

# GOVERNMENT SECURITIES MARKET

## OCTOBER 2002 ■ MONTHLY REPORT

In October government securities yields fluctuated sharply, which was attributable to external and internal factors influencing the market. The initial significant rise of yields levelled off in the middle of the month, which was followed by a sharp downward shift. In the first half of the month the worsening macroeconomic (current account and budget) figures and the uncertainty around the Irish referendum – as a necessary step towards euro-convergence – led to a yield increase by 20–35 basis points in a week. This development of yields coincided with the increase of the demand. The September CPI published on 11th October was in line with expectations and stabilised yields. The result of the bond auction held on the following week reflected also the end of the yield increase. Next week the 'yes' on the Irish referendum and the unexpected rate cut by the Polish central bank triggered a 23–43 basis points drop in the longer end of the yield curve in a matter of days. At the same time foreign investors dominated in the demand side having bought the HUF 36 billion of bonds all along the yield curve in three days. During the rest of the month no significant change occurred in the yield level.

The HUF was under pressure before the Irish referendum in the first half of the month and so it weakened twice below the level of 11%. The favourable outcome of the referendum re-established confidence in the convergence process of the accession countries. This news, hand in hand with the Polish central bank rate cut, contributed to a significant appreciation of the HUF reaching and maintaining a level close to 13% in the rest of the month.

Due to the buoyant demand on primary market government securities were sold mainly at yields lower than in the previous month, despite the fact that government bond auctions attracted less bids compared to September, when a new three-year benchmark bond was introduced. However, the demand proved to be sufficient to raise the planned amount. The demand for discount T-bills peaked in the middle of the month, when yields required at the auctions also increased. The auction of twelve-month discount T-bill attracted the most bids (HUF 134 billion) resulting in a 4.5 cover ratio.

On the OTC market turnover in government bonds reached its highest monthly level during the last two years, while the trading volume in discount T-bills both on the stock exchange and the OTC moderated. Benchmark yields on the shorter end of the curve within three-year grew by 7–15 basis points, while on the longer end they eased by 9–20 basis points, so the benchmark yield curve became steeper compared to September.

In October an annual yield of 8.89 per cent could have been earned on the portfolio of the MAX Composite index which covers the overwhelming part of the government securities market (publicly offered fix bonds and discount T-bills with at least three months residual maturity). The annual yield of the RMAX index (which shows the price movements of government securities with a residual maturity of less than one year) was 9.48 per cent, while the MAX index yielded 8.71 per cent. Despite of the fluctuation of government securities yields their level did not change during the month, so the value both of the MAX and RMAX index rose as much as the amount of the interest accrued on them. In line with the yield development the annual return on MAX and RMAX decreased only a bit compared to September.

The monthly budget deficit – excluding privatisation proceeds – was HUF 24 bn. The aggregate balance of the central government including the Social Security Funds and the extrabudgetary funds was HUF -45.4 bn. The net issuance of government securities amounted to HUF 35 bn during the month, so there was an underfunding of HUF 10.4 billion in October.

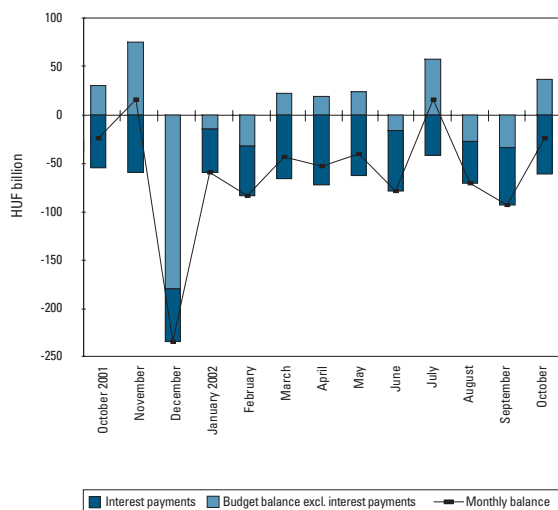
In October 2002 the long-term foreign currency rating of the Republic of Hungary was the following: Standard and Poor's – 'A-', Moody's Investor Service – 'A3'<sup>1</sup>; Fitch Ratings Ltd. – 'A-'. Hungary's forint denominated debt stood at 'A1' with Moody's, 'A' with Fitch Ratings Ltd. and 'A+' with Standard and Poor's.

According to the data supplied by the Central Clearing House and Depository (Budapest) Ltd. for value date of 31st October 2002, foreign holdings of Hungarian government securities increased by HUF 17 bn (EUR 70 million) during October and amounted to HUF 1509.4 bn (EUR 6.3 billion) at the end of the month. Foreign holdings constituted 27.3% of the outstanding stock of publicly issued government securities at the end of October (the same figure for September was 27.2%). During the month the turnover in government securities rose significantly. Foreigners transacted by 50% more in government bonds compared to September, while discount T-bills' trading volume shrank to its third, according to primary dealers' reports.

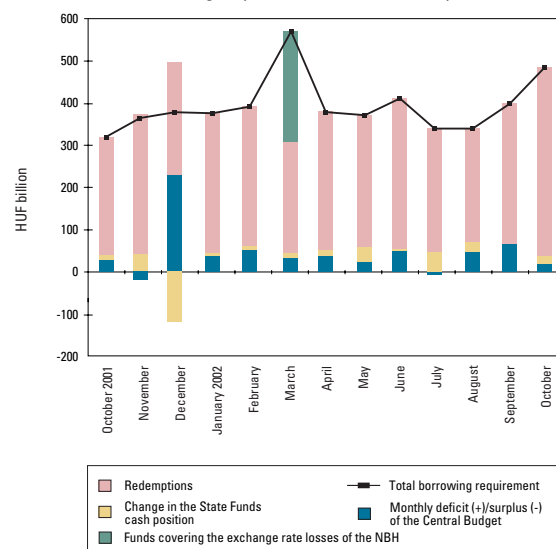
<sup>1</sup> On 12th November 2002 Moody's Investor Service rating agency upgraded Hungary's long-term foreign currency denominated debt: from 'A3' to 'A1', on 19th November Standard and Poor's changed the rating of the forint denominated debt: from 'A+' to 'A'.

# GOVERNMENT SECURITIES MARKET

Monthly Balance of the Central Government Budget (excl. privatisation proceeds) and its main components



Gross Borrowing Requirement and its main components



## THE CENTRAL GOVERNMENT GROSS DEBT

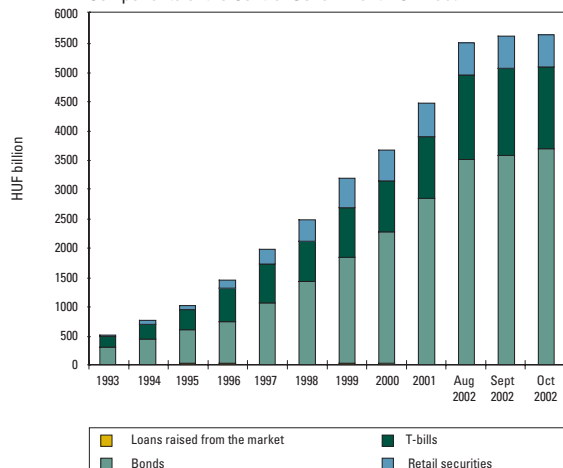
| at current prices, in HUF billions      |         |         |         |         |         |         |         |         |         |          |           |          |
|-----------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|-----------|----------|
| Debt Stock                              | 1993    | 1994    | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | Aug 2002 | Sept 2002 | Oct 2002 |
| 1. Forint denominated                   | 2944.77 | 3499.09 | 4377.40 | 4630.40 | 3151.67 | 3733.92 | 4350.19 | 4717.46 | 5397.40 | 6347.57  | 6437.27   | 6471.77  |
| 1.1. Loans                              | 1961.82 | 2181.95 | 2766.55 | 2193.32 | 502.67  | 434.96  | 380.21  | 303.84  | 228.29  | 188.93   | 170.59    | 170.15   |
| 1.1.1. Raised from the market           |         | 8.49    | 28.49   | 19.00   | 0.19    | 0.06    | 17.79   | 14.34   | 10.93   | 8.23     | 8.23      | 7.79     |
| 1.1.2. Raised from NBH                  | 1961.82 | 2173.46 | 2738.06 | 2174.32 | 502.48  | 434.90  | 362.43  | 289.50  | 217.36  | 180.69   | 162.36    | 162.36   |
| 1.1.2.1. Interest bearing loans         | 779.82  | 733.40  | 714.76  | 611.01  | 502.48  | 434.90  | 362.43  | 289.50  | 217.36  | 180.69   | 162.36    | 162.36   |
| 1.1.2.2. Non-interest bearing loans     | 1182.00 | 1440.06 | 2023.30 | 1563.31 |         |         |         |         |         |          |           |          |
| 1.2. Government securities              | 982.95  | 1317.14 | 1610.85 | 2437.08 | 2649.00 | 3298.97 | 3969.98 | 4413.61 | 5169.11 | 6158.64  | 6266.67   | 6301.62  |
| 1.2.1. Public issues                    | 505.46  | 739.75  | 963.59  | 1392.90 | 1900.85 | 2432.82 | 3116.83 | 3582.37 | 4360.04 | 5387.04  | 5495.97   | 5530.91  |
| 1.2.1.1. Bonds                          | 284.74  | 424.61  | 546.61  | 708.49  | 998.73  | 1386.46 | 1790.84 | 2221.22 | 2782.01 | 3440.98  | 3494.97   | 3603.04  |
| 1.2.1.2. T-Bills                        | 179.12  | 236.02  | 339.74  | 560.66  | 661.26  | 689.89  | 826.74  | 837.90  | 1033.30 | 1409.29  | 1455.14   | 1378.06  |
| 1.2.1.3. Retail securities              | 41.60   | 79.11   | 77.24   | 123.75  | 240.86  | 356.47  | 499.25  | 523.25  | 544.73  | 536.77   | 545.85    | 549.82   |
| 1.2.2. Private placements               | 477.49  | 577.39  | 647.26  | 1044.18 | 748.16  | 866.15  | 853.16  | 831.25  | 809.07  | 771.60   | 770.70    | 770.70   |
| 2. Forex denominated                    | 202.68  | 252.52  | 356.10  | 301.98  | 2219.05 | 2431.87 | 2536.21 | 2508.75 | 2322.10 | 2197.51  | 2174.00   | 2150.40  |
| 2.1. Loans                              | 202.68  | 236.50  | 345.46  | 258.35  | 2161.31 | 2367.83 | 1929.55 | 1772.75 | 1410.40 | 1289.53  | 1273.64   | 1256.67  |
| 2.1.1. Direct foreign loans             | 202.68  | 236.50  | 319.89  | 256.94  | 274.60  | 249.65  | 361.19  | 368.80  | 317.81  | 363.66   | 355.54    | 386.96   |
| 2.1.1.1. Loans for reserves purposes    | 141.90  | 166.30  | 152.30  | 107.40  | 72.11   | 50.49   | 56.84   | 65.11   | 61.04   | 51.36    | 47.93     | 47.40    |
| 2.1.1.2. Bős-Nagyamaros                 |         |         |         | 66.19   | 59.40   | 54.21   | 38.86   | 23.07   | 0.00    | 0.00     | 0.00      | 0.00     |
| 2.1.1.3. Others                         | 60.78   | 70.20   | 167.59  | 83.35   | 143.08  | 144.95  | 265.49  | 280.62  | 256.78  | 312.30   | 307.61    | 339.55   |
| 2.1.2. Domestic                         |         |         | 25.57   | 1.40    | 1886.71 | 2118.18 | 1568.37 | 1403.95 | 1092.59 | 925.88   | 918.10    | 869.71   |
| 2.1.2.1. Taken over in 1997             |         |         |         |         | 1886.71 | 2118.18 | 1568.37 | 1403.95 | 1092.59 | 925.88   | 918.10    | 869.71   |
| 2.1.2.2. Others                         |         |         | 25.57   | 1.40    |         |         |         |         |         |          |           |          |
| 2.2. Government securities              |         | 16.02   | 10.65   | 43.63   | 57.74   | 64.04   | 606.66  | 735.99  | 911.70  | 907.98   | 900.36    | 893.73   |
| 2.2.1. Issued abroad                    |         |         |         | 32.99   | 40.70   | 44.44   | 587.11  | 715.67  | 911.70  | 907.98   | 900.36    | 893.73   |
| 2.2.1.1. Foreign currency bonds         |         |         |         | 32.99   | 40.70   | 43.81   | 586.78  | 715.37  | 911.45  | 907.79   | 900.17    | 893.54   |
| 2.2.1.2. Kingdom of Hungary 1924 issues |         |         |         |         |         | 0.64    | 0.33    | 0.30    | 0.25    | 0.19     | 0.19      | 0.19     |
| 2.2.2. Issued in the domestic market    |         | 16.02   | 10.65   | 10.65   | 17.04   | 19.60   | 19.55   | 20.32   |         |          |           |          |
| Total                                   | 3147.45 | 3751.60 | 4733.50 | 4932.38 | 5370.72 | 6165.79 | 6886.40 | 7226.20 | 7719.50 | 8545.08  | 8611.26   | 8622.16  |

Memo item: marketable HUF debt

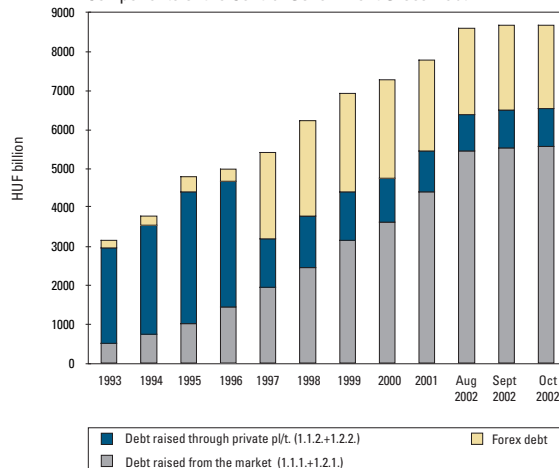
(1.2.1.1.+1.2.1.2.+1.2.2.) 941.35 1238.03 1533.61 2313.33 2408.15 2942.49 3470.73 3890.37 4624.38 5621.87 5720.81 5751.80

According to the declaration of the MoF Accounting Department the forex denominated debt is calculated upon the mid exchange rate quoted by the National Bank of Hungary on the last working day of the month.

Components of the Central Government HUF Debt



Components of the Central Government Gross Debt



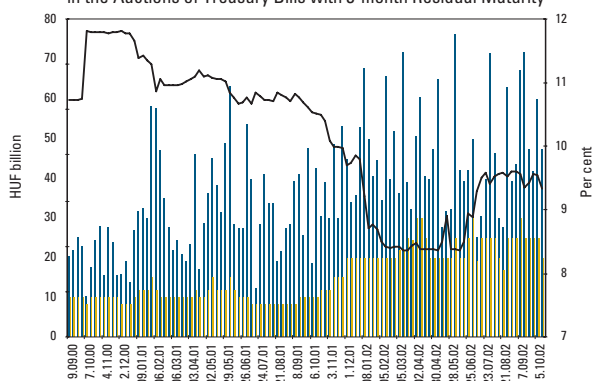
# ■ GOVERNMENT SECURITIES MARKET ■

## DATA ON DISCOUNT TREASURY BILL AUCTIONS

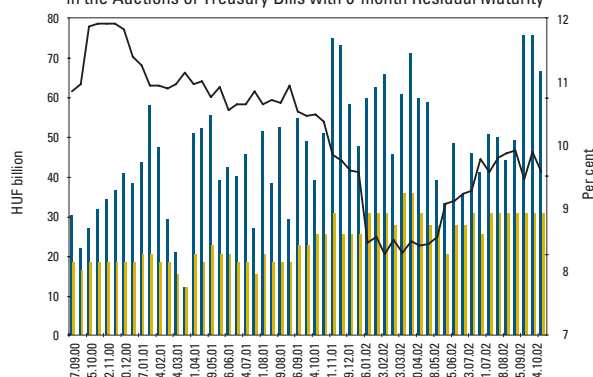
|                                                          | 3-month discount Treasury bill |            |            |            |            | 6-month discount Treasury bill |            |            | 12-month discount Treasury bill |            |            |
|----------------------------------------------------------|--------------------------------|------------|------------|------------|------------|--------------------------------|------------|------------|---------------------------------|------------|------------|
|                                                          | N39                            | N40        | N41        | N42        | N43        | D5                             | D5         | D6         | K5                              | K5         | K5         |
| Code of T-bill                                           | D030102                        | D030108    | D030115    | D030122    | D030129    | D030319                        | D030319    | D030514    | D031001                         | D031001    | D031001    |
| Maturity in days                                         | 92                             | 91         | 91         | 90         | 91         | 168                            | 154        | 196        | 364                             | 350        | 336        |
| Date of auction                                          | 24. 09. 02                     | 01. 10. 02 | 08. 10. 02 | 15. 10. 02 | 22. 10. 02 | 25. 09. 02                     | 09. 10. 02 | 24. 10. 02 | 26. 09. 02                      | 10. 10. 02 | 24. 10. 02 |
| Date of financial settlement                             | 02. 10. 02                     | 09. 10. 02 | 16. 10. 02 | 24. 10. 02 | 30. 10. 02 | 02. 10. 02                     | 16. 10. 02 | 30. 10. 02 | 02. 10. 02                      | 16. 10. 02 | 30. 10. 02 |
| Redemption date                                          | 02. 01. 03                     | 08. 01. 03 | 15. 01. 03 | 22. 01. 03 | 29. 01. 03 | 19. 03. 03                     | 19. 03. 03 | 14. 05. 03 | 01. 10. 03                      | 01. 10. 03 | 01. 10. 03 |
| Maximum annual bond yield equivalent (%)                 | 9.36                           | 9.48       | 9.60       | 9.55       | 9.36       | 9.41                           | 9.85       | 9.53       | 9.48                            | 9.83       | 9.57       |
| Average annual bond yield equivalent (%)                 | 9.34                           | 9.42       | 9.55       | 9.53       | 9.33       | 9.39                           | 9.82       | 9.49       | 9.44                            | 9.81       | 9.53       |
| Minimum annual bond yield equivalent (%)                 | 9.30                           | 9.10       | 9.25       | 9.30       | 9.25       | 9.34                           | 9.30       | 9.40       | 9.35                            | 9.25       | 9.30       |
| Average selling price (%)                                | 97.7000                        | 97.7053    | 97.6744    | 97.7041    | 97.7268    | 95.8571                        | 96.0216    | 95.1511    | 91.3959                         | 91.4020    | 91.9347    |
| Offered for sale (HUF million)                           | 25,000.00                      | 25,000.00  | 25,000.00  | 25,000.00  | 20,000.00  | 30,000.00                      | 30,000.00  | 25,000.00  | 30,000.00                       | 30,000.00  | 30,000.00  |
| Amount of bids submitted (HUF million)                   | 72,310.42                      | 47,495.56  | 41,959.63  | 60,430.22  | 47,519.70  | 74,137.35                      | 65,320.47  | 38,672.22  | 54,710.47                       | 13,3541.92 | 39,281.95  |
| Amount of bids accepted (HUF million)                    | 24,999.99                      | 25,000.00  | 24,999.99  | 25,000.00  | 20,000.00  | 29,999.99                      | 29,999.99  | 25,000.00  | 29,999.98                       | 30,000.00  | 29,999.95  |
| Cover (amount of bids submitted/amount of bids accepted) | 2.89                           | 1.90       | 1.68       | 2.42       | 2.38       | 2.47                           | 2.18       | 1.55       | 1.82                            | 4.45       | 1.31       |
| Bids submitted (no.s)                                    | 165                            | 132        | 116        | 136        | 109        | 184                            | 120        | 112        | 194                             | 236        | 129        |
| Bids accepted (no.s)                                     | 50                             | 99         | 92         | 38         | 50         | 71                             | 77         | 75         | 121                             | 52         | 104        |
| Market sales* (HUF million)                              | 24,999.99                      | 25,000.00  | 24,999.99  | 25,000.00  | 20,000.00  | 29,999.99                      | 29,999.99  | 25,000.00  | 29,999.98                       | 30,000.00  | 29,999.95  |
| Retained on GDMA account (HUF million)                   | 2500.01                        | 2500.00    | 2500.01    | 0.00       | 2000.00    | 3000.01                        | 3000.01    | 7500.00    | 9000.02                         | 3000.00    | 3000.05    |
| Total issue amount (HUF million)                         | 27,500.00                      | 27,500.00  | 27,500.00  | 25,000.00  | 22,000.00  | 33,000.00                      | 33,000.00  | 32,500.00  | 39,000.00                       | 33,000.00  | 33,000.00  |

\* Without GDMA purchase

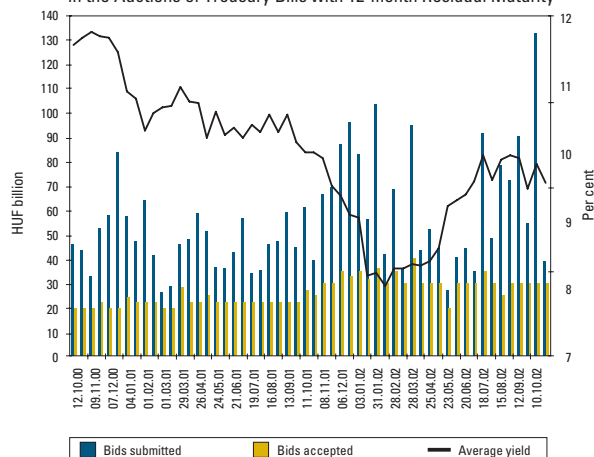
Data on Amounts of Bids Submitted and Accepted and Yields in the Auctions of Treasury Bills with 3-month Residual Maturity



Data on Amounts of Bids Submitted and Accepted and Yields in the Auctions of Treasury Bills with 6-month Residual Maturity



Data on Amounts of Bids Submitted and Accepted and Yields in the Auctions of Treasury Bills with 12-month Residual Maturity



# ■ GOVERNMENT SECURITIES MARKET ■

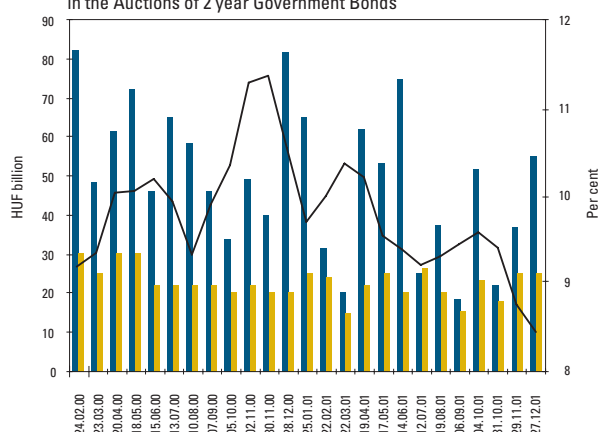
## DATA ON AUCTIONS OF GOVERNMENT BONDS

| Name of Government Bond                                  | 2005/I       | 2007/D       | 2005/I       | 2013/D       |
|----------------------------------------------------------|--------------|--------------|--------------|--------------|
| ISIN code of Government Bond                             | HU0000402086 | HU0000402052 | HU0000402086 | HU0000402045 |
| Maturity (in years)                                      | 3            | 5            | 3            | 10           |
| Coupon (%)                                               | 8.50         | 6.25         | 8.50         | 6.75         |
| Type of selling                                          | 3. auction   | 10. auction  | 4. auction   | 8. auction   |
| Date of auction                                          | 03-Oct-02    | 03-Oct-02    | 17-Oct-02    | 17-Oct-02    |
| Date of financial settlement                             | 10-Oct-02    | 10-Oct-02    | 24-Oct-02    | 24-Oct-02    |
| Redemption date                                          | 12-Oct-05    | 12-Jun-07    | 12-Oct-05    | 12-Feb-13    |
| Minimum annual yield (%)**                               | 8.93         | 8.10         | 8.90         | 7.10         |
| Maximum annual yield (%)**                               | 8.99         | 8.18         | 9.30         | 7.42         |
| Average annual yield (%)**                               | 8.97         | 8.15         | 9.27         | 7.39         |
| Maximum selling price (%)                                | 98.8541      | 92.9808      | 98.9300      | 97.4419      |
| Minimum selling price (%)                                | 98.7027      | 92.6935      | 97.9368      | 95.2266      |
| Average selling price (%)                                | 98.7511      | 92.8027      | 98.0022      | 95.4051      |
| Amount offered for sale (HUF million)                    | 30,000.00    | 25,000.00    | 30,000.00    | 25,000.00    |
| Amount of bids submitted (HUF million)                   | 93,155.00    | 72,387.00    | 39,133.48    | 58,092.85    |
| Amount of bids accepted (HUF million)                    | 40,000.00    | 33,499.96    | 25,000.00    | 29,999.99    |
| Cover (amount of bids submitted/amount of bids accepted) | 2.33         | 2.45         | 1.57         | 1.74         |
| Bids submitted (no.s)                                    | 177          | 128          | 117          | 147          |
| Bids accepted (no.s)                                     | 76           | 69           | 86           | 85           |
| Tail (average selling price – minimum selling price)     | 0.05         | 0.11         | 0.07         | 0.18         |
| Market sales* (HUF million)                              | 40,000.00    | 33,499.96    | 25,000.00    | 29,999.99    |
| Retained on GDMA account (HUF million)                   | 0.00         | 0.04         | 0.00         | 0.01         |
| Total issue amount (HUF million)                         | 40,000.00    | 33,500.00    | 25,000.00    | 30,000.00    |

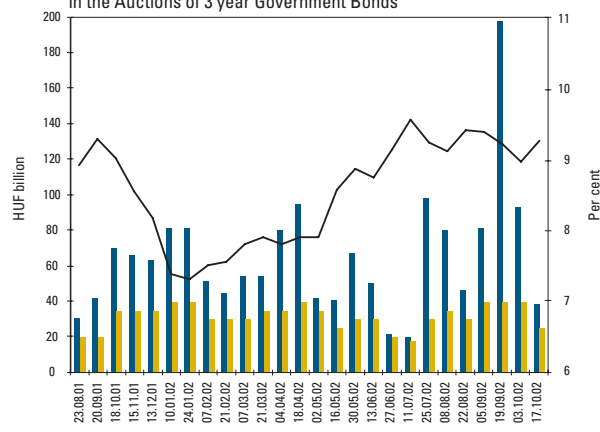
\* Without GDMA purchase

\*\* According ISMA recommendations

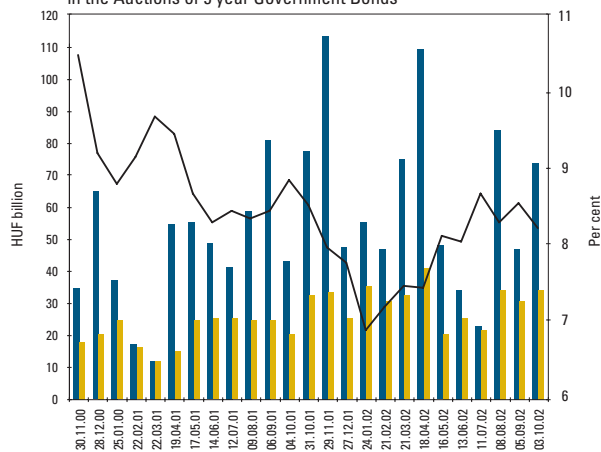
Data on Amount of Bids Submitted and Accepted and Yields in the Auctions of 2 year Government Bonds



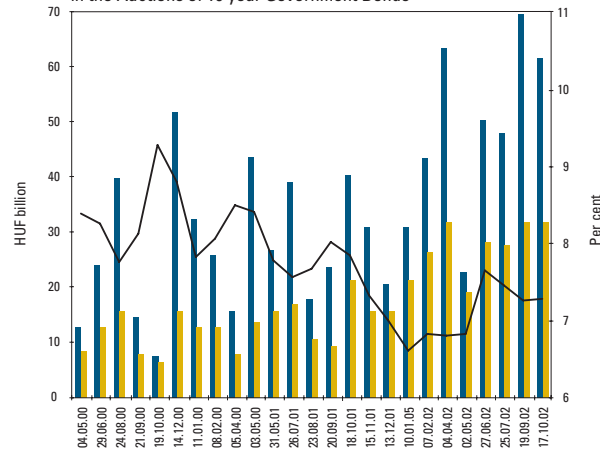
Data on Amount of Bids Submitted and Accepted and Yields in the Auctions of 3 year Government Bonds



Data on Amount of Bids Submitted and Accepted and Yields in the Auctions of 5 year Government Bonds



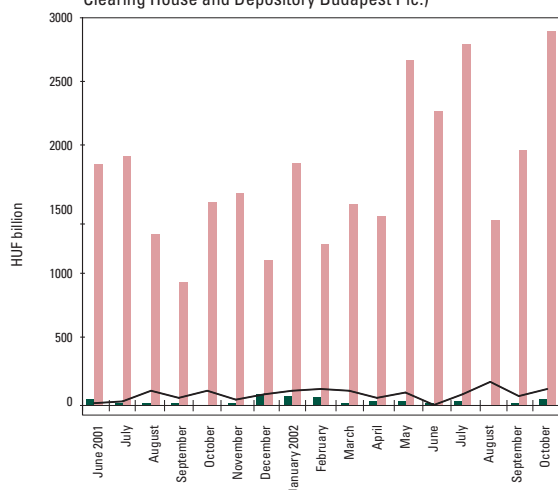
Data on Amount of Bids Submitted and Accepted and Yields in the Auctions of 10 year Government Bonds



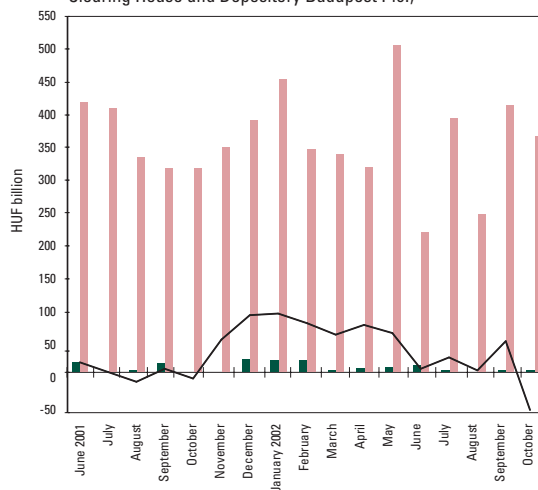
■ Bids submitted ■ Bids accepted — Average yield

# ■ GOVERNMENT SECURITIES MARKET ■

Secondary Market Turnover of Government Bonds  
(data source: Budapest Stock Exchange and Central  
Clearing House and Depository Budapest Plc.)

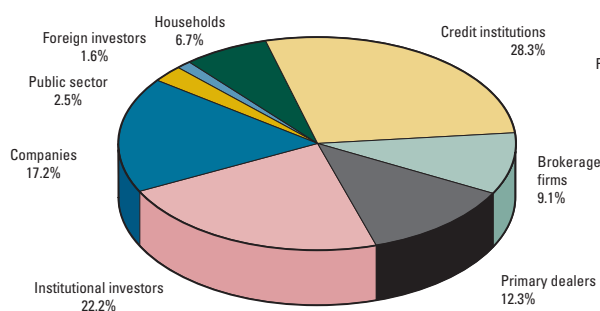


Secondary Market Turnover of Discount Treasury Bills  
(data source: Budapest Stock Exchange and Central  
Clearing House and Depository Budapest Plc.)

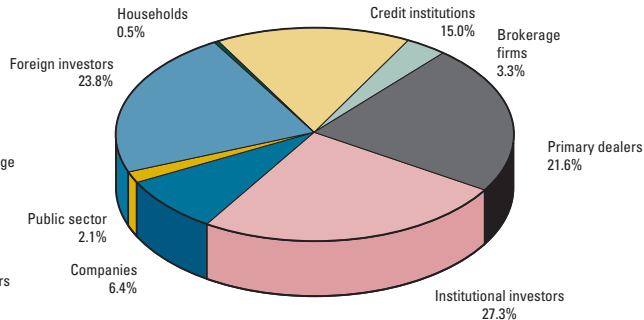


■ Stock exchange ■ OTC\* (duplicated turnover) — Net issuance

Share of Main Investor Groups of the Secondary  
Market Turnover in Discount Treasury Bills in October, 2002



Share of Main Investor Groups of the Secondary  
Market Turnover in Government Bonds in October, 2002



## HUNGARIAN GOVERNMENT SECURITIES TOTAL RETURN INDEX

|                                   | MAX index | RMAX index | MAX composite |
|-----------------------------------|-----------|------------|---------------|
| Value on 31 October 2002          | 232.2298  | 224.3865   | 228.4844      |
| Monthly change (in October)       | 1.6194    | 1.6995     | 1.644         |
| Annual yield (October, 2001–2002) | 8.71%     | 9.48%      | 8.89%         |

## PRIMARY DEALERS

### Primary dealers

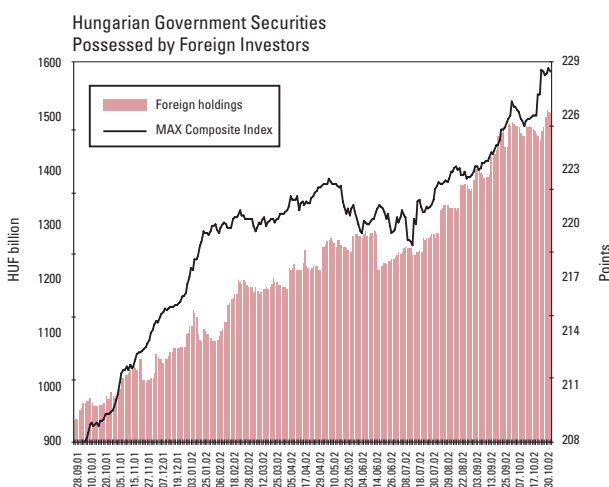
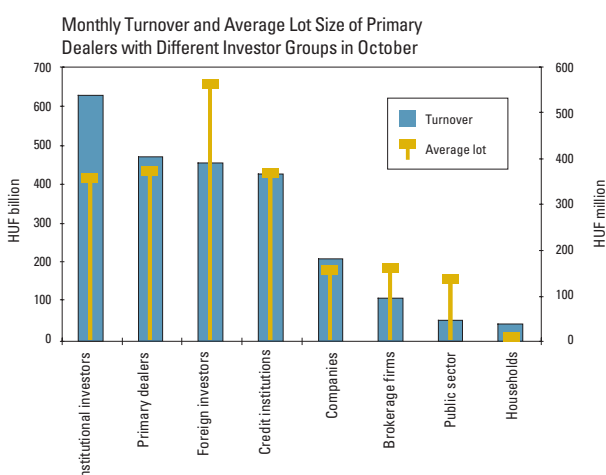
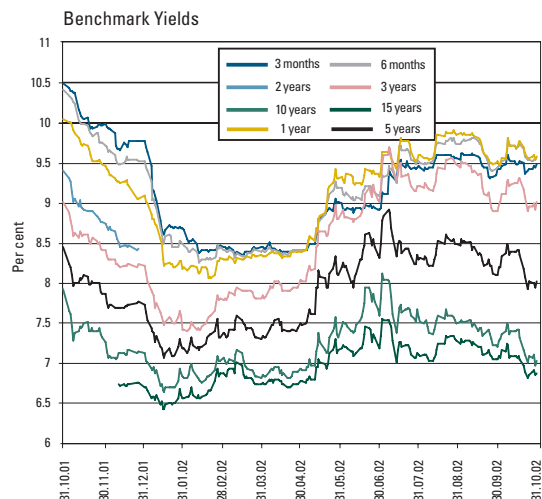
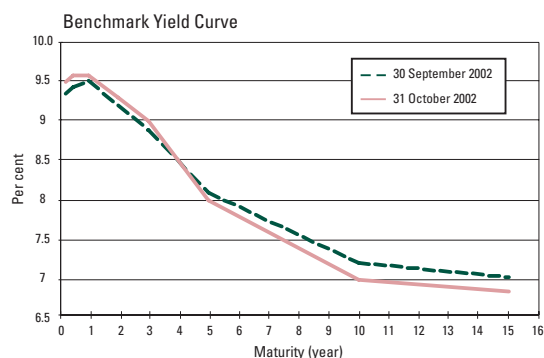
AEGON Magyarország Értékpapír Rt.  
CIB Bank Rt.  
CITIBANK Rt.  
CAIB Értékpapír Rt.  
Deutsche Bank Rt.  
ERSTE Bank Befektetési Magyarország Rt.  
ING Bank Rt.

Kereskedelmi és Hitelbank Rt.  
Országos Takarékpénztár és Kereskedelmi Bank Rt.  
Magyar Külkereskedelmi Bank Rt.  
Postabank és Takarékpénztár Rt.  
Raiffeisen Értékpapír és Befektetési Rt.  
Magyar Takarékszövetkezeti Bank Rt.

### Primary dealers for retail securities

CIB Bank Rt.  
Kereskedelmi és Hitelbank Rt.  
Országos Takarékpénztár és Kereskedelmi Bank Rt.  
Magyar Takarékszövetkezeti Bank Rt.  
and as Network Dealer:  
Hungarian State Treasury Branch Network

# ■ GOVERNMENT SECURITIES MARKET ■



## REUTERS PAGES (CODES)

Main page: HUTREASURY

### Data on auctions are accessible from 12.00

|             |                                                          |
|-------------|----------------------------------------------------------|
| HUISUE      | Publication of the following issues and reverse auctions |
| HUAUCTION01 | Discount T-bills' auction results                        |
| HUAUCTION02 | T-bonds' auction results                                 |

### Secondary market data

|             |                                                                       |
|-------------|-----------------------------------------------------------------------|
| HUBONDFIX   | Benchmark yields' fixing (from 14.30 updated)                         |
| HUBONINDEX  | Hungarian Government Total Return Index (MAX) (from 16.00 updated)    |
| HUBONINDEX2 | Benchmark Indices for Government Bonds BMX2Y-10Y (from 16.00 updated) |
| .HUMAXBOND  | Hungarian Government Total Return Index (MAX) statistics              |

### Other

|            |                                                                                                                                               |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| HUFLOATER  | Interest rate reset of floating rate bonds                                                                                                    |
| HUBEST 456 | 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) |
| HUBONINFO  | Current list of authorised dealers (phone numbers)                                                                                            |

Bloomberg pages (code): GDMA

Telerate pages (codes): 47184-47190

Homepage: [www.allampapir.hu](http://www.allampapir.hu)

## THE MOST LIQUID GOVERNMENT SECURITIES ON THE SECONDARY MARKET IN OCTOBER

| Name of the bond | Redemption date | Turnover (HUF billion) |
|------------------|-----------------|------------------------|
| 2007/D           | 12. 06. 2007    | 263.081                |
| 2013/D           | 12. 02. 2013    | 233.493                |
| 2005/I           | 12. 10. 2005    | 211.888                |
| 2013/C           | 20. 12. 2013    | 135.553                |
| 2005/G           | 12. 04. 2005    | 124.457                |
| D031001          | 01. 10. 2003    | 119.709                |
| 2005/H           | 12. 08. 2005    | 94.817                 |
| D030319          | 19. 03. 2003    | 84.502                 |
| 2011/A           | 12. 02. 2011    | 76.249                 |
| 2013/A           | 20. 03. 2013    | 74.800                 |

## STOCK OUTSTANDING OF GOVERNMENT BONDS WHICH WERE OFFERED FOR SALE DURING OCTOBER

| Serial number of government bond | HUF billion<br>30 September 2002 | 31 October 2002 |
|----------------------------------|----------------------------------|-----------------|
| 2005/I                           | 80.75                            | 146.00          |
| 2007/D                           | 266.84                           | 300.36          |
| 2013/D                           | 175.59                           | 205.59          |
| 2017/A                           | 74.08                            | 74.08           |

# ■ GOVERNMENT SECURITIES MARKET ■

| December                             |                                                                                             |                          |                                      |                                      |                               |    |    |
|--------------------------------------|---------------------------------------------------------------------------------------------|--------------------------|--------------------------------------|--------------------------------------|-------------------------------|----|----|
|                                      | 2                                                                                           | 3                        | 4                                    | 5                                    | 6                             | 7  | 8  |
|                                      | Monday                                                                                      | Tuesday                  | Wednesday                            | Thursday                             | Friday                        | Sa | Su |
| Discount T-bill Auction Announcement |                                                                                             |                          | 3-month Discount T-bills             |                                      |                               |    |    |
| Discount T-bill Auction              |                                                                                             | D030312                  | D030514                              | D031126                              |                               |    |    |
| Discount T-bill Settlement           |                                                                                             |                          | D030305                              |                                      |                               |    |    |
| Discount T-bill Redemption           |                                                                                             |                          | D021204                              |                                      |                               |    |    |
| Interest Bearing T-bill Subscription | 2003/25                                                                                     |                          |                                      |                                      |                               |    |    |
| Government Bond Public Offer         | 3 and 10 /15 fix rate bonds                                                                 |                          |                                      |                                      |                               |    |    |
| Government Bond Redemption           | 2002/B semi-annual                                                                          |                          |                                      |                                      |                               |    |    |
|                                      | 9                                                                                           | 10                       | 11                                   | 12                                   | 13                            | 14 | 15 |
|                                      | Monday                                                                                      | Tuesday                  | Wednesday                            | Thursday                             | Friday                        | Sa | Su |
| Discount T-bill Auction Announcement |                                                                                             |                          | 3-, 6- and 12-month Discount T-bills |                                      |                               |    |    |
| Discount T-bill Auction              |                                                                                             | D030319                  |                                      |                                      |                               |    |    |
| Discount T-bill Settlement           |                                                                                             |                          | D030312/D030514/D031126              |                                      |                               |    |    |
| Discount T-bill Redemption           |                                                                                             |                          | D021211                              |                                      |                               |    |    |
| Interest Bearing T-bill Public Offer |                                                                                             |                          | 2003/26                              |                                      |                               |    |    |
| Interest Bearing T-bill Subscription | 2003/25                                                                                     |                          |                                      |                                      |                               |    |    |
| Government Bond Auction              |                                                                                             |                          |                                      | 3 and 10 /15 fix rate bonds          |                               |    |    |
| Government Bond Redemption           |                                                                                             |                          |                                      | 2002/G semi-annual                   |                               |    |    |
| Government Bond Interest Payment     |                                                                                             |                          |                                      | 2003/L and 2007/B semi-annual        |                               |    |    |
|                                      | 16                                                                                          | 17                       | 18                                   | 19                                   | 20                            | 21 | 22 |
|                                      | Monday                                                                                      | Tuesday                  | Wednesday                            | Thursday                             | Friday                        | Sa | Su |
| Discount T-bill Auction Announcement |                                                                                             |                          | 3-month Discount T-bills             |                                      |                               |    |    |
| Discount T-bill Auction              |                                                                                             | D030326                  | D030709                              | D031126                              |                               |    |    |
| Discount T-bill Settlement           |                                                                                             |                          | D030319                              |                                      |                               |    |    |
| Discount T-bill Redemption           |                                                                                             |                          | D021218                              |                                      |                               |    |    |
| Interest Bearing T-bill Subscription | 2003/26                                                                                     |                          |                                      |                                      |                               |    |    |
| Interest Bearing T-bill Redemption   |                                                                                             |                          |                                      | 2002/12                              |                               |    |    |
| Government Bond Public Offer         |                                                                                             |                          |                                      | 3 and 5 year bonds                   |                               |    |    |
| Government Bond Redemption           | 2002/C semi-annual                                                                          |                          |                                      |                                      | 2005/A quarterly              |    |    |
| Government Bond Interest Payment     | 2003/G annual                                                                               |                          |                                      |                                      | 2013/C and 2014/B semi-annual |    |    |
|                                      | 23                                                                                          | 24                       | 25                                   | 26                                   | 27                            | 28 | 29 |
|                                      | Monday                                                                                      | Tuesday                  | Wednesday                            | Thursday                             | Friday                        | Sa | Su |
| Discount T-bill Auction Announcement |                                                                                             |                          |                                      | 3-, 6- and 12-month Discount T-bills |                               |    |    |
| Discount T-bill Auction              |                                                                                             |                          |                                      | D030402                              |                               |    |    |
| Discount T-bill Settlement           |                                                                                             |                          |                                      | D030326/D030709/D031126              |                               |    |    |
| Discount T-bill Redemption           |                                                                                             |                          |                                      | D021227                              |                               |    |    |
| Interest Bearing T-bill Public Offer |                                                                                             |                          |                                      | 2004/01                              |                               |    |    |
| Interest Bearing T-bill Subscription | 2003/26                                                                                     |                          |                                      |                                      | 2003/26                       |    |    |
| Government Bond Auction              |                                                                                             |                          |                                      |                                      | 3 and 5 year bonds            |    |    |
| Government Bond Interest Payment     | 2003/D annual                                                                               |                          |                                      |                                      |                               |    |    |
|                                      | 30                                                                                          | 31                       |                                      |                                      |                               |    |    |
|                                      | Monday                                                                                      | Tuesday                  |                                      |                                      |                               |    |    |
| Discount T-bill Auction Announcement |                                                                                             |                          |                                      |                                      |                               |    |    |
| Discount T-bill Auction              |                                                                                             | D030409                  |                                      |                                      |                               |    |    |
| Discount T-bill Settlement           |                                                                                             |                          |                                      |                                      |                               |    |    |
| Discount T-bill Redemption           |                                                                                             |                          |                                      |                                      |                               |    |    |
| Interest Bearing T-bill Subscription | 2004/01                                                                                     |                          |                                      |                                      |                               |    |    |
| Government Bond Public Offer         |                                                                                             |                          |                                      |                                      |                               |    |    |
| Government Bond Redemption           | 2002/D annual and 2016/A quarterly                                                          |                          |                                      |                                      |                               |    |    |
| Government Bond Interest Payment     | 2003/E annual                                                                               | 2007/A and 2012/A annual |                                      |                                      |                               |    |    |
| Discount T-bill                      | D + the last two digits of the year of redemption and month, day (two digits) of redemption |                          |                                      |                                      |                               |    |    |
| Interest Bearing T-bill              | KK + the serial number denotes the year and month of redemption                             |                          |                                      |                                      |                               |    |    |
| Government Bonds                     | the four digit number denotes the year of redemption                                        |                          |                                      |                                      |                               |    |    |

## RESET OF GOVERNMENT BOND FLOATING RATES IN OCTOBER

| Code   | Reset Date<br>Date of Int. Payment | Int. Period/<br>(per cent)                                         | Reset Rate of Int.<br>(per cent) | Int. Rate Payable |
|--------|------------------------------------|--------------------------------------------------------------------|----------------------------------|-------------------|
| 2008/A | 17. 10. 2002                       | 24. 10. 02 – 24. 01. 03<br>24. 01. 03 – 24. 04. 03<br>24. 04. 2003 | 9.68                             | 8.96              |
| 2026/B | 24. 10. 2002                       | 24. 04. 02 – 24. 10. 02<br>24. 10. 02 – 24. 04. 03<br>24. 04. 2003 | 8.36<br>9.57                     |                   |
| 2026/C | 24. 10. 2002                       | 24. 10. 02 – 24. 04. 03<br>24. 04. 03 – 24. 10. 03<br>24. 10. 2003 | 9.57                             |                   |
| 2003/C | 29. 10. 2002                       | 29. 10. 02 – 29. 04. 03<br>29. 04. 03 – 29. 10. 03<br>29. 10. 2003 | 14.50                            |                   |
| 2014/A | 30. 10. 2002                       | 02. 11. 02 – 02. 05. 03<br>02. 05. 2003                            | 9.60                             |                   |
|        |                                    |                                                                    |                                  | 4.61              |

# ■ GOVERNMENT SECURITIES MARKET ■

## DATA ON REVERSE AUCTIONS OF GOVERNMENT SECURITIES

| Name of Government Security            | 2003/J            | 2003/H            | 2003/J        | 2003/H        |
|----------------------------------------|-------------------|-------------------|---------------|---------------|
| ISIN code of Government Security       | HU-0000401674     | HU-0000401104     | HU-0000401674 | HU-0000401104 |
| Coupon (%)                             | 10.0              | floating          | 10.0          | floating      |
| Date of reverse auction                | 02. 10. 02        | 02. 10. 02        | 16. 10. 02    | 16. 10. 02    |
| Redemption date                        | 12. 04. 03        | 12. 03. 03        | 12. 04. 03    | 12. 03. 03    |
| Payment date                           | 09. – 10. 10. 02. | 09. – 10. 10. 02. | 24. 10. 02.   | 24. 10. 02.   |
| Minimum annual yield (%)               | 9.58              | —                 | 9.62          | —             |
| Average annual yield (%)               | 9.63              | —                 | 9.77          | —             |
| Maximum selling price (%)              | —                 | 100.13            | —             | 100.05        |
| Average selling price (%)              | —                 | 100.09            | —             | 100.02        |
| Amount of bids submitted (HUF million) | 24,653.34         | 15,704.86         | 19,707.48     | 18,916.73     |
| Amount of bids accepted (HUF million)  | 9,974.78          | 3,895.00          | 6,603.87      | 870.12        |
| Bids submitted (no.s)                  | 48                | 23                | 38            | 16            |
| Bids accepted (no.s)                   | 26                | 8                 | 28            | 5             |

## MACROECONOMIC INDICATORS

|                                                                          | 1997    | 1998     | 1999    | 2000    | 2001    | Aug 2002 | Sept 2002 | Oct 2002 |
|--------------------------------------------------------------------------|---------|----------|---------|---------|---------|----------|-----------|----------|
| GDP growth (previous year = 100 per cent)****                            | 4.6     | 4.9      | 4.2     | 5.2*    | 3.8     |          |           |          |
| Industrial production (previous year = 100 per cent)**                   | 11.1    | 10.6     | 12.7    | 14.9    | 1.6     | -0.4     | 8.1       |          |
| Unemployment rate (per cent)#                                            | 8.7     | 7.8      | 7.0     | 6.4     | 5.7     | 5.9      | 5.9       |          |
| Consumer price index (same period of the previous year = 100 per cent)** | 18.4    | 10.3     | 11.2    | 10.1    | 9.2     | 4.5      | 4.6       | 4.9      |
| Consumer price index (previous month = 100 per cent)                     |         |          |         |         |         | -0.3     | 0.6       | 0.6      |
| Producer price index (same period of the previous year = 100 per cent)** | 19.5    | 7.1      | 8.2     | 11.6    | 5.2     | -1.0     | -0.8      |          |
| Producer price index (previous month = 100 per cent)                     |         |          |         |         |         | 0.0      | -0.1      |          |
| Net lending position of households (HUF bn)#####                         | 650.9   | 794.2    | 637.0   | 678.9   | 721.4   | 33.1     | -21.3     | 40,0*    |
| Current account of BoP (EUR mn)                                          | -848.0  | -2020.0  | -1975.0 | -1434.0 | -1248.0 | -90.0    | -366.0    |          |
| Direct investment net (EUR mn)###                                        | 1533.0  | 1387.0   | 1612.0  | 1179.0  | 2348.0  | -9.0     | 32.0      |          |
| Balance of the central gov. budget (HUF bn)***                           | -342.1  | -333.9   | -337.2  | -369.3  | -413.2  | -70.2    | -93.7     | -24.0    |
| Central government gross debt (HUF bn)                                   | 5370.72 | 6165.79  | 6886.40 | 7226.20 | 7719.50 | 8545.08  | 8611.26   | 8622.16  |
| Central government gross debt (per cent of GDP)                          | 62.88%  | 61.13% * | 59.89%* | 55.29%* | 51.90%* |          |           |          |
| Central government gross foreign exchange denominated debt (HUF bn)      | 2219.05 | 2431.87  | 2536.21 | 2508.75 | 2322.10 | 2197.51  | 2174.00   | 2150.40  |
| Central government gross HUF denominated debt (HUF bn)                   | 3151.67 | 3733.92  | 4350.19 | 4717.46 | 5397.40 | 6347.57  | 6437.27   | 6471.77  |
| The country's net foreign debt (EUR mn)##                                | 9154.0  | 8966.0   | 8650.2  | 9062.1  | 6,995.9 | 9783.0   | 10,347.4  |          |
| The country's net foreign debt (per cent of GDP)                         | 22.60%  | 22.14% * | 19.18%* | 18.65%* | 11.53%* |          |           |          |
| The official exch. rate of the NBH (end of period USD/HUF)####           | 203.50  | 219.03   | 252.52  | 284.73  | 279.03  | 249.03   | 247.36    | 244.67   |
| The official exch. rate of the NBH (end of period ECU/HUF)####           | 224.54  | 255.70   | 254.92  | 264.94  | 246.33  | 245.34   | 243.28    | 241.49   |

Source: NBH, Central Statistical Office, MoF

\* Provisional

\*\* In the case of annual data December/previous December, of quarterly data March/previous March ratio is indicated.

\*\*\* Excluding privatisation proceeds.

\*\*\*\* The provisional data on GDP growth in II. quarter of 2002 were 3.1 per cent, in I. quarter 2.9 per cent.

# Central Statistical Office

## Without intercompany loans

### With intercompany loans

#### Between 1994–1996 the mid. exchange rate of National Bank of Hungary is indicated. From January of 1999 the exchange rate of the ECU has been replaced by the Euro.

##### Calculated by the NBH, it is based on the households' savings excluding the revaluation of securities due to price and exchange rate changes and the effect of volume changes.



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