



MINISTRY
FOR NATIONAL ECONOMY

Quarterly Report on Government Securities Auctions

In Q3 2011, demand on short term government securities declined, while that on government bonds usually increased.

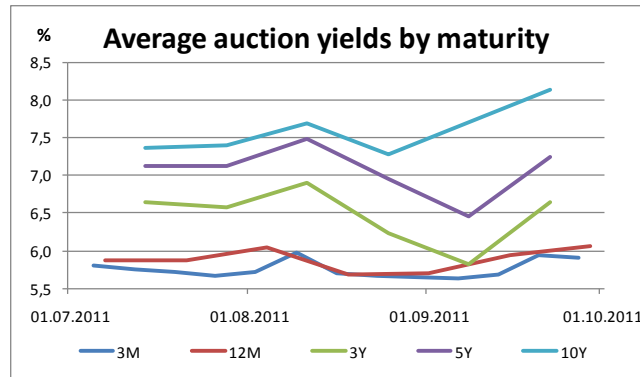
Average bid-to-cover ratios on the auctions of short term instruments in the period were between 2.1 and 2.6, while there was a more significant coverage of bonds between 3.2 and 3.5 (except for the one auction of the 15-year bond which had poor cover ratio). Bid-to-cover ratios of the T-Bills, the 5 and 15-year bonds fell remarkably, of three-month T-Bills slightly, while that of the rest of bonds increased significantly.

Average bond auction yields were between 6.5 and 7.6%, while yields of T-Bills were 5.8 to 5.9%. Yields until the 3-year maturity decreased by 4 to 13 basis points, at 15 years by 33 basis points, and they increased by 16 to 47 bp between 5 and 10 years.

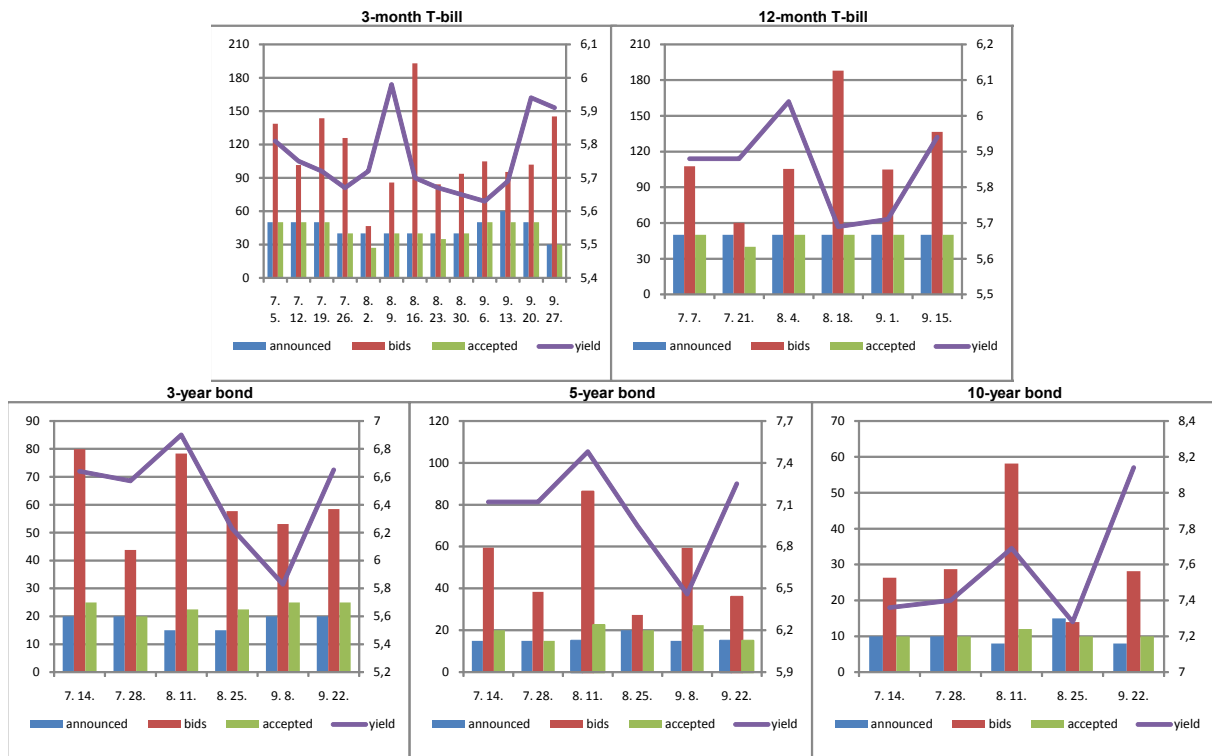
Yield and Coverage on Auctions in Q3 2011

	Yield						Coverage					
	2011 Q2			2011 Q3			2011 Q2			2011 Q3		
	min	avg	max	min	avg	max	min	avg	max	min	avg	max
3-month T-bill	5,81	5,89	5,94	5,63	5,76	5,98	2,04	2,64	3,41	1,17	2,61	4,84
12-month T-bill	5,88	5,93	5,98	5,69	5,89	6,07	2,35	3,12	4,06	0,75	2,12	3,76
3-year bond	6,46	6,56	6,70	5,83	6,47	6,90	1,98	2,75	3,79	2,19	3,47	5,22
5-year bond	6,74	6,90	7,11	6,46	7,06	7,48	1,81	3,99	6,67	1,37	3,16	5,75
10-year bond	6,98	7,10	7,21	7,28	7,57	8,14	1,58	3,23	6,55	0,93	3,44	7,27
15-year bond	7,04	7,18	7,31	6,85	6,85	6,85	1,21	1,23	1,24	1,03	1,03	1,03

During Q3, auction yields of T-Bills were stable. In the case of bonds after a significant decline a correction took place. Overall a slight increase can be seen since bond yields increased from 6.6-7.4% at the beginning of the quarter to 6.7-8.1% at the end.



The latest auctions show strong demand on longer maturities. The following figures indicate the coverage by maturity (in HUF billion LHS, yield in % on RHS).



According to the cumulative auction results of this quarter, demand shifted from T-Bills to Government Bonds. **Total issued amount of bonds** significantly exceeded the announced amount in Q3 2011.

Summary of Government Securities Auctions in Q3 2011

	announced amount	bids	accepted amount	accepted / announced	non-competitive phase	total accepted	total / announced
3-month T-bill	580	1459	552	95%	0	552	95%
12-month T-bill	340	733	316	93%	0	316	93%
3-year bond	110	371	140	127%	21	161	146%
5-year bond	117	370	142	121%	25	167	143%
10-year bond	51	155	52	102%	6	58	114%
15-year bond	10	10	7	65%	0	7	65%
Bonds total	288	907	340	118%	52	392	136%
Grand total	1208	3099	1209	100%	52	1261	104%

Ministry for National Economy

Source: ÁKK Zrt.