

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT APRIL 2019

The net issuance was HUF 157.0 billion; out of which net HUF-denominated issuance was HUF 594.6 billion and net foreign currency denominated redemption was HUF 437.6 billion in 2019.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2018		2019		Change	
	December	%	April	%	HUF billion	%
HUF denominated debt	22,796.0	79.5	23,390.6	81.0	594.6	2.6
Loans	1,167.7	4.1	1,173.5	4.1	5.8	0.5
Government bonds	12,875.2	44.9	13,714.6	47.5	839.3	6.5
Retail securities	7,515.7	26.2	7,471.6	25.9	-44.1	-0.6
Discount treasury bills	1,237.3	4.3	1,030.8	3.6	-206.5	-16.7
Foreign exchange denominated debt	5,724.8	20.0	5,307.7	18.4	-417.1	-7.3
Total	28,520.7	99.4	28,698.3	99.4	177.5	0.6
Other obligations	167.4	0.6	171.5	0.6	4.0	2.4
Total central government debt	28,688.2	100.0	28,869.7	100.0	181.6	0.6

The HUF denominated debt of the central government increased by HUF 594.6 billion in 2019. The increase in domestic debt was the result of the net government bond issuance of HUF 839.3 billion, the amount of discount Treasury bills decreased by HUF 206.5 billion and the total amount of retail government securities decreased by HUF 44.1 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 5.8 billion in 2019.

The foreign currency debt of the central government decreased by HUF 417.1 billion in 2019. The domestic PÉMAK bond issuance was HUF 20.1 billion and the drawdown from foreign currency credit line was HUF 7.7 billion. The redemptions of foreign currency bonds worth HUF 465.1 billion and the repayment of the foreign currency was HUF 0.4 billion. The exchange rate revaluations totalling HUF 20.6 billion increased the Hungarian Forint value of the foreign currency debt in 2019. The total amount of other liabilities increased by HUF 4.0 billion in 2019.

BENCHMARK YIELDS

Maturity	28.12.2018	29.03.2019	30.04.2019	Change in April basis point
3-month	0.00	0.04	0.02	-2
6-month	0.12	0.10	0.06	-4
1-year	0.39	0.21	0.20	-1
3-year	1.21	1.29	1.42	13
5-year	2.46	1.88	2.20	32
10-year	3.01	2.86	3.27	41
15-year	3.78	3.40	3.78	38

Monthly OTC turnover of government securities increased by 5% to HUF 6,240.0 billion in April. Primary dealers, who account for the decisive part of all secondary government securities trading, made 79% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 36.2 billion in April and amounted to HUF 4,205.2 billion at the end of the month. This volume represented 18.9% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 322.87 on the last working day of April.

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

GOVERNMENT SECURITIES MARKET

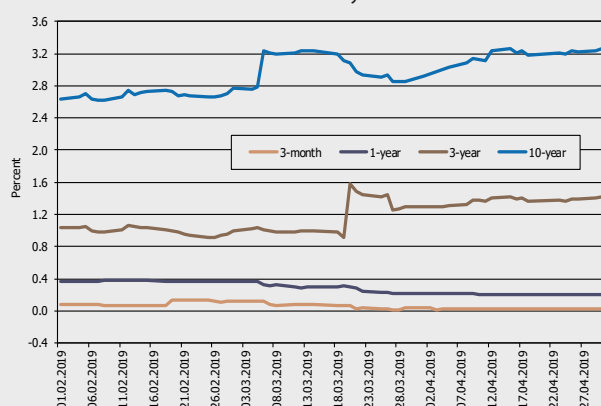
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

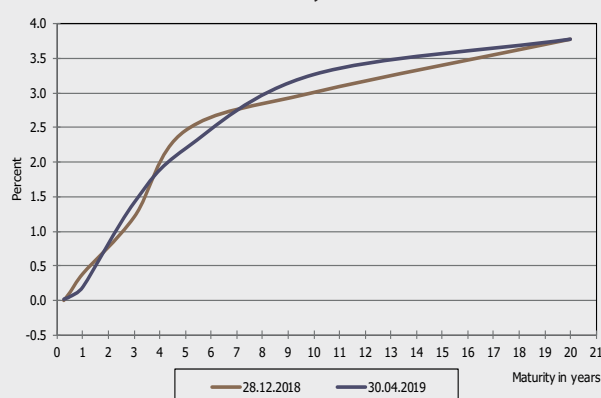
	2014	2015	2016	2017	2018	2019 February	2019 March	2019 April
1. Forint denominated debt	14,612.0	16,207.9	18,430.9	20,689.4	22,796.0	23,099.2	23,528.1	23,390.6
1.1. Loans	623.3	694.1	865.0	1,041.1	1,167.7	1,187.8	1,179.3	1,173.5
1.2. Government securities	13,988.7	15,513.8	17,565.8	19,648.3	21,628.3	21,911.4	22,348.8	22,217.1
1.2.1. Public issues	13,847.7	15,462.3	17,526.7	19,609.2	21,589.1	21,872.3	22,309.6	22,177.9
1.2.1.1. Bonds	9,848.0	11,043.4	11,562.4	11,767.1	12,836.1	13,331.9	13,635.1	13,675.4
1.2.1.2. Discount T-bills	1,588.6	901.6	896.4	1,039.2	1,237.3	1,209.3	1,177.3	1,030.8
1.2.1.3. Retail securities	2,411.1	3,517.4	5,067.9	6,802.9	7,515.7	7,331.0	7,497.2	7,471.6
1.2.2. Private placements	141.0	51.5	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	8,957.9	7,735.8	6,256.5	5,782.5	5,724.8	5,344.1	5,313.5	5,307.7
2.1. Loans	2,164.3	1,696.8	1,101.6	929.1	795.0	782.3	800.6	805.8
2.1.1. Foreign loans	1,889.9	1,614.2	1,097.6	929.1	795.0	782.3	800.6	805.8
2.1.2. Domestic loans	274.4	82.6	4.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,793.6	6,039.0	5,154.9	4,853.5	4,929.8	4,561.7	4,512.9	4,501.9
2.2.1. Issued abroad	5,844.6	5,198.9	4,618.9	4,145.9	4,246.2	3,877.1	3,814.0	3,795.8
2.2.2. Issued domestically	948.9	840.1	536.0	707.6	683.6	684.6	698.8	706.1
Total	23,569.9	23,943.7	24,687.4	26,472.0	28,520.7	28,443.3	28,841.6	28,698.3
Other liabilities	311.20	756.00	742.70	274.20	167.40	179.9	196.8	171.5
Total central government debt	23,881.1	24,699.7	25,430.0	26,746.2	28,688.2	28,623.2	29,038.4	28,869.7
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	11,577.6	11,996.5	12,498.0	12,845.5	14,112.6	14,580.4	14,851.6	14,745.4
Gross debt/GDP	73.3%	71.8%	71.7%	69.7%	68.2%			

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

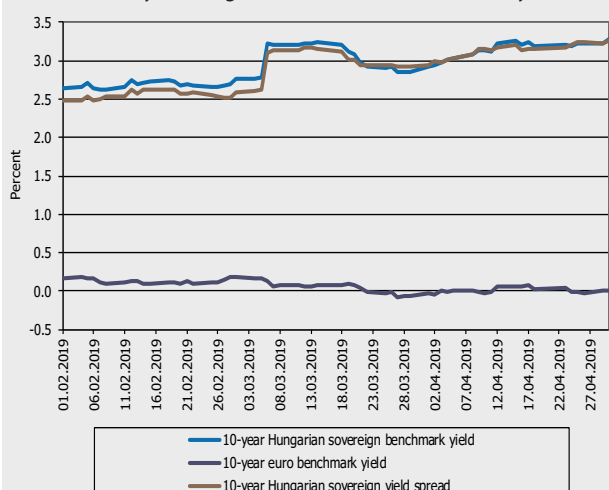
Benchmark yields



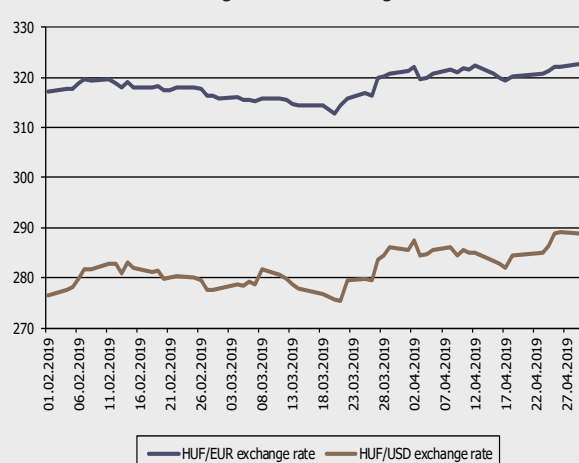
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



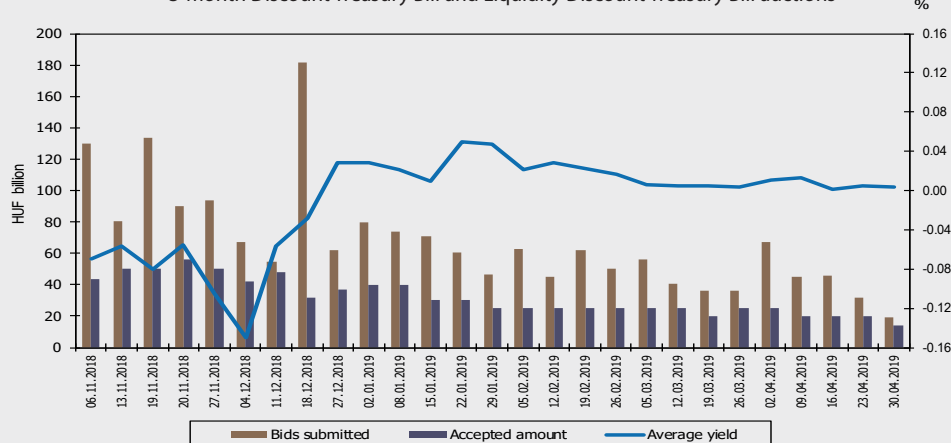
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

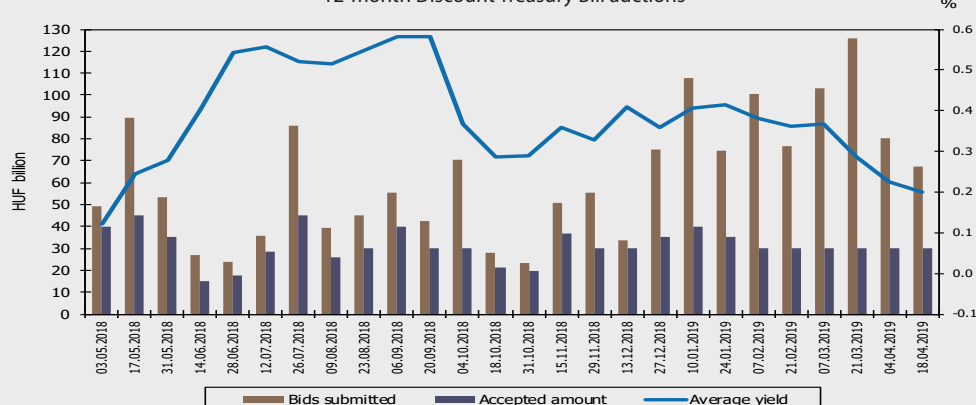
	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D190710	D190717	D190724	D190731	D190807	D200226	D200226
ISIN code	HU0000522537	HU0000522545	HU0000522552	HU0000522180	HU0000522560	HU0000522495	HU0000522495
Maturity in days	91	91	91	90	91	322	308
Date of auction	02.04.2019	09.04.2019	16.04.2019	23.04.2019	30.04.2019	04.04.2019	18.04.2019
Date of financial settlement	10.04.2019	17.04.2019	24.04.2019	02.05.2019	08.05.2019	10.04.2019	24.04.2019
Redemption date	10.07.2019	17.07.2019	24.07.2019	31.07.2019	07.08.2019	26.02.2020	26.02.2020
Maximum yield (%) - ISMA	0.02	0.02	0.01	0.00	0.01	0.24	0.21
Minimum yield (%) - ISMA	0.01	0.01	0.00	0.00	0.00	0.20	0.18
Average yield (%) - ISMA	0.01	0.01	0.00	0.00	0.00	0.22	0.20
Maximum yield (%) - EHM	0.02	0.02	0.01	0.00	0.01	0.24	0.21
Minimum yield (%) - EHM	0.01	0.01	0.00	0.00	0.00	0.20	0.18
Average yield (%) - EHM	0.01	0.01	0.00	0.00	0.00	0.23	0.20
Average selling price (%)	99.9973	99.9969	99.9987	99.9990	99.9990	99.7993	99.8298
Amount offered for sale (HUF million)	25,000.00	20,000.00	20,000.00	20,000.00	20,000.00	30,000.00	30,000.00
Amount of bids submitted (HUF million)	66,800.00	44,839.10	46,100.00	31,765.00	19,330.00	80,358.00	67,343.55
Amount of bids accepted (HUF million)	24,999.98	19,999.99	20,000.00	20,000.00	13,999.99	29,999.98	29,999.97
Bid-to-cover ratio	2.67	2.24	2.31	1.59	1.38	2.68	2.24
Bids submitted (pcs)	31	20	16	17	10	76	80
Bids accepted (pcs)	10	7	9	8	7	37	35
Market sales* (HUF million)	24,999.98	19,999.99	20,000.00	20,000.00	13,999.99	29,999.98	29,999.97
Retained on ÁKK's own account (HUF million)	7,500.02	6,000.01	6000.00	6,000.00	4,200.01	30,000.02	30,000.03
Total amount issued (HUF million)	32,500.00	26,000.00	26,000.00	26,000.00	18,200.00	60,000.00	60,000.00

* Without issuance onto ÁKK's own account

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



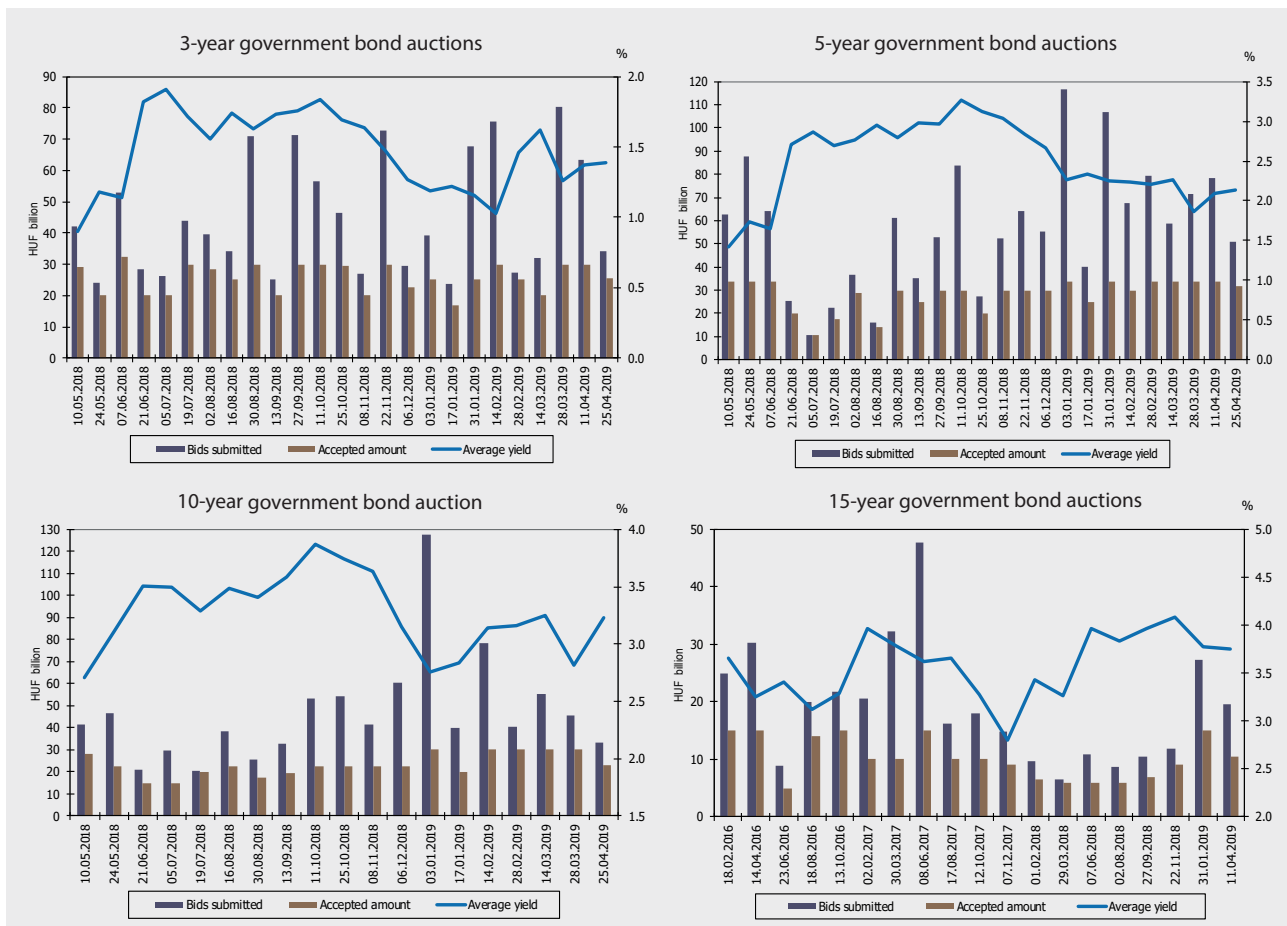
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2023/B	2022/C	2024/C	2038/A	2023/B	2022/C	2024/C	2030/A
ISIN code	HU0000403456	HU0000403704	HU0000403571	HU0000403555	HU0000403456	HU0000403704	HU0000403571	HU0000403696
Maturity (in years)	5	3	5	20	5	3	5	10
Coupon	0.14%	1.50%	2.50%	3.00%	0.14%	1.50%	2.50%	3.00%
Auction	30th auction	4th auction	21st auction	8th auction	32nd auction	5th auction	22nd auction	5th auction
Date of auction	04.04.2019	11.04.2019	11.04.2019	11.04.2019	18.04.2019	25.04.2019	25.04.2019	25.04.2019
Date of financial settlement	10.04.2019	17.04.2019	17.04.2019	17.04.2019	24.04.2019	02.05.2019	02.05.2019	02.05.2019
Redemption date	26.07.2023	24.08.2022	24.10.2024	27.10.2038	26.07.2023	24.08.2022	24.10.2024	21.08.2030
Maximum annual yield (%) - ISMA	-	1.38	2.09	3.76	-	1.40	2.15	3.24
Minimum annual yield (%) - ISMA	-	1.37	2.06	3.72	-	1.37	2.11	3.20
Average annual yield (%) - ISMA	-	1.37	2.09	3.75	-	1.39	2.14	3.23
Maximum annual yield (%) - EHM	-	1.38	2.09	3.76	-	1.40	2.15	3.24
Minimum annual yield (%) - EHM	-	1.37	2.06	3.72	-	1.37	2.11	3.20
Average annual yield (%) - EHM	-	1.37	2.08	3.74	-	1.39	2.13	3.22
Maximum price (%)	98.5800	100.4245	102.2660	90.1160	98.5300	100.4167	101.9885	98.1381
Minimum price (%)	98.5100	100.3950	102.1066	89.6040	98.4400	100.3100	101.7811	97.7667
Average price (%)	98.5500	100.4108	102.1251	89.7701	98.4800	100.3402	101.8553	97.8847
Amount offered for sale (HUF million)	10,000.00	20,000.00	25,000.00	15,000.00	10,000.00	20,000.00	25,000.00	20,000.00
Amount of bids submitted (HUF million)	24,800.00	63,500.00	78,294.96	19,525.00	11,220.31	34,010.00	50,695.00	33,080.00
Amount of bids accepted (HUF million)	11,000.00	30,000.00	33,499.99	10,499.98	7,999.99	25,500.00	31,999.98	22,999.99
Bid-to-cover ratio	2.25	2.12	2.34	1.86	1.40	1.33	1.58	1.44
Bids submitted (pcs)	48	44	58	52	26	31	51	45
Bids accepted (pcs)	16	11	21	24	22	19	26	33
Tail (%) (average price - minimum price)	0.04	0.02	0.02	0.17	0.04	0.03	0.07	0.12
Market sales (HUF million)	11,000.00	30,000.00	33,499.99	10,499.98	7,999.99	25,500.00	31,999.98	22,999.99
Non-competitive offer (HUF million)	2,800.00	7,600.00	8,779.99	0.00	0.00	1,584.00	1,080.00	1,162.66
Total amount sales (HUF million)	13,800.00	37,600.00	42,279.98	10,499.98	7,999.99	27,084.00	33,079.98	24,162.65



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

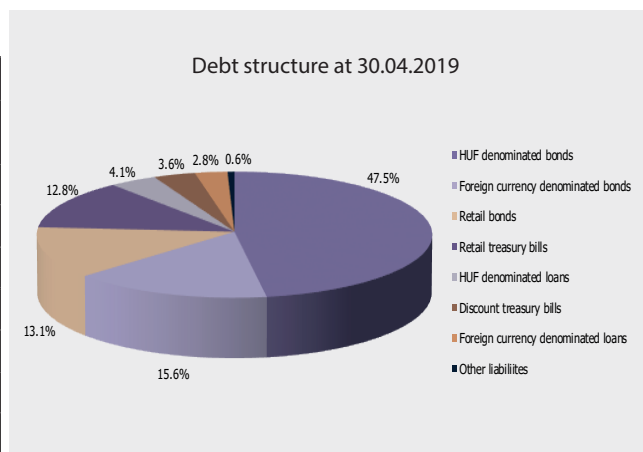
Government bond	2019/D	2019/C	2019/C	2020/B
ISIN code	HU0000403126	HU0000403092	HU0000403092	HU0000402953
Coupon (%)	0.15	2.00	2.00	3.50
Date of reverse auction	10.04.2019	10.04.2019	24.04.2019	24.04.2019
Date of financial settlement	17.04.2019	17.04.2019	02.05.2019	02.05.2019
Redemption date	28.08.2019	30.10.2019	30.10.2019	24.06.2020
Minimum annual yield (%)	100.04	0.05	0.05	0.12
Average annual yield- ISMA (%)	100.03	0.06	0.05	0.12
Average annual yield - EHM (%)	-	0.06	0.05	0.12
Amount of bids submitted (HUF million)	72,740.74	38,485.80	2,641.28	31,118.48
Amount of bids accepted (HUF million)	67,336.17	35,550.57	1,580.10	20,703.58

INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN APRIL 2019

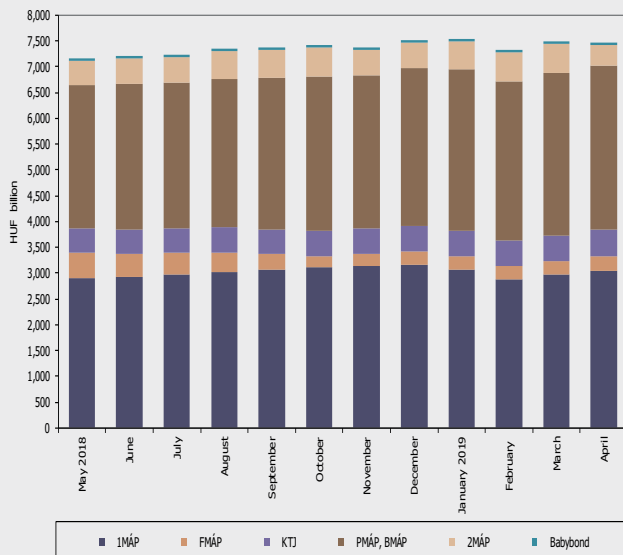
Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2020/I	18.04.2019	24.04.2019	24.04.2020	24.04.2020	6.80%	6.80%
2022/O	23.04.2019	27.04.2019	27.04.2020	27.04.2020	2.52%	2.56%
2022/P	23.04.2019	27.04.2019	27.04.2020	27.04.2020	2.52%	2.56%
2023/B	23.04.2019	26.04.2019	26.07.2019	26.07.2019	0.16%	0.04%
2024/O	23.04.2019	24.04.2019	24.04.2020	24.04.2020	3.06%	3.11%
2024/P	23.04.2019	24.04.2019	24.04.2020	24.04.2020	3.06%	3.11%
2026/B	24.04.2019	24.04.2019	24.10.2019	24.10.2019	0.01%	0.01%

OUTSTANDING AMOUNT OF RETAIL SECURITIES

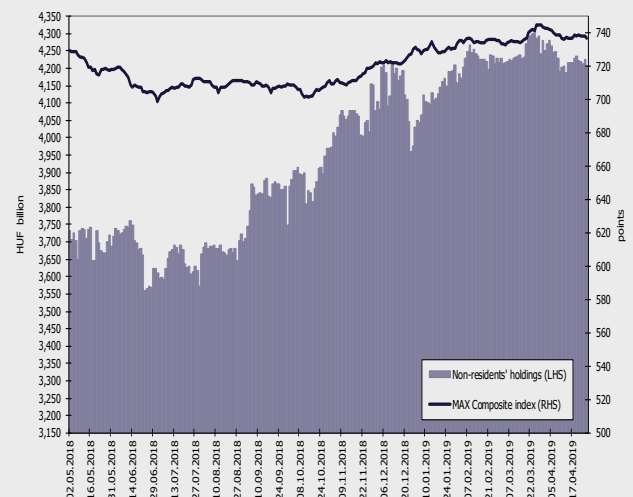
Retail securities	HUF billion		Change
	31.12.2018	30.04.2019	HUF billion
1-year Hungarian Government Security / 1MÁP	3,169.8	3,051.4	-118.4
Half-year Hungarian Government Security / FMÁP	253.8	276.1	22.3
Treasury Saving Bills / KTJ	495.9	506.4	10.4
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	3,041.1	3,181.7	140.6
2-year Hungarian Government Security / 2MÁP	500.2	392.4	-107.8
Babybond	54.8	63.7	8.9
Total	7,515.7	7,471.6	-44.1



Outstanding amount of retail securities



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



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 30.04.2019	777.4764	554.2461	736.9903	535.9880
Changes compared to the end of the month before	-8.7848	0.0131	-7.8095	0.1001
Annual yield earned on the index portfolio (%)	1.18	0.46	0.90	0.10

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 30.04.2019	752.5581	816.8949	592.8923	384.8454
Changes compared to the end of the month before	-2.3169	-11.8361	-21.8137	-19.9717
Reference yield (%)	1.42	2.2	3.27	3.78
Annual yield earned on the index portfolio (%)	1.00	0.98	0.73	1.23

Government bonds with the highest secondary market turnover in April 2019

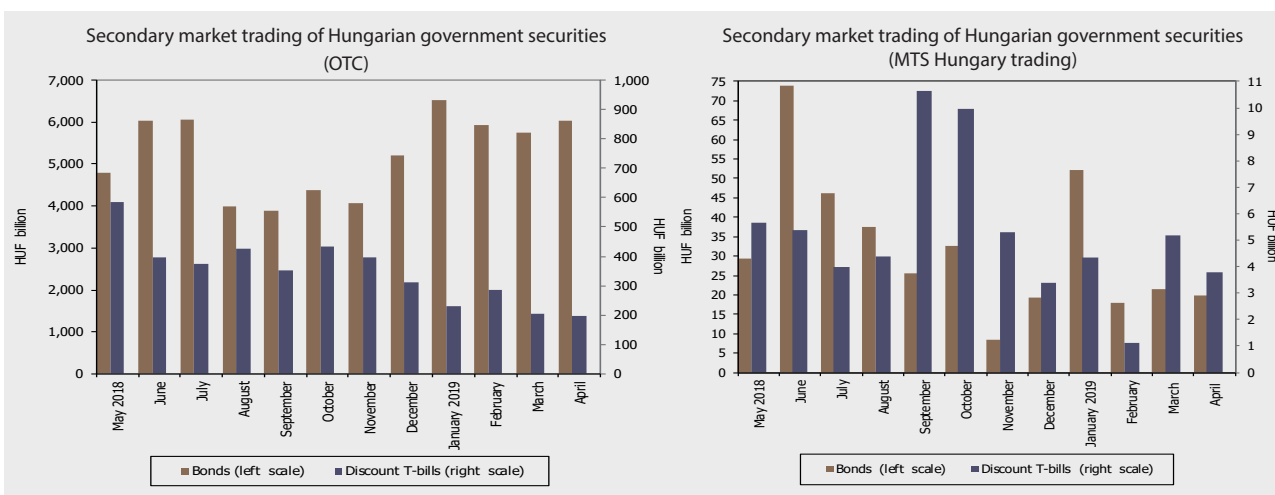
Government bond	Date of redemption	Turnover (HUF billion)
2026/D	22.12.2026	395,0
2022/B	26.10.2022	394,2
2024/C	24.10.2024	390,8
2027/A	27.10.2027	381,6
2023/A	24.11.2023	278,2
2025/B	24.06.2025	269,4
2021/C	21.04.2021	150,8
2028/A	22.10.2028	147,0
2022/A	24.06.2022	100,2
2030/A	21.08.2030	98,2

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

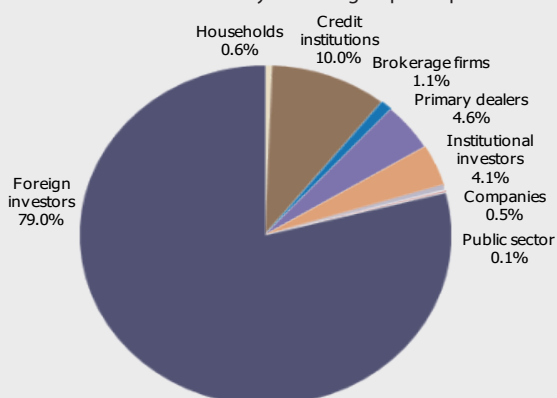
Government bond	HUF billion	
	31.03.2019	30.04.2019
2022/C	46.36	118.90
2024/C	608.33	689.49
2030/A	115.10	153.44
2038/A	58.66	69.12

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

Government bond	HUF billion
2027/A	1,201.10
2025/B	1,193.78
2022/B	1,130.31



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



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

