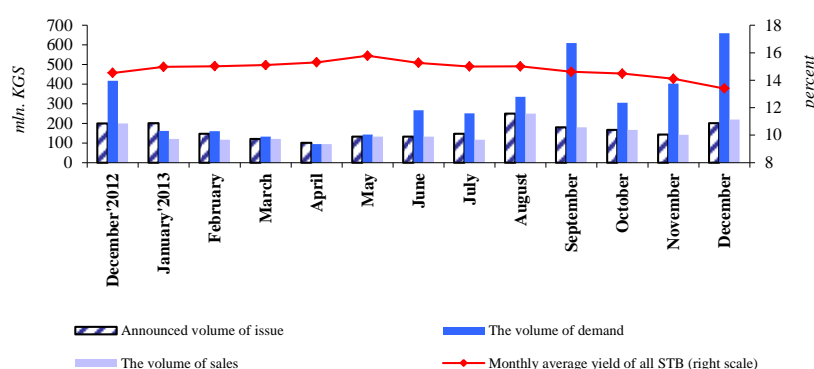


Market of state treasury bonds (December 2013)

In June there was one auction for settlement of the Ministry of Finance Treasury bonds and one additional settlement on the primary market. In total the market participants purchased the securities in the amount of 220.0 million KGS, having increased compared to the previous month in 54.9 percent. Such growth in sales was a result of significant increase in activity of commercial banks (one commercial bank was the most active) and growth of interest of the institutional investors.

Level of filled demand decreased by 2.0 percentage points and amounted to 33.3 percent. At the same time yield of securities decreased compared to the previous month by 0.7 percentage points and constituted 13.4 percent. The average auction volume of demand of the market participants constituted 660.0 million KGS.

Graph 1. The dynamics of volume of supply and demand and yield of ST-Bonds



In this period, the volume of ST-bonds in circulation increased by 5.7 billion KGS (+7.9 percent). The portfolio of institutional investors has increased by 14.5 percent, having constituted 38.6 percent (-10.1 percentage points). The increase in the share of commercial banks by 10.2 percentage points (to 59.8 percent) was observed. The share of legal entities-residents as in the previous month constituted 0.1 percent.

Over the month, the concentration index¹ of the primary market of ST-bonds constituted 0.26 that indicates a high level of concentration and corresponds to the presence of four investors with equal shares on the market.

In the reporting period operations with ST-bonds on the secondary market were not committed.

¹ This index shows the degree of concentration of the securities in the portfolio of banks. The concentration index is calculated by the method of Herfindahl-Hirschman and represents the sum of the squares of the proportions of index in total volume. Possible index values are in the range from 0 to 1. Index value less than 0.10 corresponds to a low concentration level; from 0.10 to 0.18 – to an average level of concentration; over 0.18 - to a high level of concentration. For example, the concentration index equal to 0.50 is equivalent to the presence of two market participants with equal shares; 0.30 – of three participants, etc.

Table 1. The structure of the STB holders at face value*thous. KGS*

Date	TOTAL	Including					
		Commercial Banks		Institutional Investors		Resident companies	
		Amount	Share	Amount	Share	Amount	Share
01.01.2013	4 750 550,0	2 486 473,2	52,3%	2 260 874,6	47,6%	3 160,2	0,1%
01.02.2013	4 841 300,0	2 536 223,2	52,4%	2 301 874,6	47,5%	3 160,2	0,1%
01.03.2013	4 955 200,0	2 650 123,2	53,5%	2 301 874,6	46,5%	3 160,2	0,1%
01.04.2013	5 075 200,0	2 770 123,2	54,6%	2 301 874,6	45,4%	3 160,2	0,1%
01.05.2013	5 089 700,0	2 784 623,2	54,7%	2 301 874,6	45,2%	3 160,2	0,1%
01.06.2013	5 107 700,0	2 707 009,2	53,0%	2 397 488,6	46,9%	3 160,2	0,1%
01.07.2013	5 612 700,0	2 796 903,1	49,8%	2 812 594,7	50,1%	3 160,2	0,1%
01.08.2013	5 728 700,0	2 796 903,1	48,8%	2 928 594,7	51,1%	3 160,2	0,1%
01.09.2013	5 598 700,0	2 838 031,9	50,7%	2 757 465,9	49,3%	3 160,2	0,1%
01.10.2013	5 720 480,0	3 012 511,9	52,7%	2 704 765,9	47,3%	3 160,2	0,1%
01.11.2013	5 437 480,0	2 627 076,6	48,3%	2 717 403,4	50,0%	3 000,0	0,1%
01.12.2013	5 318 580,0	2 635 176,6	49,5%	2 588 703,4	48,7%	4 700,0	0,1%
01.01.2014	5 740 680,0	3 431 385,9	59,8%	2 214 594,1	38,6%	4 700,0	0,1%