	12.08.99	10.50%
2008/A	30.12.98	24.10.08	30.12.98 - 99.04.24	17.04%	24.04.99	5.37%
2008/B	30.12.98	12.08.08	30.12.98 - 99.08.12	17.04%	12.08.99	10.50%
2009/A	30.12.98	12.08.09	30.12.98 - 99.08.12	17.04%	12.08.99	10.50%
2010/A	30.12.98	12.08.10	30.12.98 - 99.08.12	17.04%	12.08.99	10.50%

4.1.3 Interest Rate Reset of Floating Rate Government Bonds

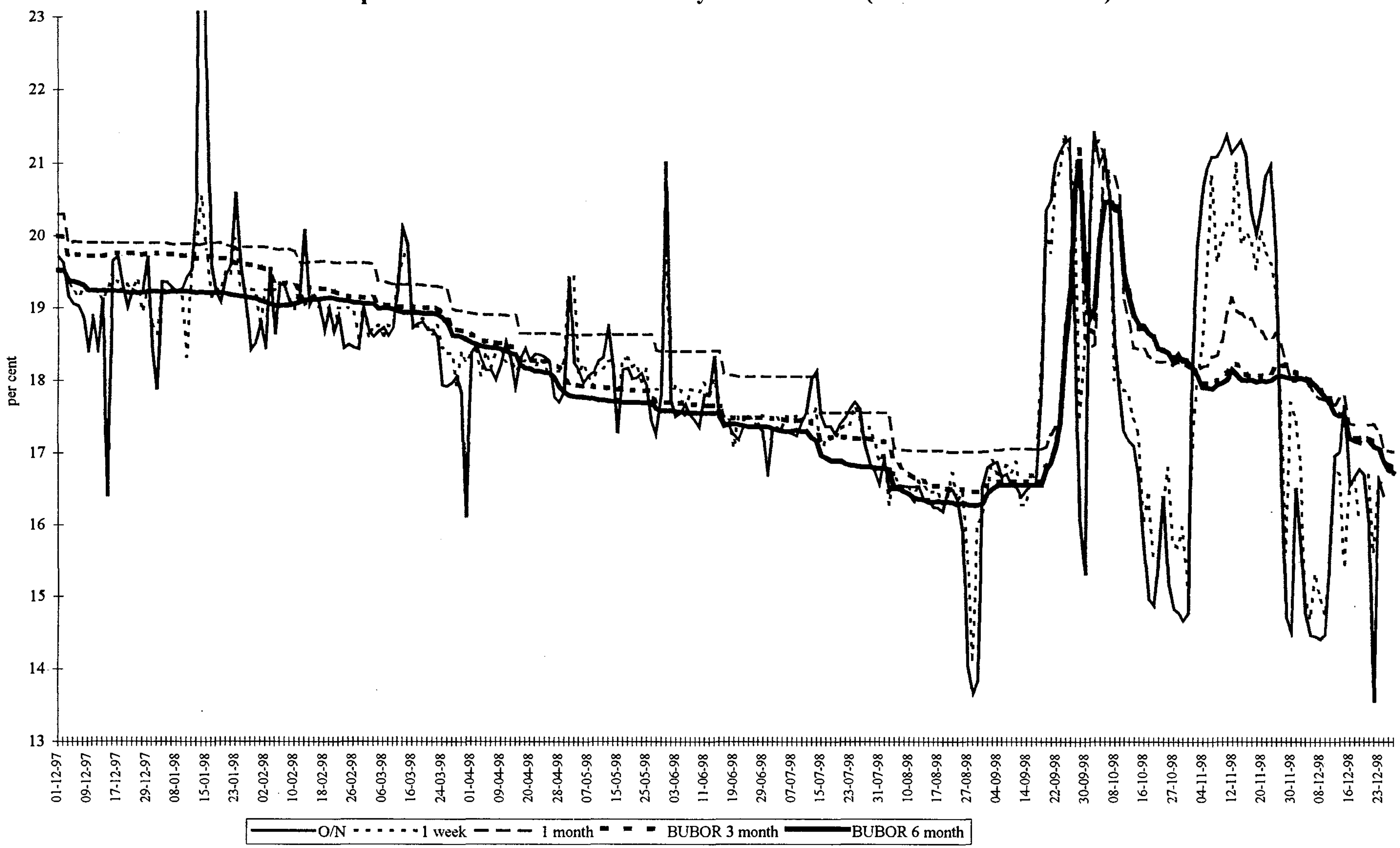
Serial No.	Issue Date	Redemption Date	Interest Period	Interest Rate Reset	Interest Payment	Interest Rate Payable
2013/A	20.03.93	20.03.13	20.03.98 - 98.09.20	19.20%	-	-
			20.09.98 - 99.03.20	17.20%	20.03.99	18.21%
2013/C	20.12.93	20.12.13	20.12.98 - 99.06.20	17.20%	20.06.99	8.58%
2014/A	02.05.94	02.05.14	02.11.98 - 99.05.02	17.20%	02.05.99	8.53%
2014/B	20.12.94	20.12.14	20.12.98 - 99.06.20	17.20%	20.06.99	8.58%
2016/A	01.01.92	31.12.16	31.12.98 - 99.03.31	16.50%	31.03.99	4.13%
2016/B	02.01.96	02.01.16	02.07.98 - 99.01.02	17.46%	02.01.99	8.80%
			02.01.99 - 99.07.02	17.58%	02.07.99	8.72%
2026/A	28.02.96	28.02.26	28.02.98 - 98.08.28	19.22%	-	-
			28.08.98 - 99.02.28	16.86%	28.02.99	18.03%
2026/B	24.05.96	24.04.26	24.04.98 - 98.10.24	18.98%	-	-
			24.10.98 - 99.04.24	17.52%	24.04.99	18.26%
2026/C	24.05.96	24.10.26	24.10.98 - 99.04.24	17.52%	-	-
			24.04.99 - 99.10.24		24.10.99	

* Interest rate is reset at the end of interest period

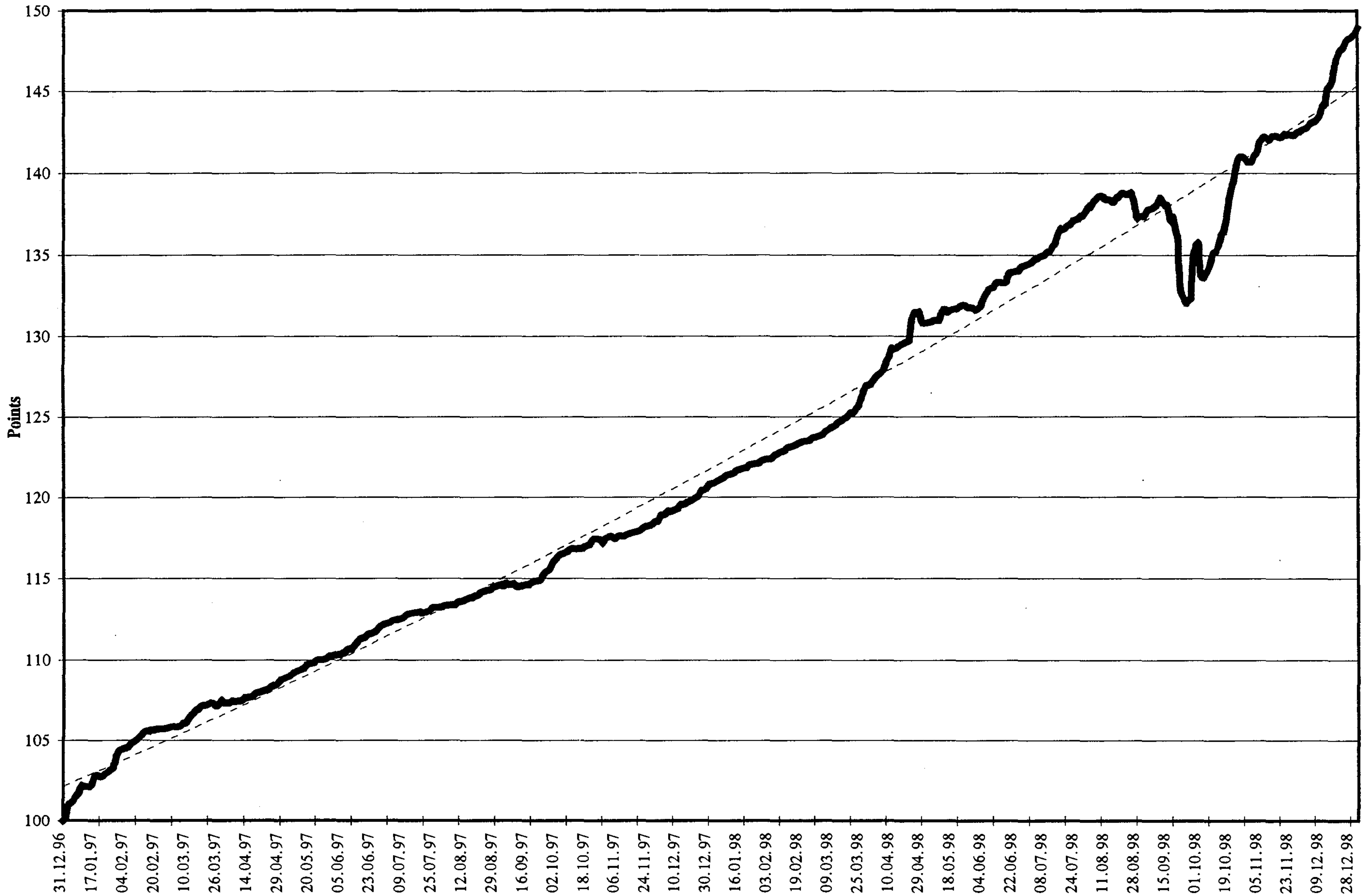
** This bond do not pay compound interest

5.Some Important Financial Market Rates and Households Savings

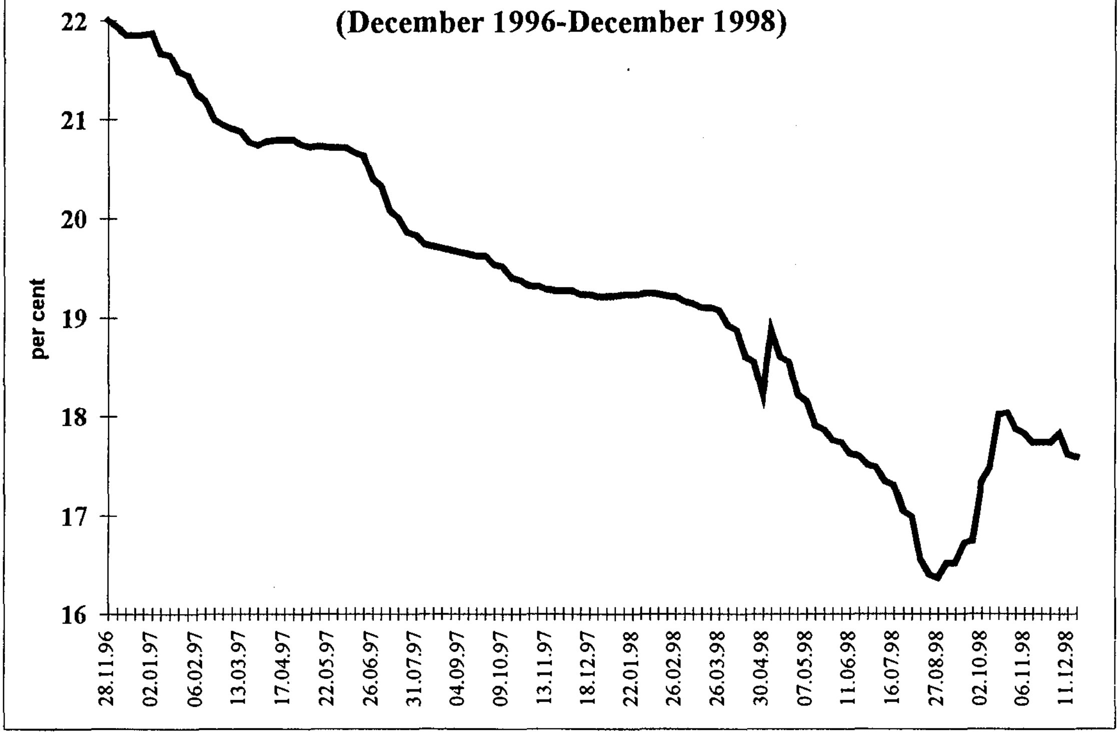
Graph.no. 5.1. The Interbank Money Market Rates (01.12.1997-31.12.1998)



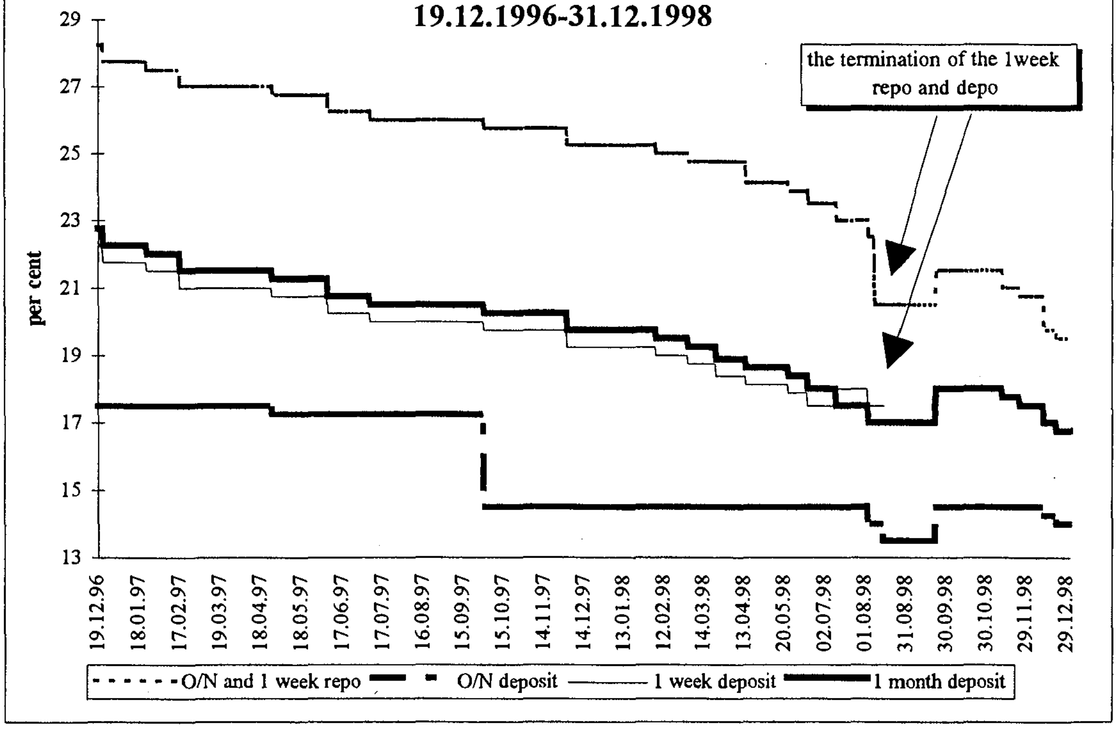
Graph.no. 5.2 The Hungarian Government Bond Total Return Index (MAX) from 31st December, 1996



Graph.no. 5.3 Changes in DWIX Index (December 1996-December 1998)

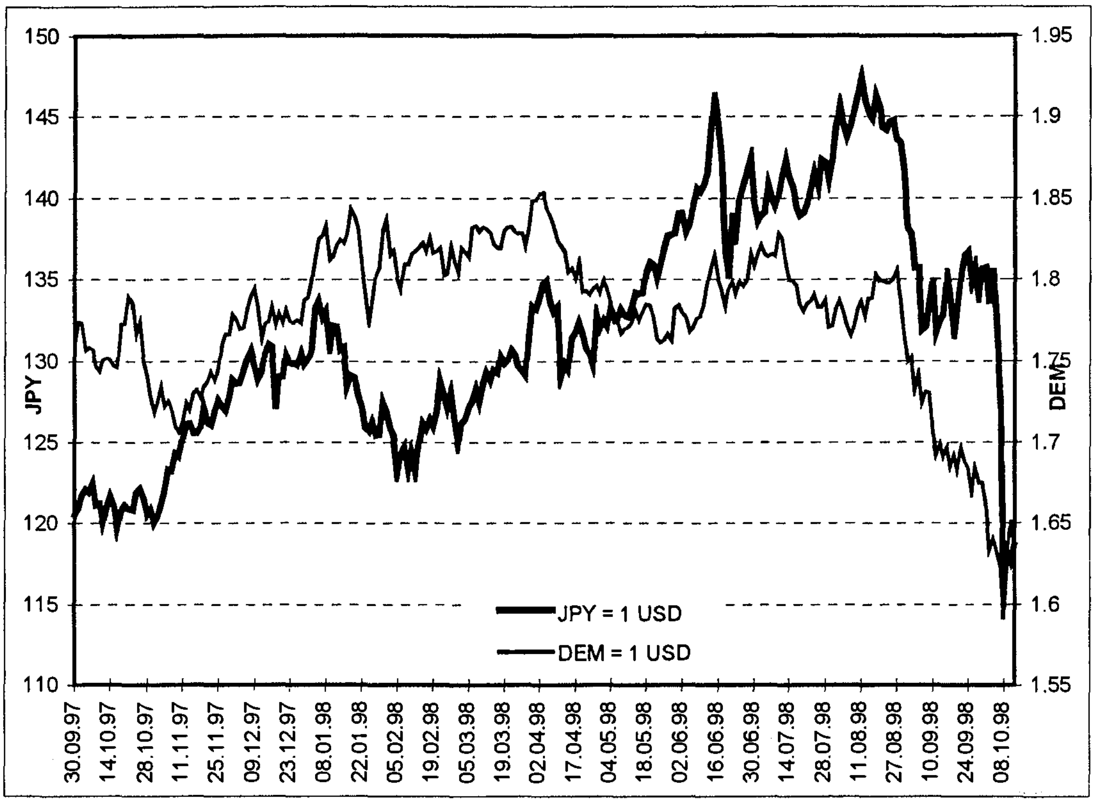


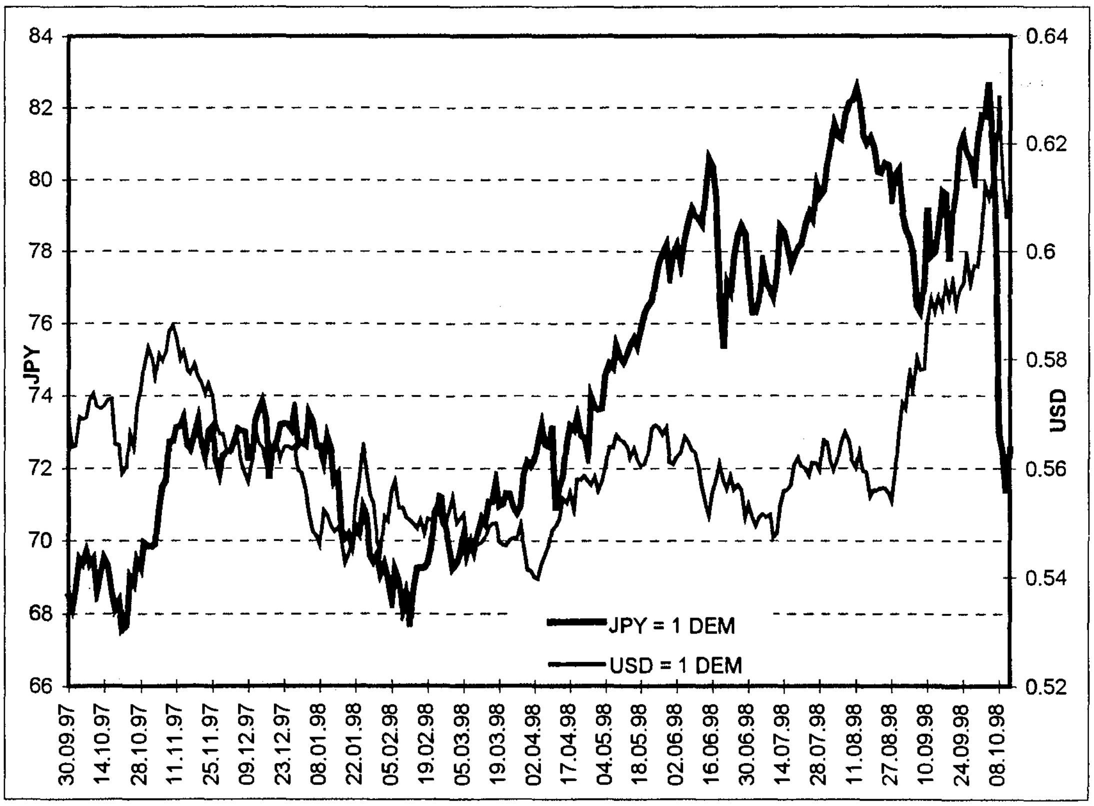
Graph.no. 5.4 Central Repo and Deposit Rates 19.12.1996-31.12.1998



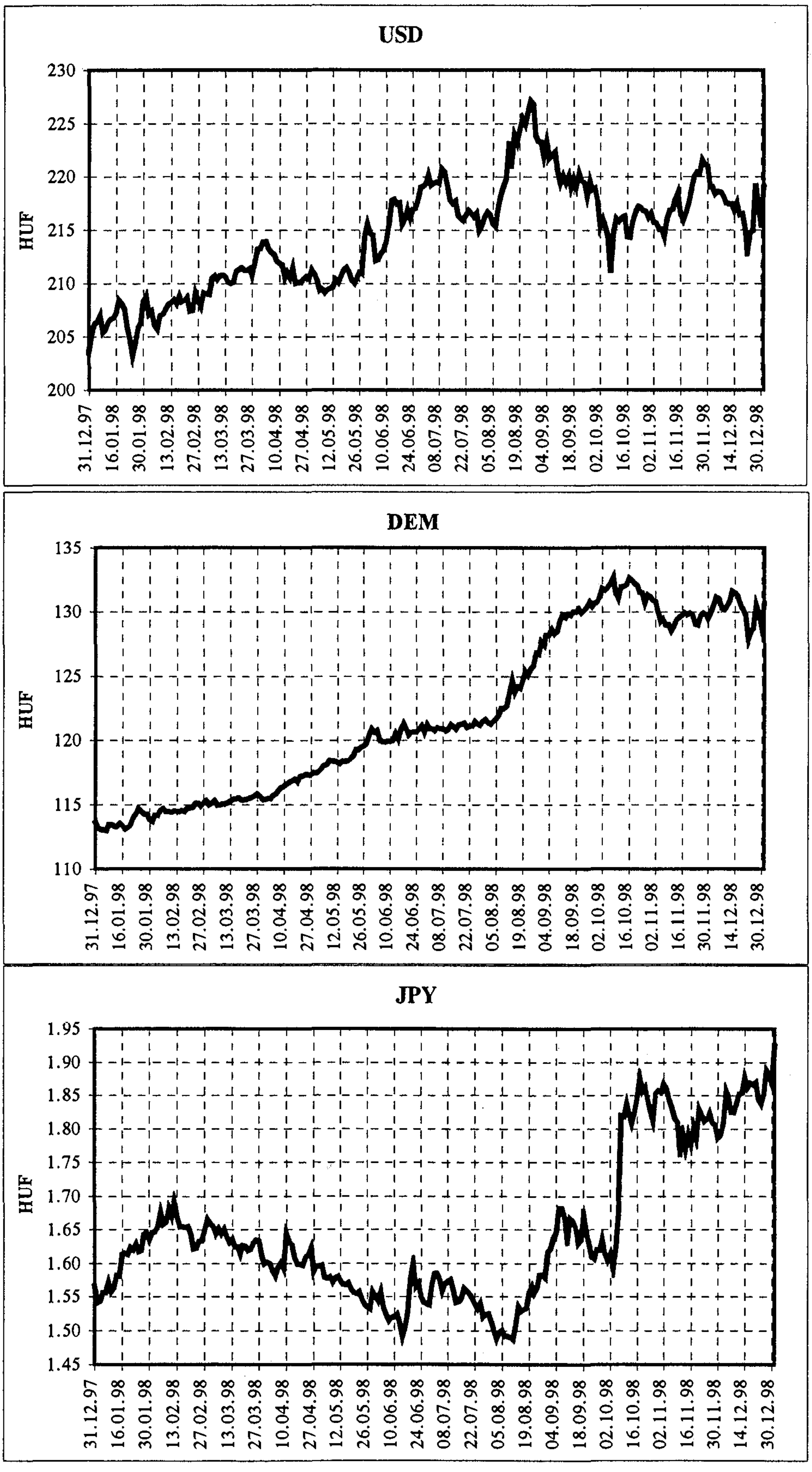
From 6th October, 1997 NBH replaced the security based and fixed maturity inverse repo to a non-callable deposit. The terms of maturity and interest have not been changed.

Graph.no. 5.5 Forex Cross Rates





Graph.no. 5.6 Hungarian Forint Exchange Rate Against Some Important Currencies (on the basis of daily quotation by National Bank of Hungary)



5.7 Households' Financial Assets and Liabilities

5.7.1 The Stock of Financial Assets and Liabilities[b] of Household

Milliárd forint

	1996. 31.Dec.	1997. 31.Dec.	1998. 31. Jan.	27. Febr.	31. March	30. Apr.	31. May	30. June	31.July	31.Aug.	30. Sept.	31.Oct.	30.Nov.	31. Dec. [a]
Households' financial assets in HUF	**2291.0**	**3349.0**	**3347.1**	**3457.9**	**3574.2**	**3654.4**	**3655.5**	**3770.4**	**3918.0**	**3836.7**	**3823.7**	**3931.9**	**4026.5**	**4165.0**
OF which:														
Cash	**425.1**	**496.9**	**478.5**	**485.8**	**489.4**	**521.3**	**522.4**	**521.4**	**549.1**	**573.7**	**569.2**	**579.3**	**583.7**	**589.5**
Deposits	857.9	1601.1	1613.8	1635.8	1641.0	1655.9	1664.8	1689.8	1734.5	1760.8	1785.1	1814.0	1836.4	1924.2
Deposit with Building Societies		2.8	3.6	4.5	5.5	6.5	7.5	8.7	10.3	11.7	12.9	14.5	15.9	18.4
Securities issued by financial institutions	374.5	33.1	33.7	32.5	31.5	30.9	30.5	29.9	29.7	29.3	28.5	28.0	26.8	26.5
Deposits of small companies and sole traders	48.6	66.8	67.4	69.5	68.7	68.3	74.7	75.4	76.6	84.5	81.1	81.7	88.1	80.9
Deposits placed in financial institutions (total)	**1281.0**	**1703.8**	**1718.5**	**1742.3**	**1746.7**	**1761.6**	**1777.5**	**1803.8**	**1851.1**	**1886.3**	**1907.6**	**1938.2**	**1967.2**	**2050.0**
Securities issued by non-financial institutions	**451.3**	**939.5**	**938.1**	**1012.7**	**1113.8**	**1139.7**	**1113.6**	**1189.4**	**1254.1**	**1106.6**	**1063.3**	**1120.1**	**1172.6**	**1198.2**
of which: investment notes		206.2	190.1	202.6	220.5	232.6	238.2	246.5	271.8	269.6	243.7	252.4	257.1	268.1
government securities		409.4	439.3	461.0	479.8	492.0	505.5	517.5	522.2	520.8	529.1	541.0	569.6	571.4
equity		303.8	291.3	333.0	398.9	400.8	355.7	411.3	446.0	301.4	274.3	308.1	325.7	337.5
corporate bonds		20.1	17.4	16.1	14.6	14.3	14.2	14.1	14.1	14.8	16.2	18.6	20.2	21.2
Insurance premium and retirement savings scheme	**112.5**	**154.0**	**154.2**	**155.9**	**158.7**	**160.0**	**163.8**	**171.0**	**173.7**	**174.6**	**182.1**	**186.8**	**188.5**	**202.8**
Retiment savings scheme	**21.1**	**54.8**	**57.8**	**61.2**	**65.6**	**71.8**	**78.2**	**84.8**	**90.0**	**95.5**	**101.5**	**107.5**	**114.5**	**124.5**
Households' financial assets in foreign exchange	**474.9**	**522.8**	**531.3**	**534.8**	**538.6**	**541.6**	**553.0**	**562.1**	**560.1**	**588.6**	**602.6**	**607.4**	**610.1**	**618.1**
HOUSEHOLDS' GROSS FINANCIAL ASSETS	**2765.9**	**3871.8**	**3878.4**	**3992.7**	**4112.8**	**4196.0**	**4208.5**	**4332.5**	**4478.1**	**4425.3**	**4426.3**	**4539.3**	**4636.6**	**4783.1**
Mortgage loans	149.1	135.8	131.5	129.2	127.5	126.5	126.6	125.1	124.9	124.9	125.0	124.7	124.7	124.0
Consumption and lombard loans	84.6	104.4	96.2	94.9	97.9	101.0	108.3	116.0	118.1	123.4	129.1	132.2	150.5	139.1
Other loans granted to households	43.9	80.7	81.5	81.3	86.8	73.7	69.5	69.1	69.5	69.7	68.7	68.6	60.4	51.4
Loans granted to small businesses	62.9	63.8	70.8	72.8	76.0	78.4	80.8	83.0	86.0	86.6	88.2	89.5	89.8	92.1
LOANS	**340.5**	**384.7**	**380.0**	**378.2**	**388.2**	**379.6**	**385.2**	**393.2**	**398.5**	**404.6**	**411.0**	**415.0**	**425.4**	**406.6**
HOUSEHOLD'S FINANCIAL ASSETS (NET OF LOANS)	**2425.4**	**3487.1**	**3498.4**	**3614.5**	**3724.6**	**3816.4**	**3823.3**	**3939.3**	**4079.6**	**4020.7**	**4015.3**	**4124.3**	**4211.2**	**4376.5**

[a] Preliminary data

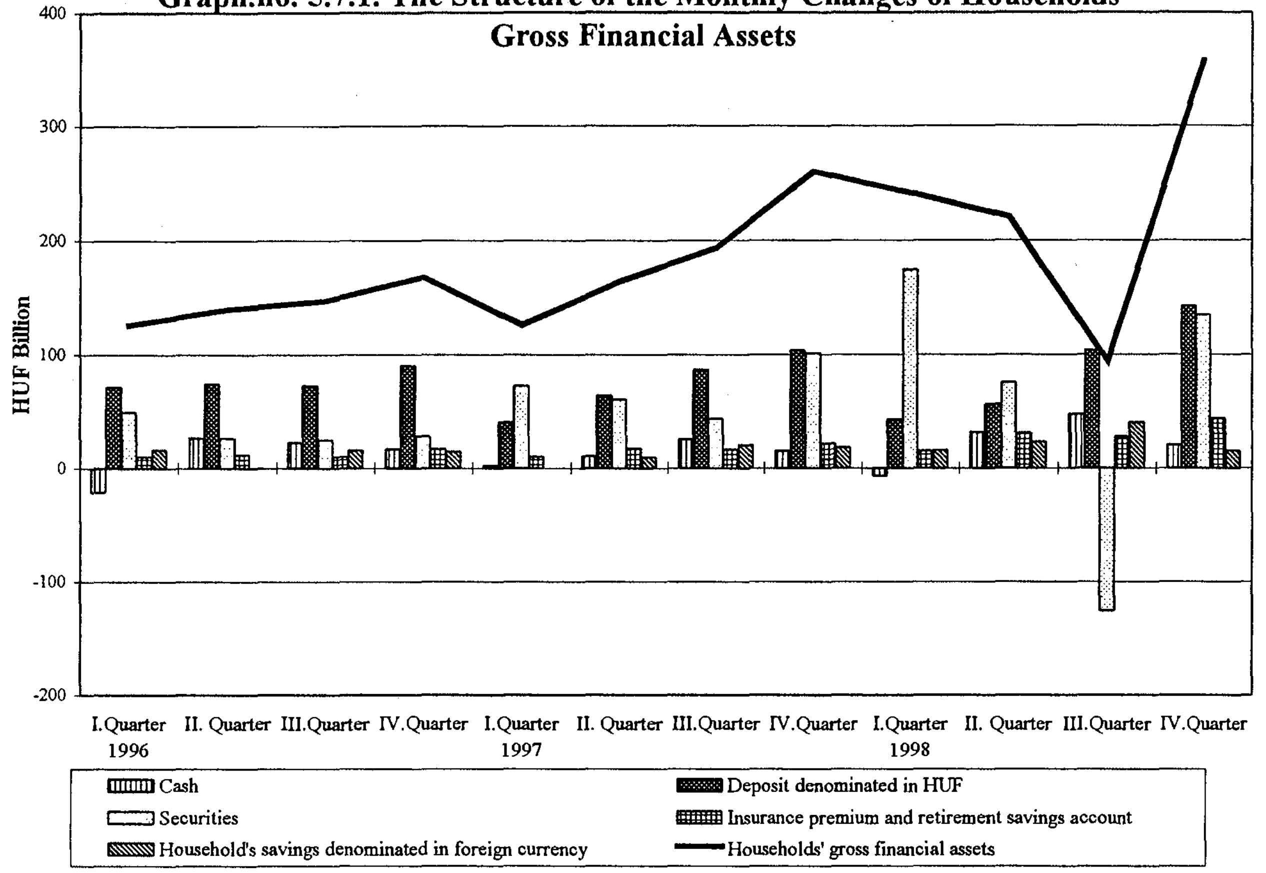
[b] The stocks - according to the security statistics and the international methodology - are valued to the market.

The stock changes could be reduced to the following components in the given period: a, stock change due to trade of securities and accrued interest (transactions),

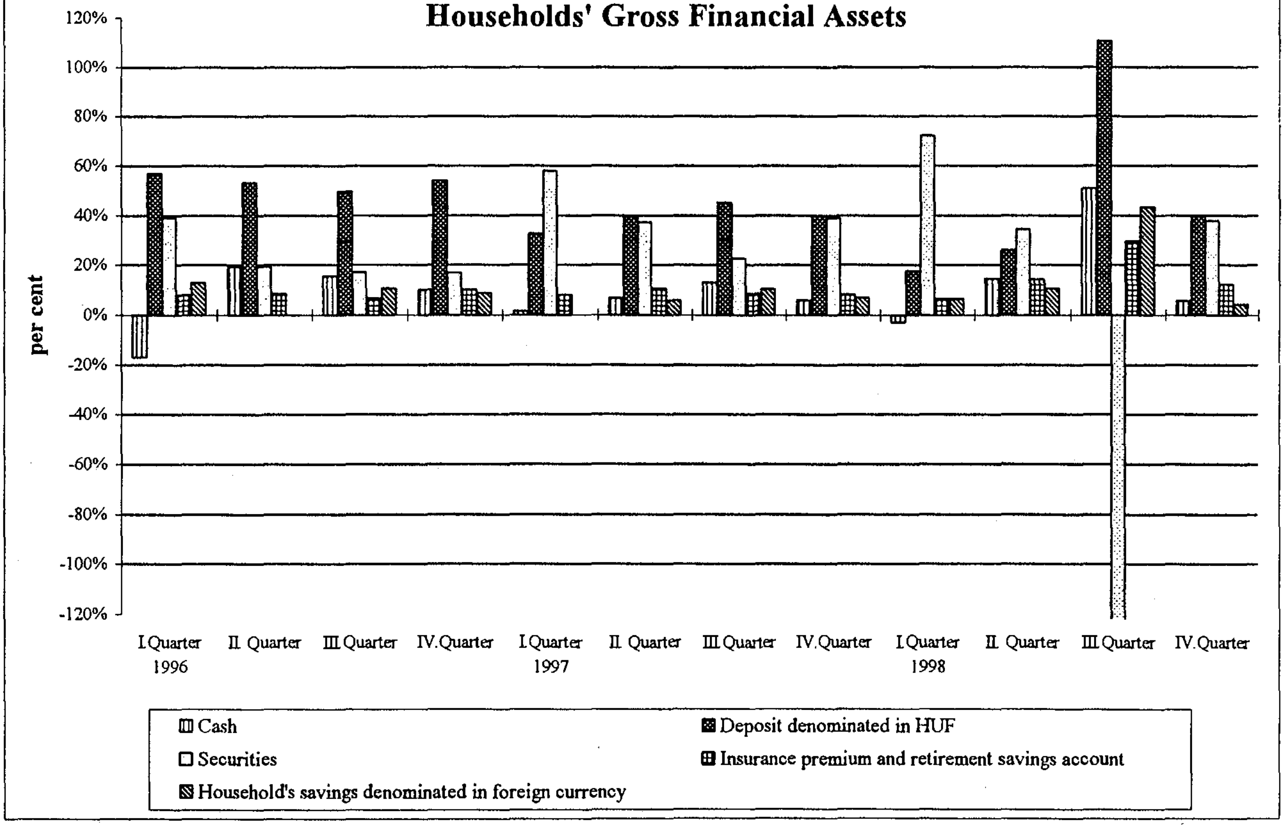
b, due to equity price change (revaluation). So we differentiate the household's net savings and the household's financial assets (and its change) that includes the effect of the changes in prices and exchange rates.

Source: National Bank of Hungary

Graph.no. 5.7.1. The Structure of the Monthly Changes of Households' Gross Financial Assets



Graph.no. 5.7.2. The Structure of the Percentage Changes of Households' Gross Financial Assets



5.7.2 Quarterly Changes in Households' Savings[b]

HUF Billion

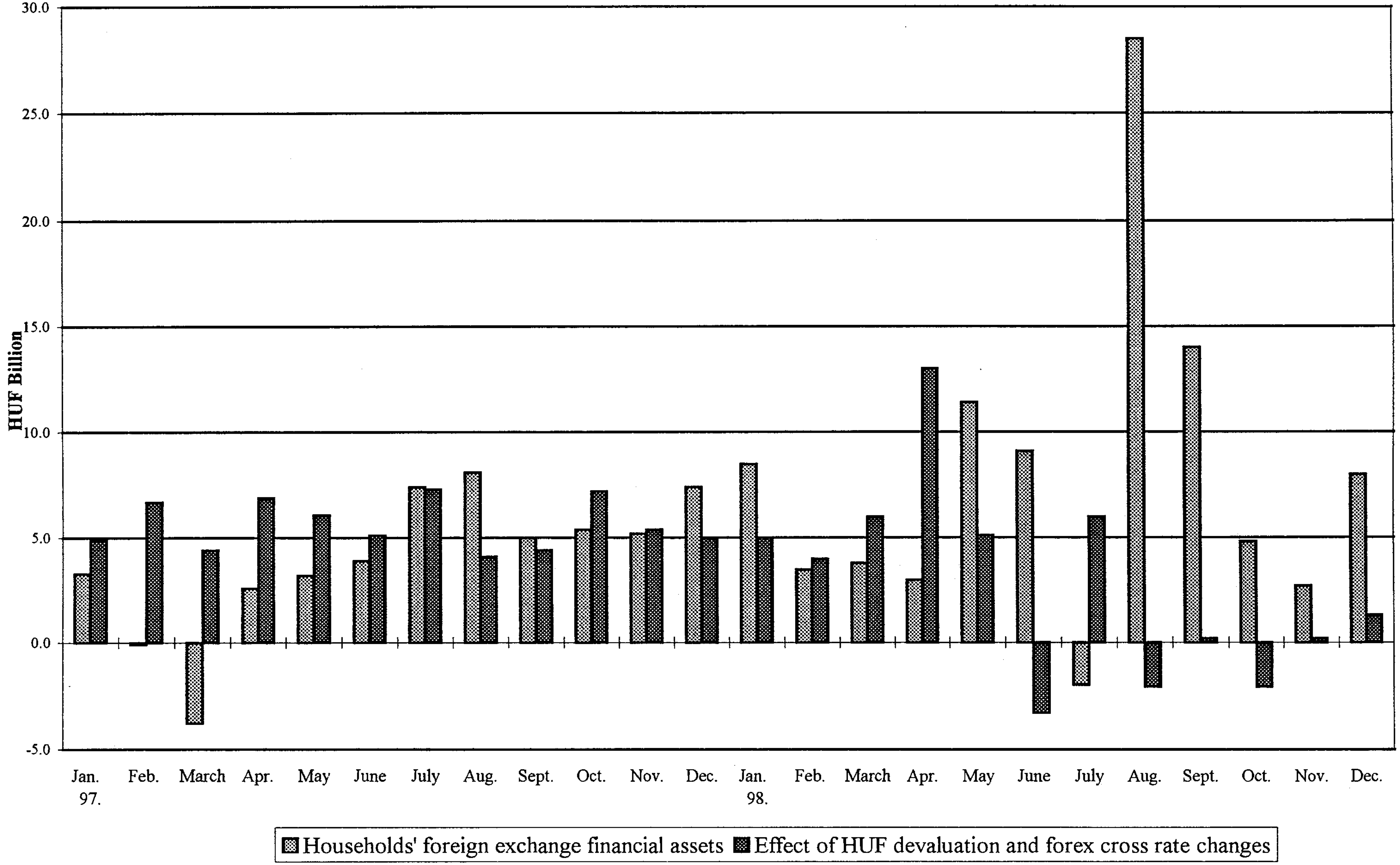
	1998. Jan.	Feb.	March	I. Quarter	Apr.	May	June	II. Quarter	July	Aug.	Sept.	III. Quarter	Oct.	Nov.	Dec.	IV. Quarter	1998
Households' financial savings in HUF	**28.5**	**66.9**	**61.9**	**157.3**	**92.1**	**62.9**	**64.9**	**219.9**	**114.9**	**84.9**	**26.1**	**225.9**	**51.5**	**56.4**	**77.4**	**185.3**	**788.4**
OF which:																	
Cash	**-18.4**	**7.3**	**3.6**	**-7.5**	**31.9**	**1.1**	**-1.0**	**32.0**	**27.7**	**24.6**	**-4.5**	**47.8**	**10.1**	**4.4**	**5.8**	**20.3**	**92.6**
Deposits	28.9	22.0	5.2	56.1	14.9	8.9	25.0	48.8	44.7	26.3	24.3	95.3	28.9	22.4	61.8	113.1	313.3
Deposit with Building Societies	0.8	0.9	1.0	2.7	1.0	1.0	1.2	3.2	1.6	1.4	1.2	4.2	1.6	1.4	2.5	5.5	15.6
Securities issued by financial institutions	0.6	-1.2	-1.0	-1.6	-0.6	-0.4	-0.6	-1.6	-0.2	-0.4	-0.8	-1.4	-0.5	-1.2	-0.3	-2.0	-6.6
Deposits of small companies and sole traders	0.6	2.1	-0.8	1.9	-0.4	6.4	0.7	6.7	1.2	7.9	-3.4	5.7	0.6	6.4	-7.2	-0.2	14.1
Deposits placed in financial institutions (total)	**30.9**	**23.8**	**4.4**	**59.1**	**14.9**	**15.9**	**26.3**	**57.1**	**47.3**	**35.2**	**21.3**	**103.8**	**30.6**	**29.0**	**56.8**	**116.4**	**336.4**
Corporate Bonds	-2.7	-1.3	-1.5	-5.5	-0.3	-0.1	-0.1	-0.5	0.0	0.7	1.4	2.1	2.4	1.6	1.0	5.0	1.1
Government Bonds	3.0	4.2	-2.6	4.6	4.1	-2.1	5.8	7.8	-1.3	1.4	2.5	2.6	0.6	-0.4	3.4	3.6	18.6
Treasury Bills	26.5	17.8	21.0	65.3	7.4	15.3	6.4	29.1	5.8	-2.5	8.2	11.5	10.0	29.1	-2.5	36.6	142.5
Investment notes	-14.4	10.1	15.5	11.2	11.4	12.5	4.1	28.0	22.5	15.4	-17.8	20.1	1.4	2.0	7.2	10.6	69.9
Equity	0.4	-0.1	14.3	14.6	15.2	10.1	9.6	34.9	5.0	3.7	1.5	10.2	-14.3	-18.0	-18.6	-50.9	8.8
Securities issued by non-financial institutions	**12.8**	**30.7**	**46.7**	**90.2**	**37.8**	**35.7**	**25.8**	**99.3**	**32.0**	**18.7**	**-4.2**	**46.5**	**0.1**	**14.3**	**-9.5**	**4.9**	**240.9**
Insurance premium	0.2	1.7	2.8	4.7	1.3	3.8	7.2	12.3	2.7	0.9	7.5	11.1	4.7	1.7	14.3	20.7	48.8
Retirement savings scheme	3.0	3.4	4.4	10.8	6.2	6.4	6.6	19.2	5.2	5.5	6.0	16.7	6.0	7.0	10.0	23.0	69.7
Households' financial assets in foreign exchange (in HUF)	3.5	-0.5	-2.2	0.8	0.0	-1.6	4.0	2.4	1.3	5.2	8.0	14.5	6.9	2.5	6.7	16.1	33.8
excluding:																	
effect of forint devaluation	*4.2*	*4.3*	*4.7*	13.2	*14.2*	*3.9*	*-1.7*	*16.4*	8.8	*-1.3*	*-1.0*	*6.5*	*-1.3*	*-1.0*	*2.4*	*0.1*	*36.2*
forex cross rate changes	*0.8*	*-0.3*	*1.3*	1.8	*-1.2*	*1.2*	*-1.6*	*-1.6*	-2.8	*-0.8*	*1.2*	*-2.4*	*-0.8*	*1.2*	*-1.1*	*-0.7*	*-2.9*
HOUSEHOLDS' GROSS FINANCIAL ASSETS	**32.0**	**66.4**	**59.7**	**158.1**	**92.1**	**61.3**	**68.9**	**222.3**	**116.2**	**90.1**	**34.1**	**240.4**	**58.4**	**58.9**	**84.1**	**201.4**	**822.2**
Mortgage loans	-4.3	-2.3	-1.7	-8.3	-1.0	0.1	-1.5	-2.4	-0.2	0.0	0.1	-0.1	-0.3	0.0	-0.7	-1.0	-11.8
Consumption and lombard loans	-8.2	-1.3	3.0	-6.5	3.1	7.3	7.7	18.1	2.1	5.3	5.7	13.1	3.1	18.3	-11.4	10.0	34.7
Other loans granted to households	0.8	-0.2	5.5	6.1	-13.1	-4.2	-0.4	-17.7	0.4	0.2	-1.0	-0.4	-0.1	-8.2	-9.0	-17.3	-29.3
Loans granted to small businesses	7.0	2.0	3.4	12.4	2.5	2.4	2.4	7.3	3.0	0.6	1.7	5.3	1.3	0.6	2.3	4.2	29.2
LOANS	**-4.7**	**-1.8**	**10.2**	**3.7**	**-8.5**	**5.6**	**8.2**	**5.3**	**5.3**	**6.1**	**6.5**	**17.9**	**4.0**	**10.7**	**-18.8**	**-4.1**	**22.8**
HOUSEHOLDS' NET SAVINGS	**36.7**	**68.2**	**49.5**	**154.4**	**100.6**	**55.7**	**60.7**	**217.0**	**110.9**	**84.0**	**27.6**	**222.5**	**54.4**	**48.2**	**102.9**	**205.5**	**799.4**

a) Preliminary data

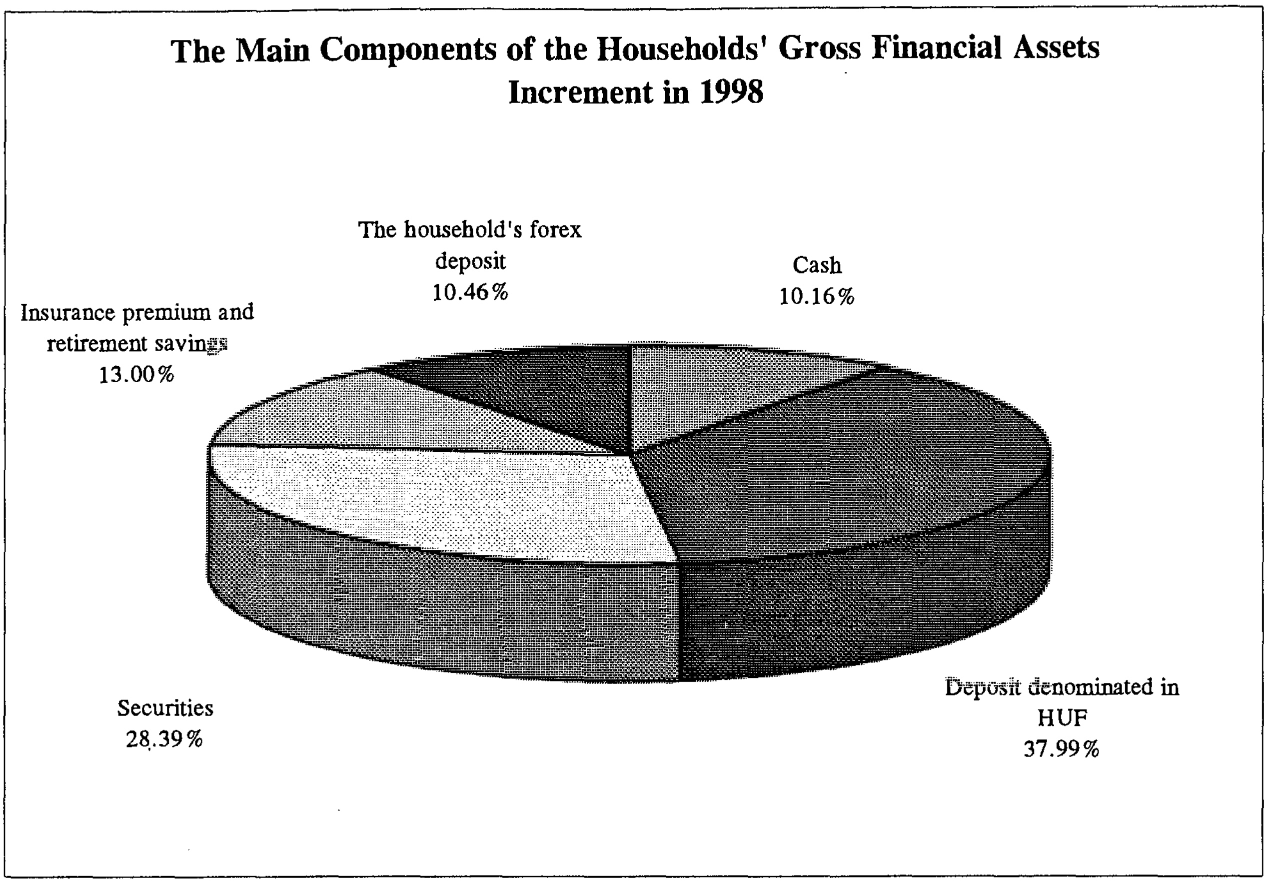
b) Excluding revaluation of securities due to equity price change, the effect of HUF devaluation and forex cross changes , and change in the amount of small business loans due to loan sales and write offs.

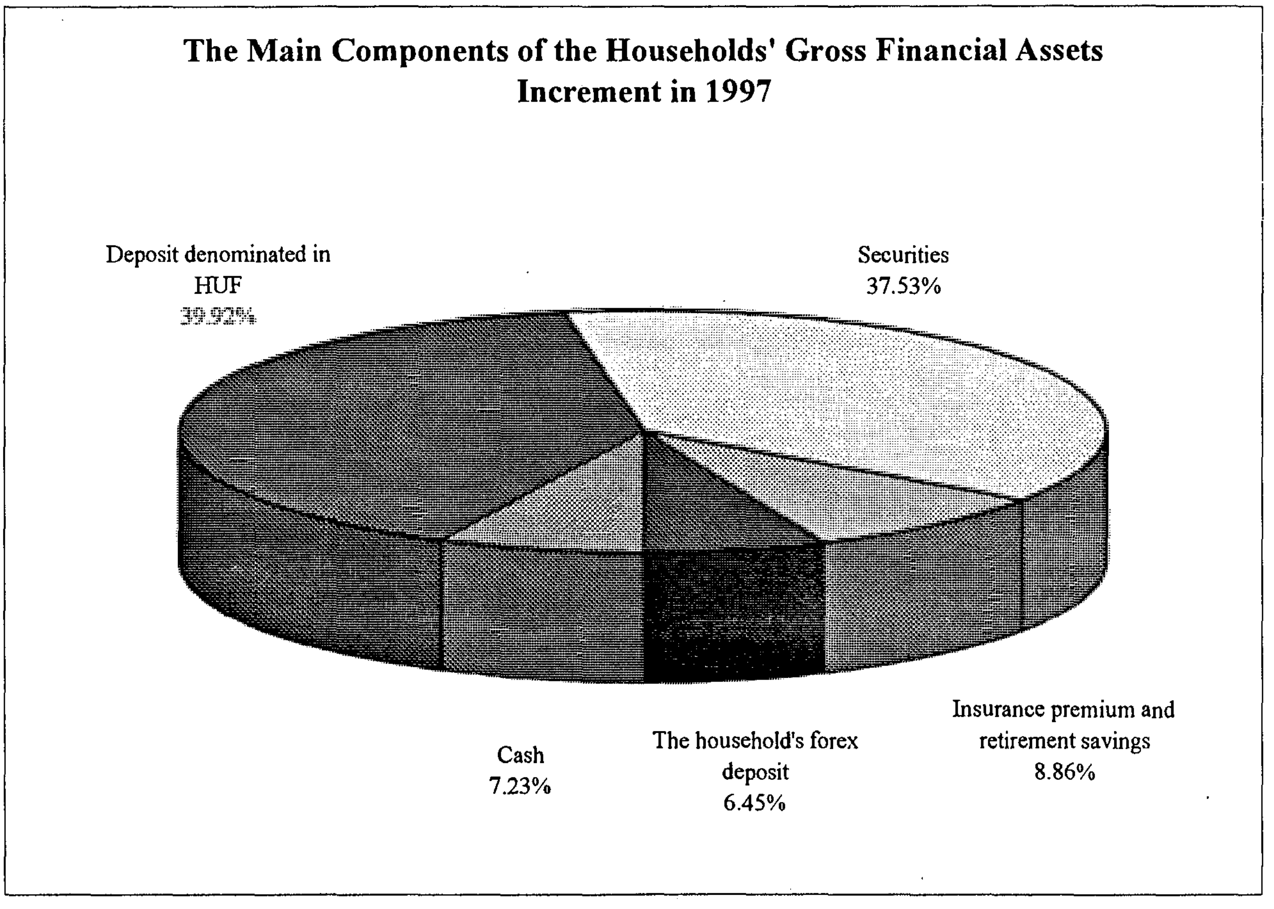
Source: National Bank of Hungary

Graph.no. 5.7.3 Monthly Changes in Housholds' Foreign Exchange Financial Assets between 1996 and 1998



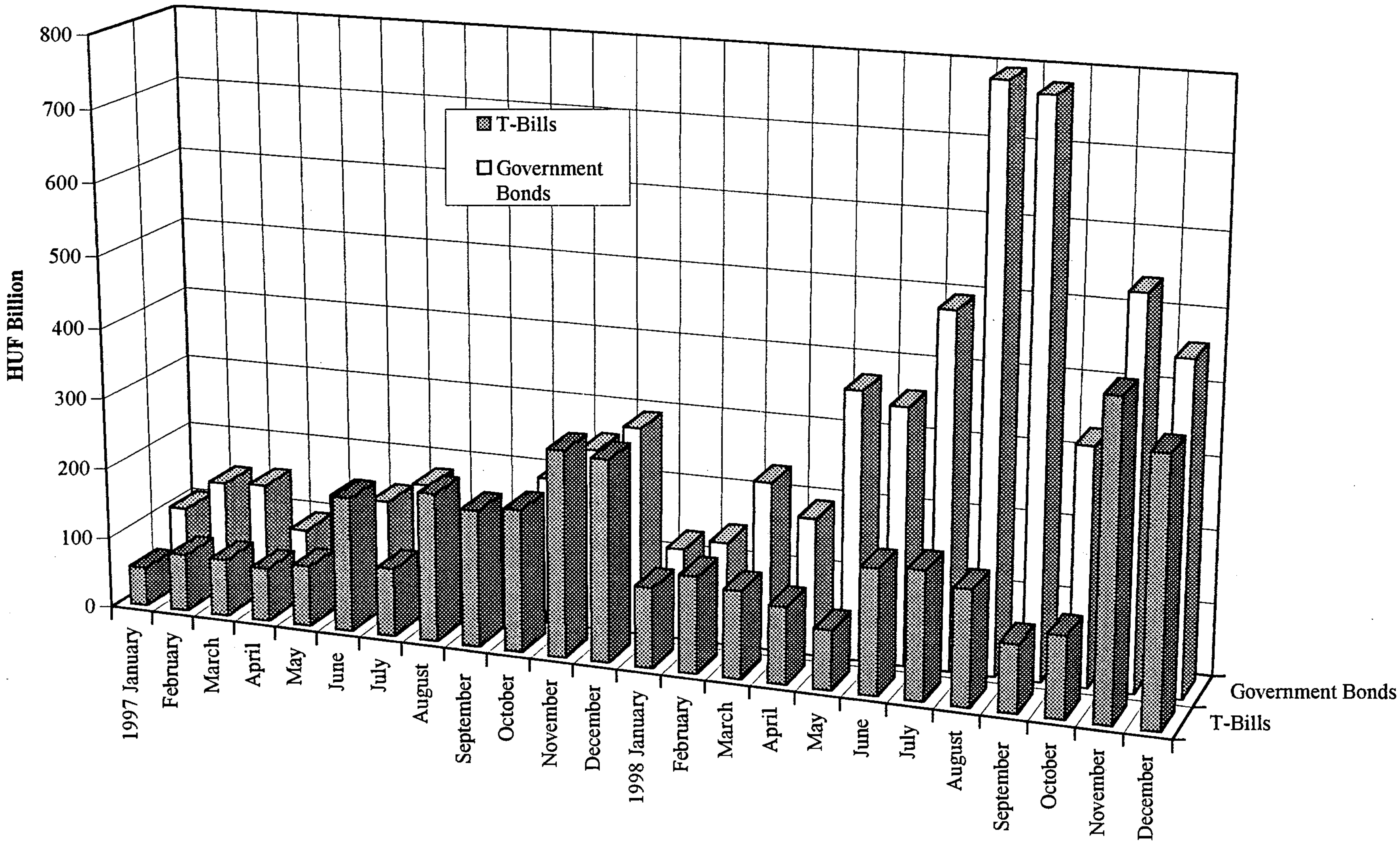
Graph.no. 5.7.4 The Main Components of the Households' Gross Financial Assets Increment in 1997-1998





6. Secondary Market Turnover and Yields of Government Securities

Graph.no. 6.1 Turnover on the BSE (duplicated), 1997 - 1998

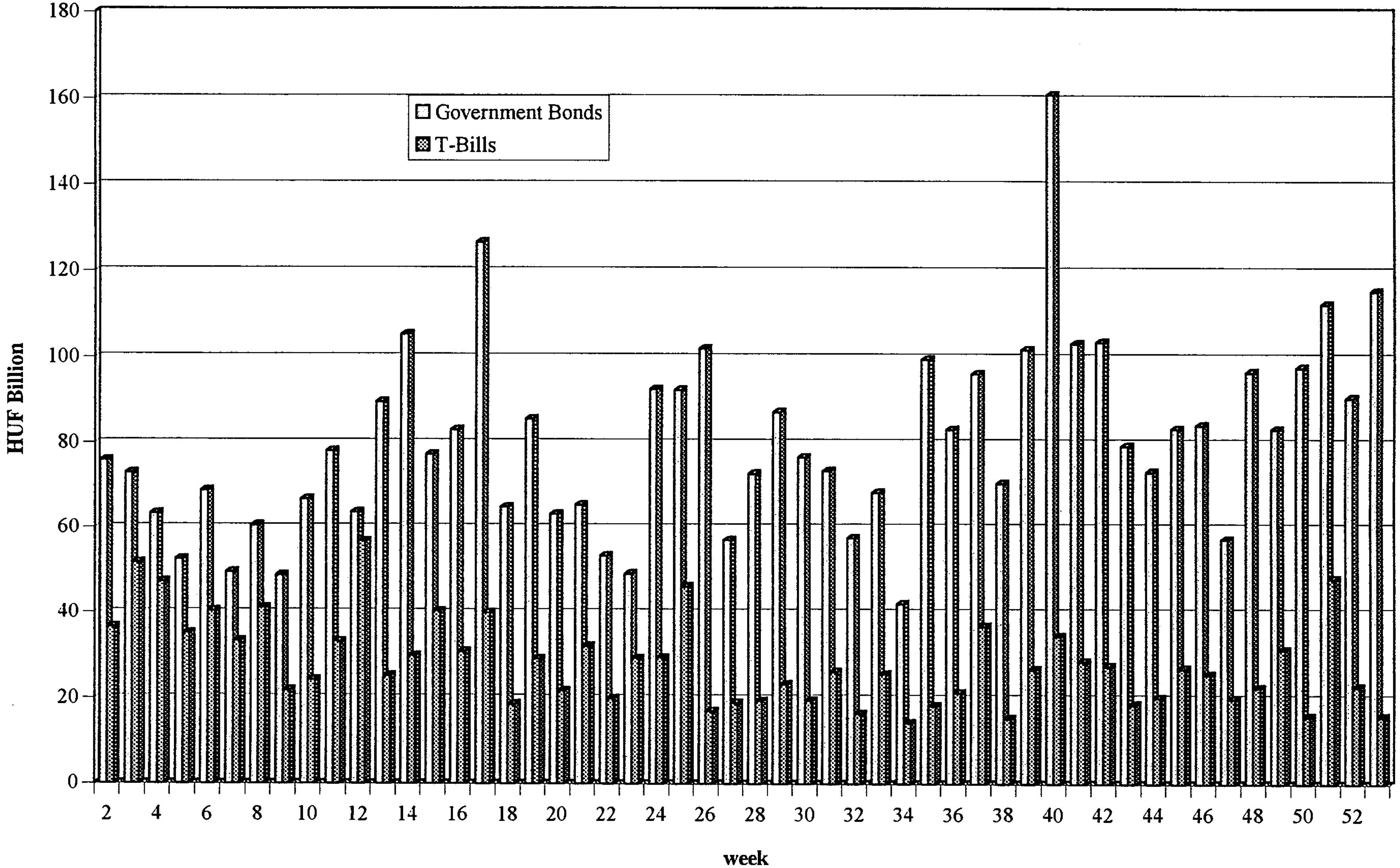


BSE: Budapest Stock Exchange

6.2 Measures of the Budapest Stock Exchange (1997 - 1998)

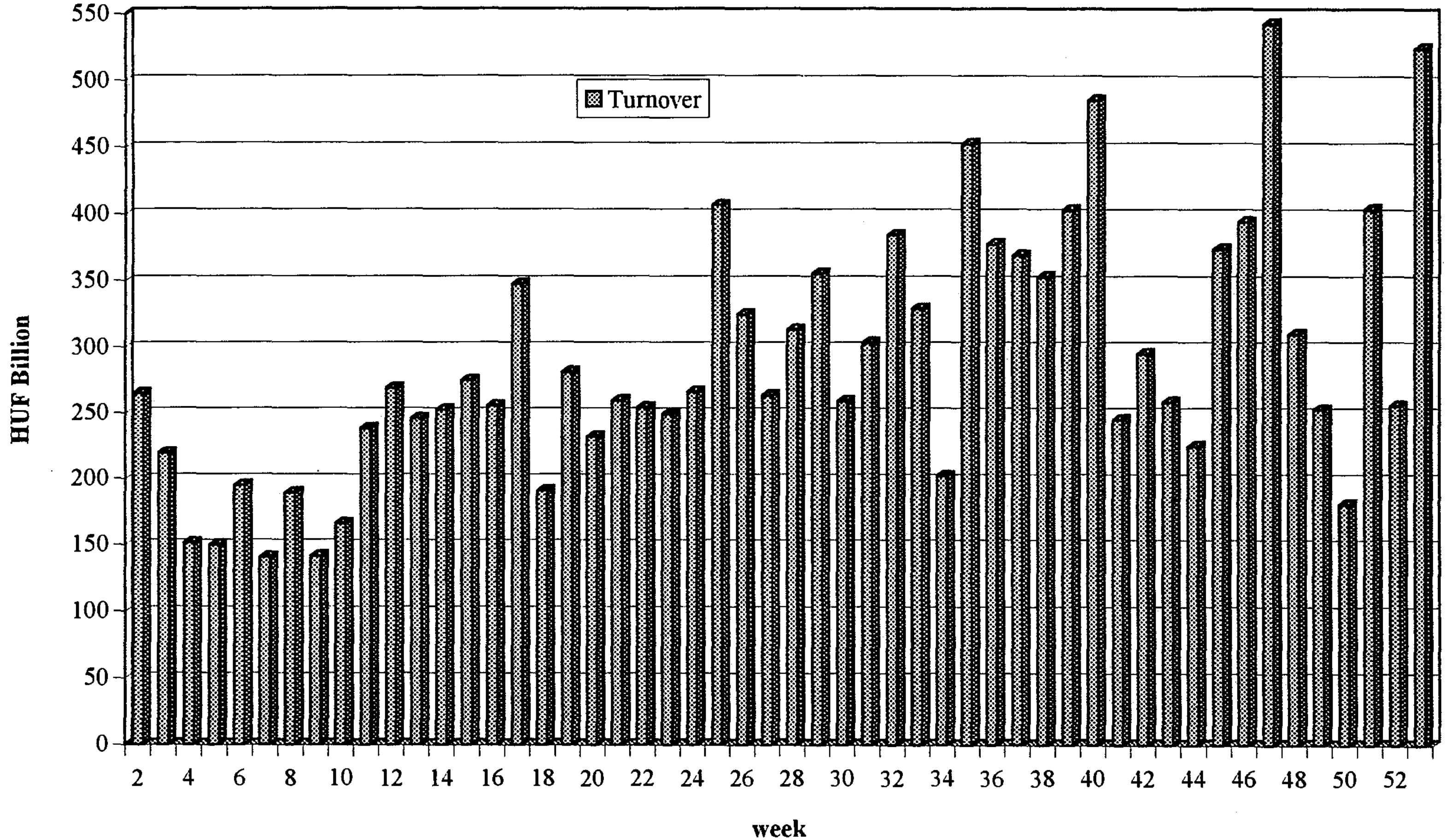
	1997		1998 I. Quarter		1998 II. Quarter		1998 III. Quarter		1998 IV. Quarter		1998	
Turnover (Bn HUF double)	6736.31	100%	2220.61	100%	3094.58	100%	4409.02	100%	4123.12	100%	13847.33	100%
of which:												
Shares	2872.71	42.65%	1338.84	60.29%	1797.21	58.08%	1905.08	43.21%	1879.58	45.59%	6920.71	49.98%
T-Bills	1817.74	26.98%	366.40	16.50%	362.26	11.71%	430.56	9.77%	911.48	22.11%	2070.70	14.95%
Government bonds	1959.44	29.09%	500.97	22.56%	916.27	29.61%	2063.86	46.81%	1319.06	31.99%	4800.16	34.66%
Government securities total	3777.18	56.07%	867.37	39.06%	1278.53	41.32%	2494.42	56.58%	2230.54	54.10%	6870.86	49.62%
Corporate bonds	39.13	0.58%	2.00	0.09%	13.46	0.43%	8.37	0.19%	11.94	0.29%	35.77	0.26%
Mutual funds shares	2.33	0.03%	0.85	0.04%	0.40	0.01%	0.33	0.01%	0.06	0.00%	1.64	0.01%
Compensation certificates	44.97	0.67%	11.56	0.52%	4.97	0.16%	0.82	0.02%	1.00	0.02%	18.35	0.13%
Number of contracts (No.)	504879		202250		261563		264073		298760		1026646	
Daily average number of contract (No.)	2044		3371		4219		4126		4819		4140	
Daily average turnover (Bn HUF)	27272.5		37010.2		49912.6		68890.9		66501.9		55836.0	
Turnover per contract (Bn HUF)	13.3		11.0		11.8		16.7		13.8		13.5	
Number of trading days	247		60		62		64		62		248	

Graph.No. 6.3 KELER OTC Turnover in 1998
(dirty price)

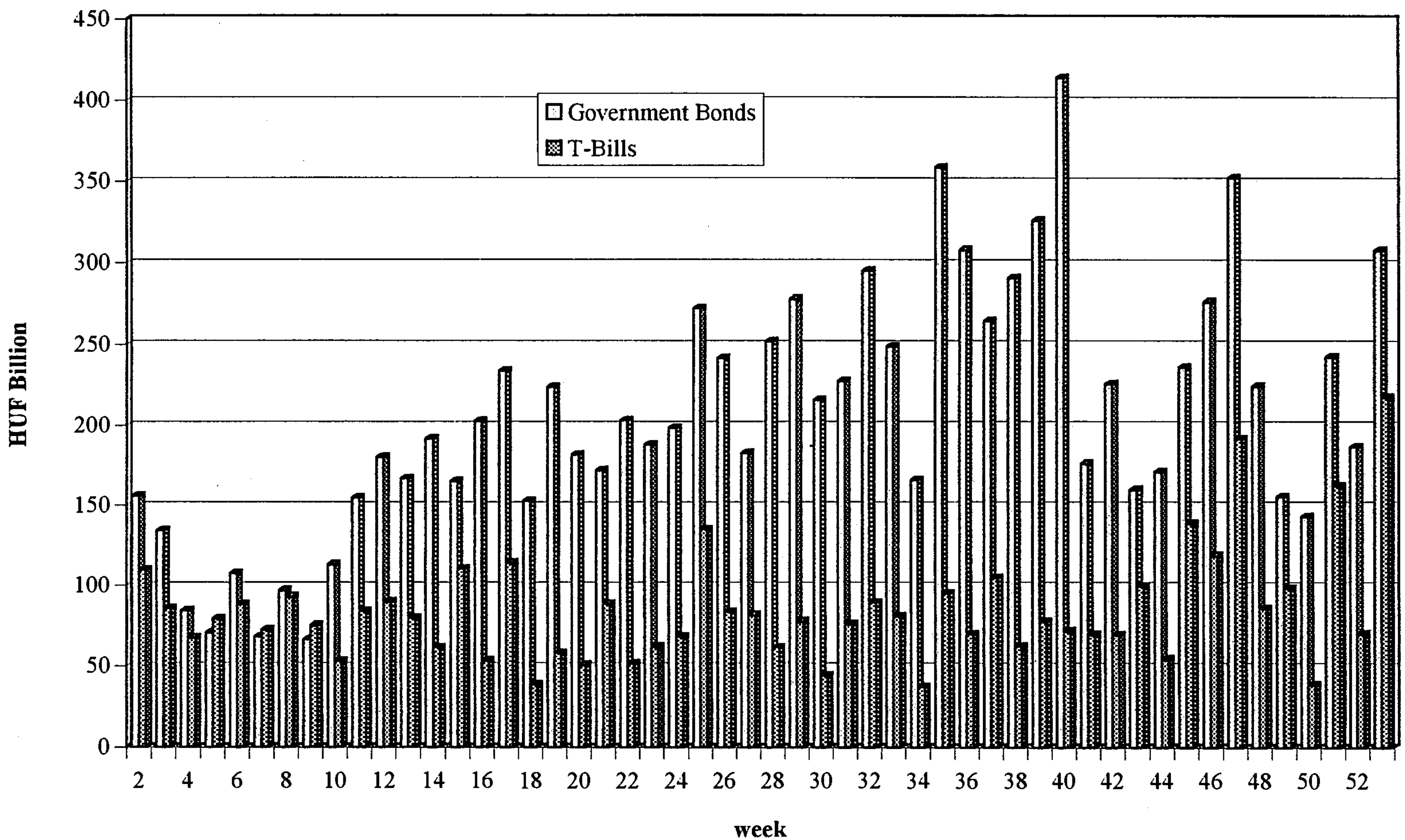


6.4 Secondary Market Tendencies (Based on Data Reported by Primary Dealers)

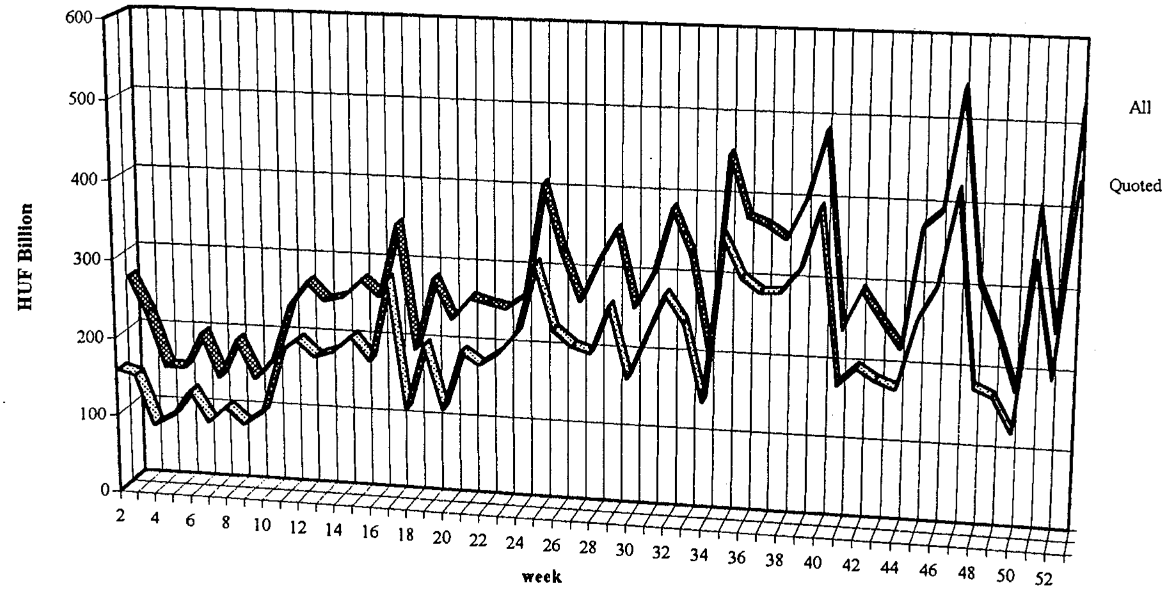
Graph.No. 6.4.1 Weekly Turnover of Government Securities Reported by Primary Dealers to GDMA (dirty price)



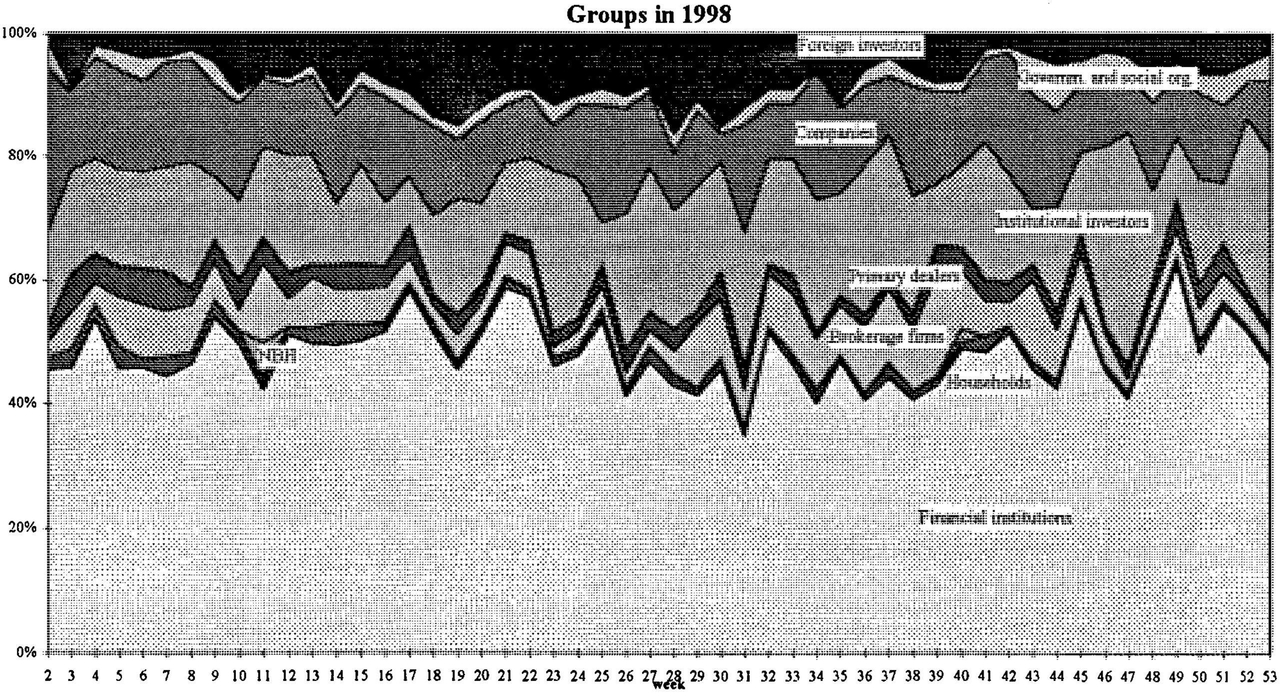
Graph.No. 6.4.2 Weekly Turnover of Government Bonds and T-Bills Reported by Primary Dealers to the GDMA (dirty price)



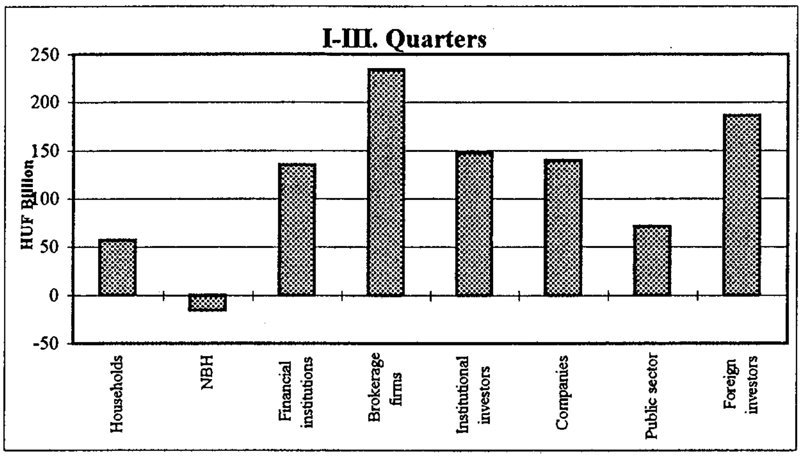
Graph.No. 6.4.3 Turnover of Government Securities Quoted by Primary Dealers in 1998 (dirty price)

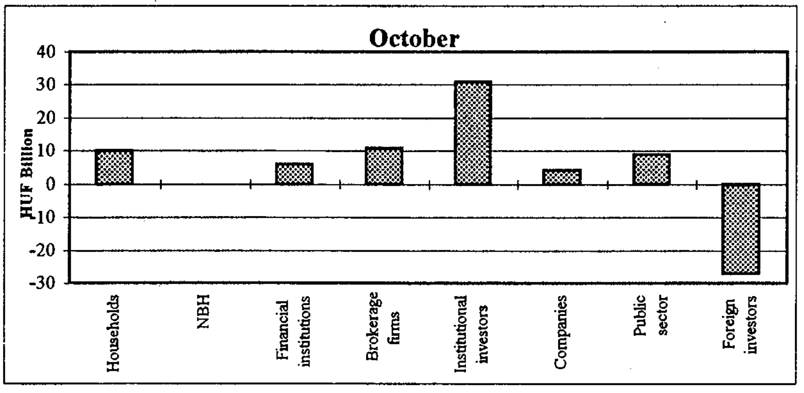


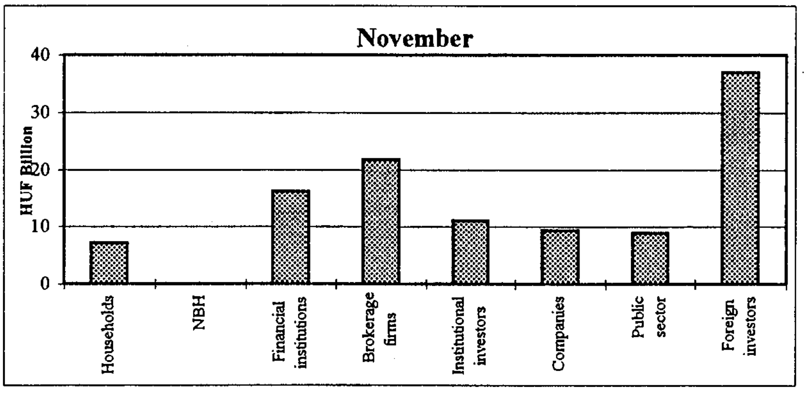
Graph.No. 6.4.4 Breakdown of Primary Dealers' Secondary Market Turnover by Investor Groups in 1998

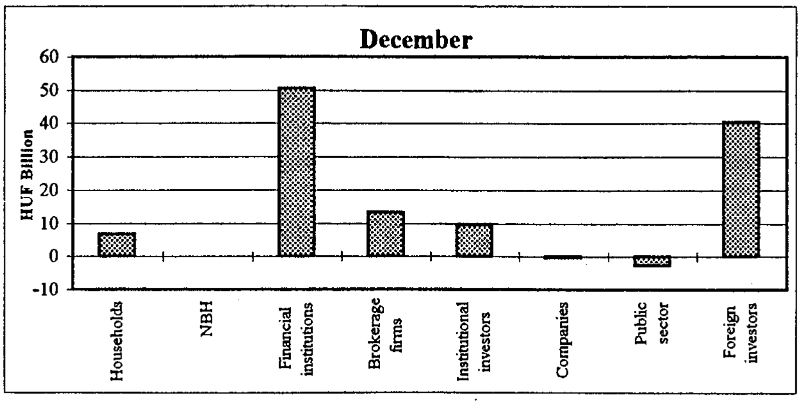


Graph.No. 6.4.5 Government Securities' Net Position of the Main Investor Groups Based on Data Provided by Primary Dealers

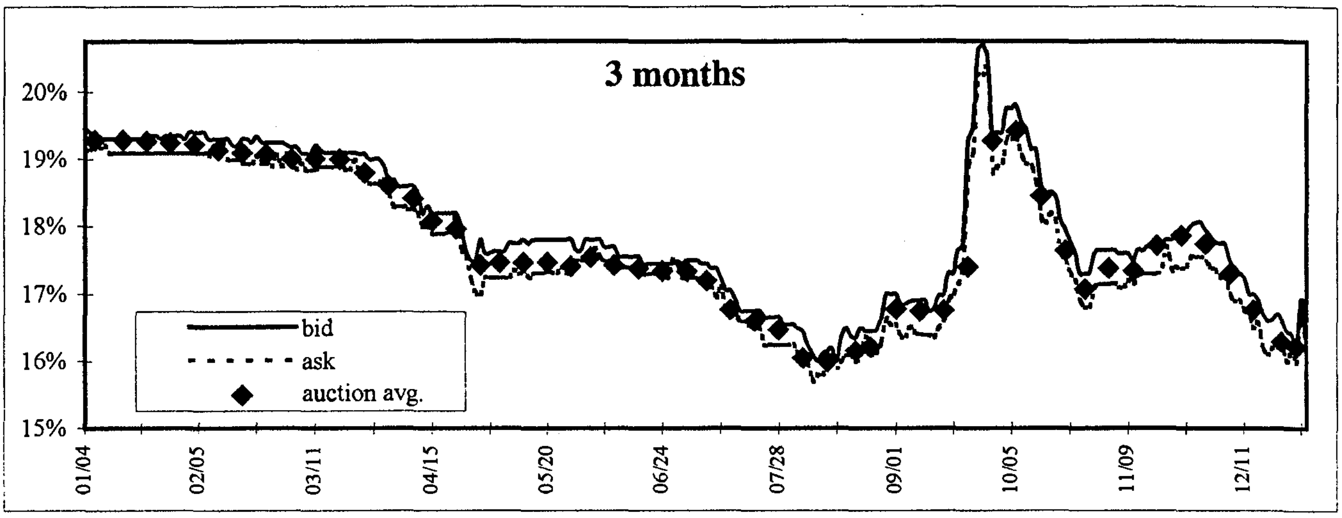


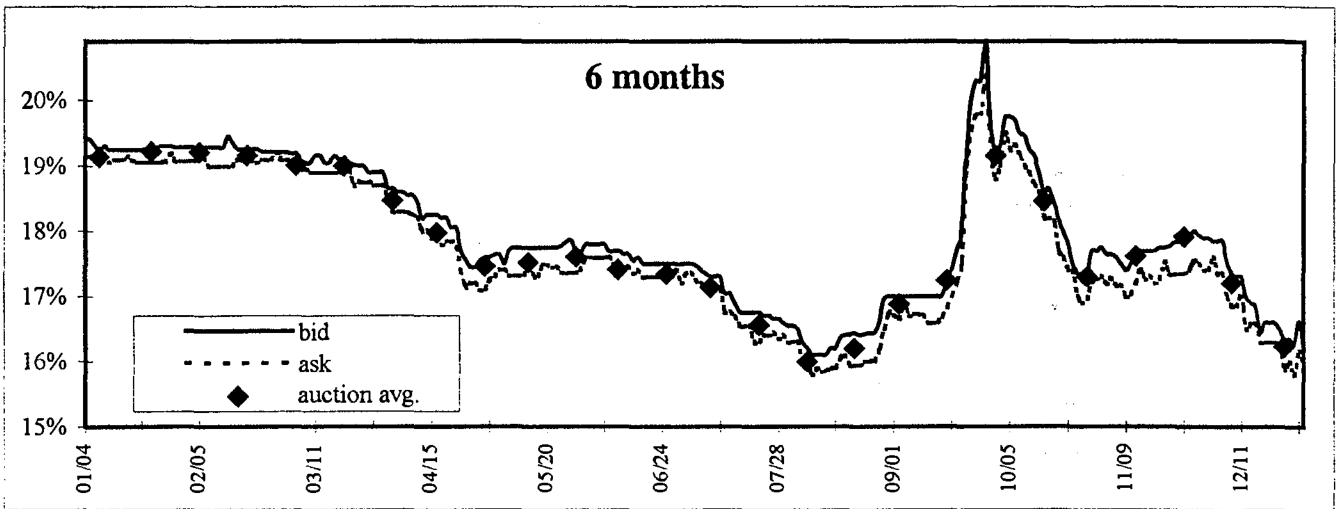


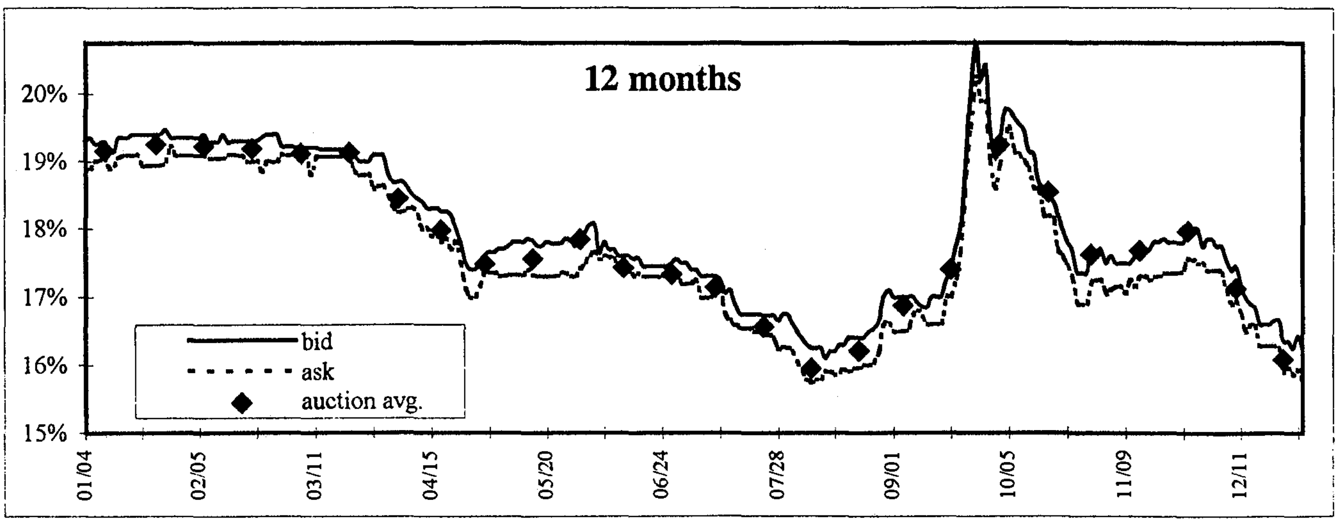




Graph.No. 6.4.6 Auction Yields and Best Bid and Ask Yields Quoted by Primary Dealers to Some Special Redemptions

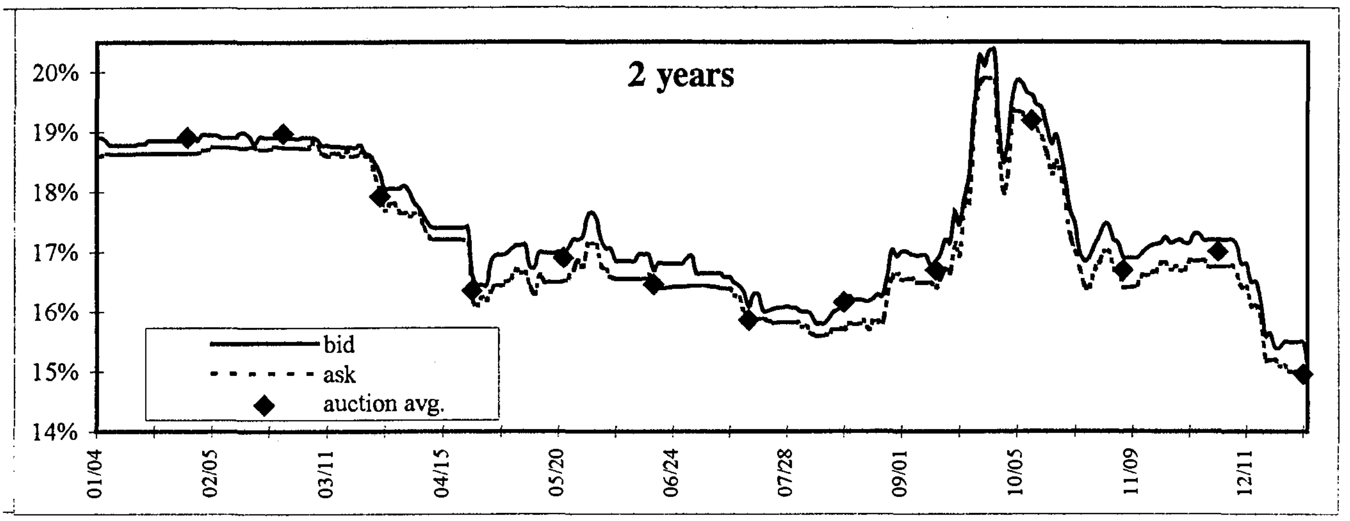


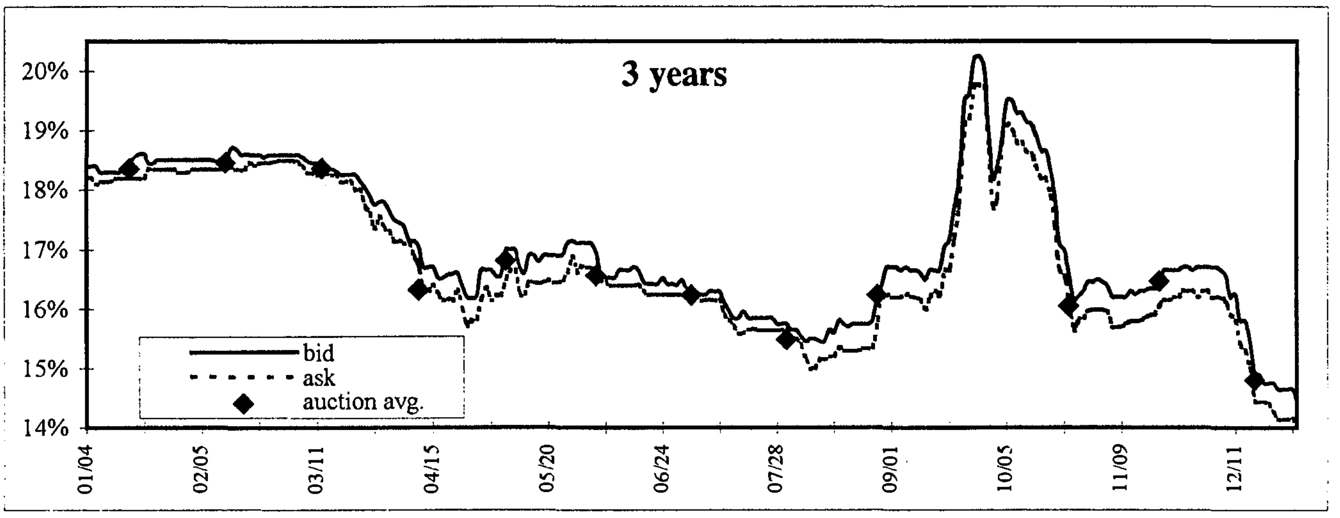


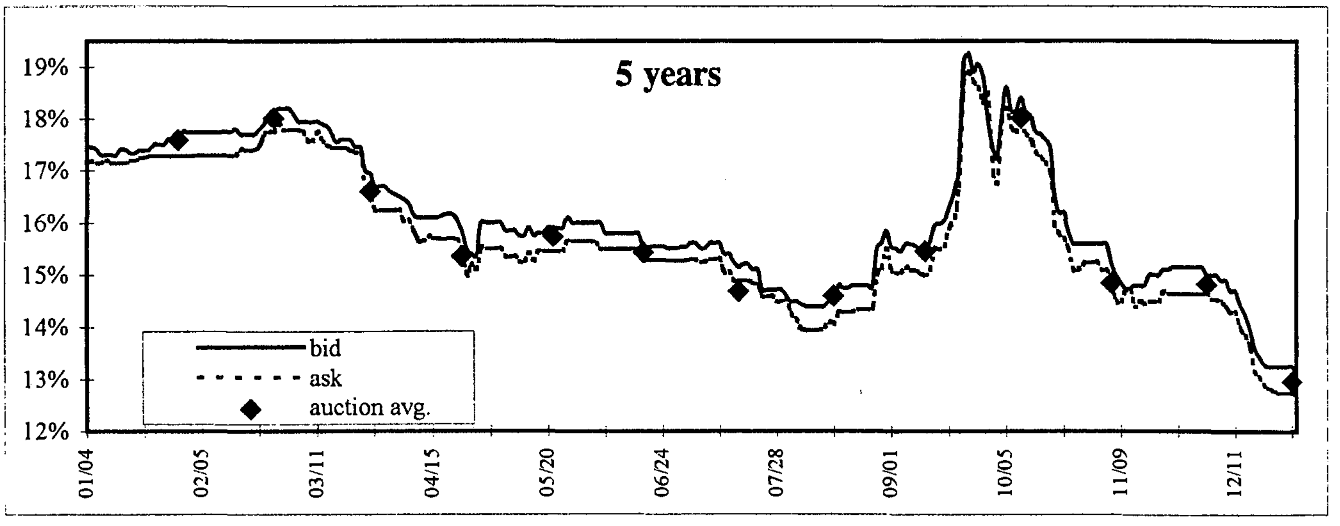


Note: at every date the security with a residual maturity closest to 3, 6, 12, 24, 36 or 60 months was taken

Graph.No. 6.4.6 Auction Yields and Best Bid and Ask Yields Quoted by Primary Dealers to Some Special Redemptions

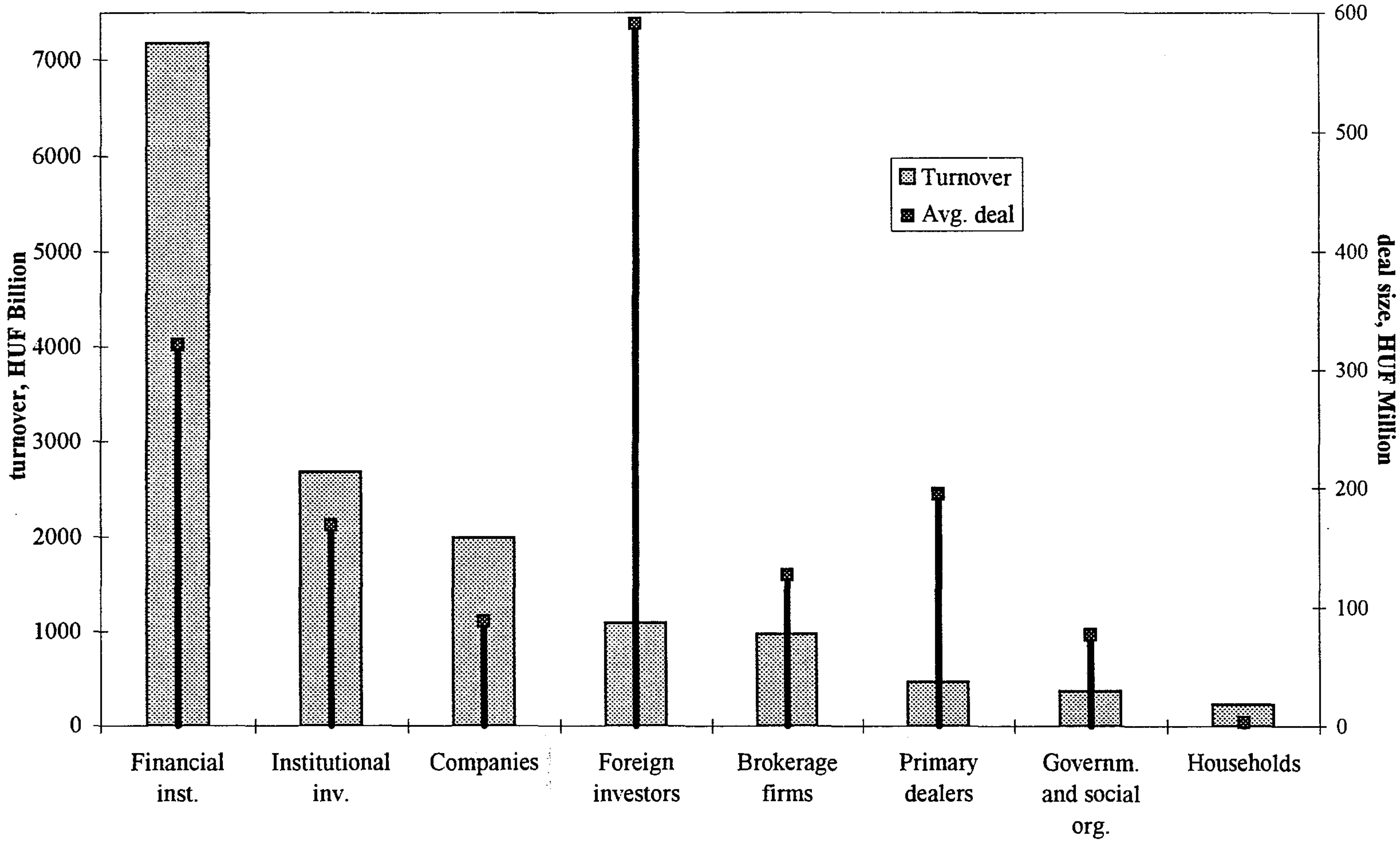






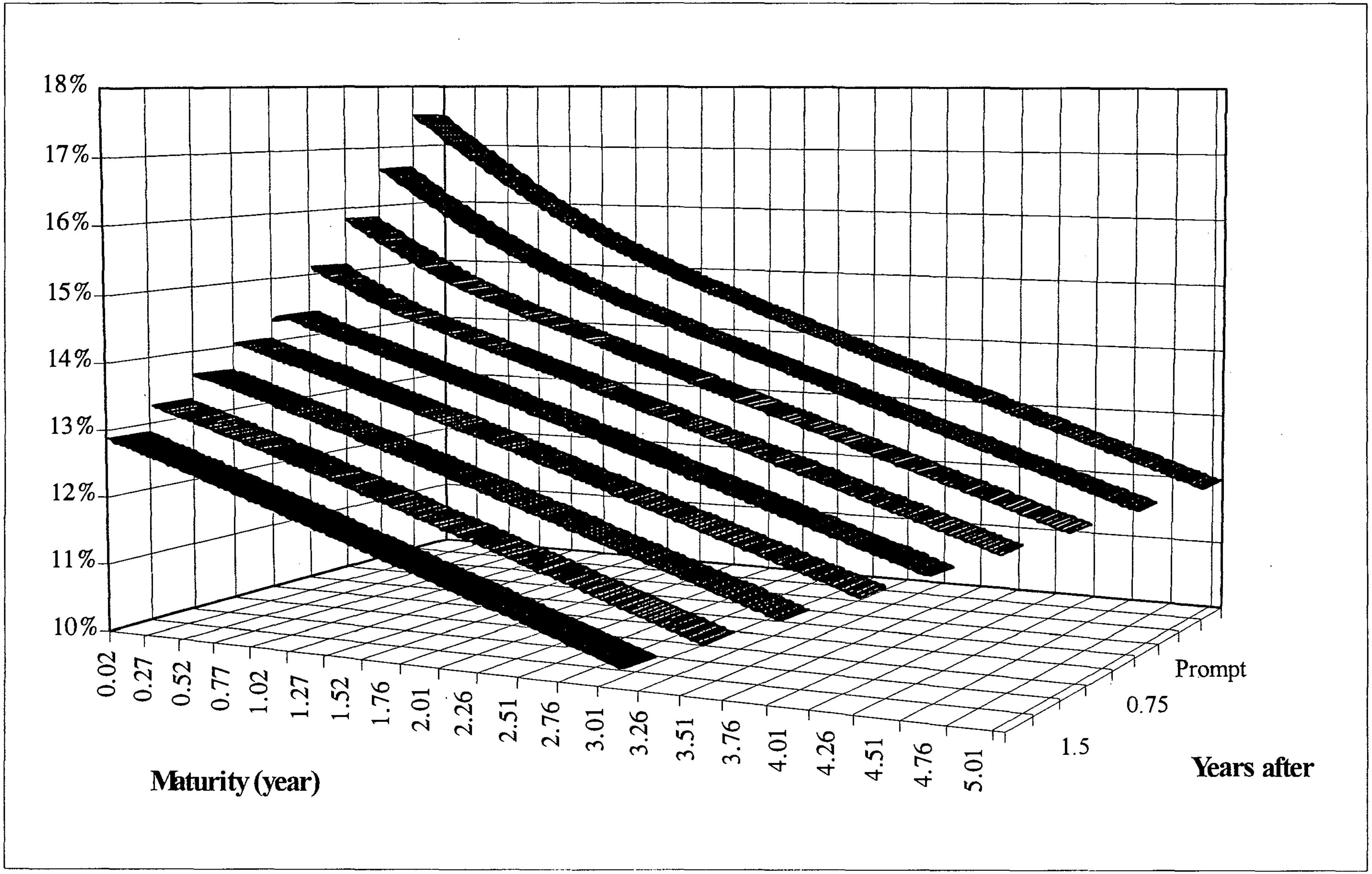
Note: at every date the security with a residual maturity closest to 3, 6, 12, 24, 36 or 60 months was taken

Graph.No. 6.4.7 Turnover of the Investor Groups and Average Size of Their Deals with Primary Dealers in 1998



6.5. Secondary Market Yields

Graph.no. 6.5.1. Zero Coupon Curve and the Implied Forward Rates - 31-December-1998



Graph.no. 6.5.2. Zero Coupon Yield Curve Calculated on the Basis of Price Quotation for 31st December, 1998

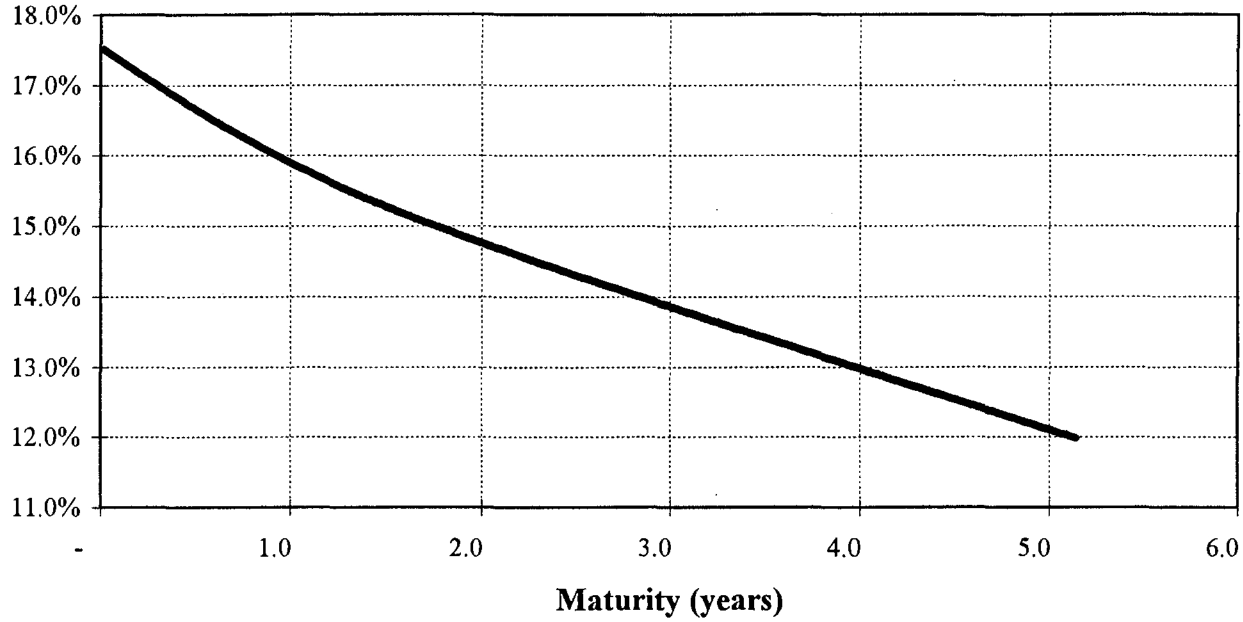


Chart 1: Yield Curve and Implied Yields Calculated on the Basis of Price Quotation for 31st December, 1998

	Yield Curve Calculated on	Implied Forward Yields							
Maturity	31-Dec-1998	31-Mar-1999	30-June-1999	30-Sept-1999	31-Dec-1999	31-Mar-2000	30-June-2000	30-Sept-2000	30-Dec-2000
0.25	17.08%	16.25%	15.48%	14.82%	14.24%	13.86%	13.46%	13.08%	12.69%
0.5	16.67%	15.86%	15.15%	14.53%	14.04%	13.68%	13.27%	12.89%	12.49%
0.75	16.27%	15.51%	14.85%	14.30%	13.84%	13.49%	13.08%	12.69%	12.28%
1	15.91%	15.19%	14.59%	14.09%	13.65%	13.30%	12.88%	12.48%	12.07%
1.25	15.57%	14.92%	14.36%	13.89%	13.46%	13.10%	12.68%	12.27%	11.86%
1.5	15.28%	14.68%	14.15%	13.69%	13.26%	12.90%	12.47%	12.06%	11.65%
1.75	15.02%	14.45%	13.94%	13.49%	13.06%	12.70%	12.26%	11.85%	11.44%
2	14.76%	14.21%	13.72%	13.27%	12.85%	12.47%	12.04%	11.62%	11.21%
2.25	14.52%	13.99%	13.51%	13.06%	12.64%	12.26%	11.83%	11.41%	10.99%
2.5	14.30%	13.78%	13.30%	12.85%	12.43%	12.05%	11.61%	11.20%	10.78%
2.75	14.07%	13.56%	13.09%	12.64%	12.22%	11.84%	11.40%	10.99%	10.57%
3	13.85%	13.35%	12.86%	12.43%	12.01%	11.63%	11.19%	10.78%	10.37
3.25	13.63%	13.13%	12.66%	12.22%	11.80%	11.42%	10.98%	10.57%	
3.5	13.41%	12.92%	12.45%	12.01%	11.59%	11.21%	10.77%		
3.75	13.19%	12.70%	12.24%	11.80%	11.38%	11.01%			
4	12.97%	12.48%	12.03%	11.59%	11.18%				
4.25	12.75%	12.27%	11.82%	11.39%					
4.5	12.53%	12.06%	11.07%						
4.75	12.32%	11.85%							
5	12.10%								

The List of Primary Dealers on 1st January, 1999.

Institutional Primary Dealers:

ÁB Monéta Értékpapír Rt.

ABN AMRO (Magyar) Bank Rt.

BNP-Dresdner (Hungária) Értékpapír Rt.

CIB Értékpapír Rt.

Citibank Befektetési és Értékpapír (Magyarország) Rt.

CA-IB Értékpapír Rt.

ERSTE Bank Befektetési Magyarország Rt.

IE-New York Bróker Befektetési Rt.

ING Baring Értékpapír Rt.

Magyar Értékpapír-forgalmazó és Befektetési Rt.

MKB Értékpapír és Befektetési Rt.

OTP Értékpapír Ügynökség Rt.

Postabank Értékpapír Rt.

Rabobank Befektetési Rt.

Raiffeisen Értékpapír és Befektetési Rt.

Takarék Bróker Értékpapírforgalmazó és Tanácsadó Rt.

Network Primary Dealers:

ABN AMRO (Magyar) Bank Rt.

IE-New York Bróker Befektetési Rt.

OTP Értékpapír Ügynökség Rt.

and, as

Network Dealer:

Hungarian State Treasury Branch Network

Reuters pages (codes)

Main page: HUTREASURY

Data on auctions are accessible from 12.00	
HUISSUE	Publication of the following issues and reverse auctions
HUAUCTION01	Discount T-bills' auction results
HUAUCTION02	T-bonds' auction results
HTBI	Interest bearing T-bills' (IBTB) subscription results
Secondary market data	
HUBEST 1, 2, 3	best offers and bids (the details are informativ)
HUBONDFIX	Benchmark yields' fixing (from 14.30 updated)
0#HUBMK=	Benchmarks (latest quotes)
HUBONDINDEX	Hungarian Government Total Return Index MAX (from 16.00 updated)
.HUMAXBOND	Hungarian Government Total Return Index (MAX) statistics
Other	
HUFLOATER	Interest rate reset of floating rate bonds
HUBEST 4,5,6	Market makers listed by the codes of government securities
HUINDEXED	Accrued interest and capital uplift (inflation adjusted capital) of the index-linked government bond on daily basis (till 2 month in advance)
HUBONDINFO	Current list of authorised dealers (phone numbers)

Press (Magyar Tőkepiac, Magyar Nemzet)

	Public offer		Auction results	
Discount T-bill (auction)	previous week	**Thursday**	next week	**Tuesday**
Government bond auction	previous week	**Friday**	next week	**Tuesday**
Interest bearing T-bill	previous week	**Wednesday**		

Publications Calendar of the Government Debt Management Agency for 1999

day, month	Publications
22. February	January Monthly Report (hungarian version)
25. February	January Monthly Report (english version)
5. March	1998 Annual Report (hungarian version)
12. March	1998 Annual Report (english version)
23. March	February Monthly Report (hungarian version)
26. March	February Monthly Report (english version)
22. April	March Monthly Report (hungarian version)
27. April	March Monthly Report (english version)
17. May	1999 I. Quarterly Report (hungarian version)
24. May	April Monthly Report (hungarian version)
27. May	April Monthly Report (english version)
28. May	1999 I. Quarterly Report (english version)
22. June	May Monthly Report (hungarian version)
25. June	May Monthly Report (english version)
22. July	June Monthly Report (hungarian version)
26. July	June Monthly Report (english version)
17. August	1999 II. Quarterly Report (hungarian version)
22. August	July Monthly Report (hungarian version)
25. August	July Monthly Report (english version)
27. August	1999 II. Quarterly Report (english version)
20. September	August Monthly Report (hungarian version)
24. September	August Monthly Report (english version)
18. October	September Monthly Report (hungarian version)
25. October	September Monthly Report (english version)
16. November	1999 III. Quarterly Report (hungarian version)
18. November	October Monthly Report (hungarian version)
24. November	October Monthly Report (english version)
26. November	1999 III. Quarterly Report (english version)
17. December	November Monthly Report (hungarian version)
23. December	November Monthly Report (english version)

The above-mentioned terms include the completion of the printed forms of the publications, but they could change dependent on the circumstances.