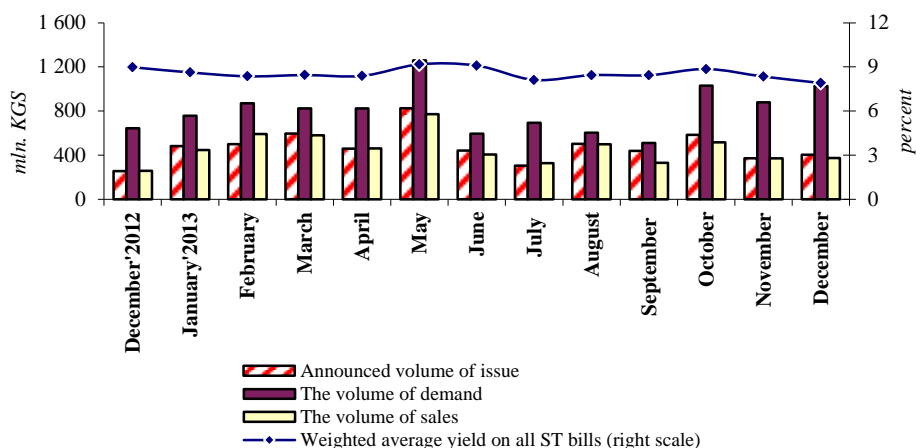


Market of State treasury bills (December 2013)

Graph 1. Demand and placement of state treasury bills

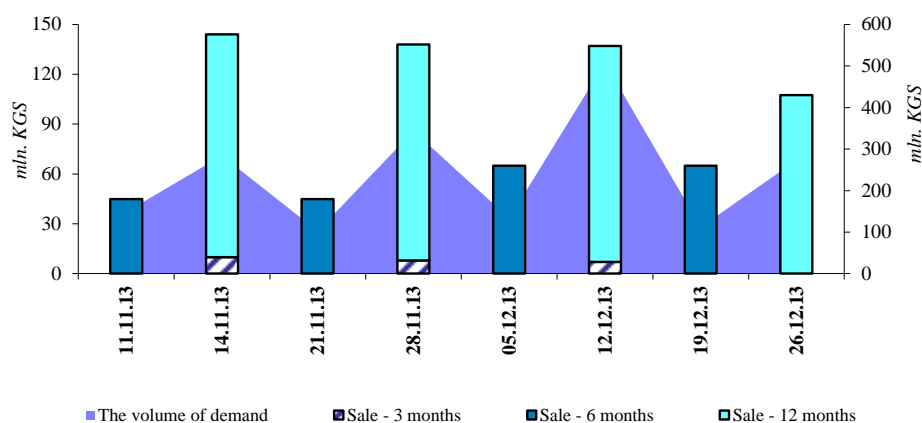


In December, the overall supply of State treasury bills of the Ministry of Finance increased by 8.6 percent and constituted 404.0 million KGS.

The volume of demand due to higher activity of commercial banks increased by 16.8 percent and constituted 1.0 billion KGS. As a result, sales of 6-month ST-bills increased and sales of 3- and 12-month ST-bills decreased. Thus, sale of 6-month ST-bills increased by 44.4 percent and constituted 130.0 million KGS, sale of 12-month ST-bills decreased by 10.0 percent and constituted 237.5 million KGS, 3-month ST-bills by 61.1 percent and constituted 7.0 million KGS.

The overall average yield on all types of ST-bills in this period was observed at a rate of 7.9 percent having decreased by 0.4 percentage points within a month. Yield of 3-month bills in December constituted 4.5 percent (-0.4 percentage points), 6-month – 6.2 percent (-0.1 percentage points), 12-month – 8.9 percent (-0.3 percentage points).

Graph 2. The dynamics of demand and sales of ST-Bills

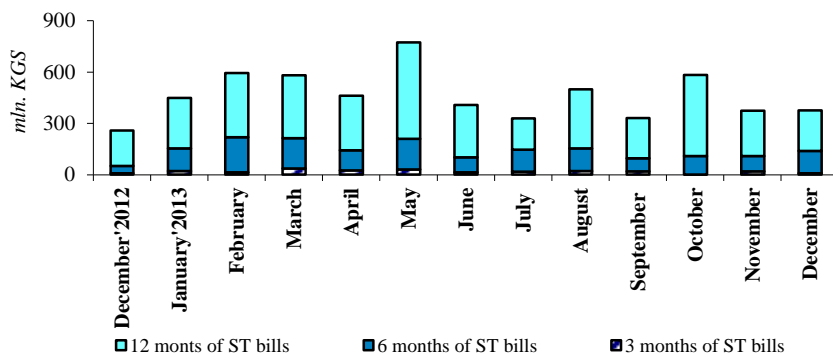


Average auction¹ demand in the reporting period was 256.5 million KGS having increased by 16.8 percent as compared to the similar indicator of the previous month; average auction sales increased by 0.7 percent and constituted 93.6 million KGS.

Value of net finance of budget deficit in the reporting period formed at 96.0 million KGS. In the reporting period, the Ministry of Finance redeemed previously issued ST-bills in the amount of 381.7 million KGS (-21.4 percent). In this regard, ST-bills market efficiency from the beginning of the year, calculated as the ratio of the total value of net financing to total sales at actual cost, amounted to 10.1 percent.

¹ This indicator is used instead of the total demand/ supply over the month, as the number of auctions over the month is not constant value.

Graph 2. The dynamics of sales of ST bills



In December compared to the previous month, the volume of ST-bills in circulation increased to 4.7 billion KGS (+2.2 percent): growth affected portfolio of commercial banks (+1.0 percent) with the share of 75.9 percent (-0.9 percentage points) and institutional investors (+13,0 percent) with the share of 14.2 percent (+1.4 percentage points). The portfolio of ST-bills of resident legal entities decreased by 2.7 percent; their specific weight in the structure of ST-bills decreased by 9.8 percent (-0.5 percentage points). The share of resident physical entities remained unchanged at the level of 0.1 percent. Non-resident individuals and non-resident legal entities in the reporting month did not purchase these securities.

Transactions with ST-bills on the secondary market were not committed in the reporting period.

Table 1. The dynamics of average monthly yield of ST bills

percent

Period	Weighted average yield	By types of urgency		
		3-month ST bills	6-month ST bills	12-month ST bills
December	9,0	5,2	6,8	9,5
January'2013	8,6	5,6	6,7	9,7
February	8,4	5,3	6,5	9,5
March	8,4	5,3	6,8	9,5
April	8,4	5,0	6,1	9,5
May	9,2	5,0	6,5	10,2
June	9,1	5,1	6,5	10,0
July	8,1	4,9	6,4	9,6
August	8,4	4,5	6,5	9,4
September	8,4	3,5	6,5	9,4
October	8,9	4,5	6,5	9,5
November	8,3	4,9	6,4	9,3
December	7,9	4,5	6,2	8,9

"-" all announced auctions were declared invalid

Table 2. The structure of ST bills holders at face value

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Date	TOTAL	Including									
		Commercial Banks		Institutional Investor		Resident Individuals		Resident companies		Non-resident individuals	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.01.2013	4 099 690,0	3 406 475,2	83,1%	638 306,1	15,6%	7 119,0	0,2%	46 709,7	1,1%	1 080,0	0,03%
01.02.2013	4 201 340,0	3 539 406,2	84,2%	609 356,1	14,5%	4 788,0	0,1%	46 709,7	1,1%	1 080,0	0,03%
01.03.2013	4 371 370,0	3 641 839,9	83,3%	571 776,1	13,1%	5 289,0	0,1%	151 385,0	3,5%	1 080,0	0,02%
01.04.2013	4 562 700,0	3 614 332,9	79,2%	588 790,7	12,9%	5 289,0	0,1%	353 207,4	7,7%	1 080,0	0,02%
01.05.2013	4 501 700,0	3 454 972,8	76,7%	620 290,7	13,8%	5 106,2	0,1%	420 250,3	9,3%	1 080,0	0,02%
01.06.2013	4 578 520,0	3 358 623,7	73,4%	523 396,4	11,4%	3 121,2	0,1%	693 378,7	15,1%	0,0	0,00%
01.07.2013	4 765 570,0	3 471 615,4	72,8%	575 694,8	12,1%	3 121,2	0,1%	715 138,6	15,0%	0,0	0,00%
01.08.2013	4 768 320,0	3 539 517,5	74,2%	583 276,8	12,2%	2 945,2	0,1%	642 580,5	13,5%	0,0	0,00%
01.09.2013	4 846 990,0	3 495 177,5	72,1%	675 776,8	13,9%	2 945,2	0,1%	673 090,5	13,9%	0,0	0,00%
01.10.2013	4 661 140,0	3 515 157,5	75,4%	601 401,8	12,9%	2 945,2	0,1%	541 635,5	11,6%	0,0	0,00%
01.11.2013	4 706 640,0	3 474 129,5	73,8%	579 863,3	12,3%	3 494,2	0,1%	569 153,0	12,1%	0,0	0,00%
01.12.2013	4 562 140,0	3 502 372,1	76,8%	587 863,3	12,9%	3 494,2	0,1%	468 410,4	10,3%	0,0	0,00%
01.01.2014	4 662 740,0	3 539 040,3	75,9%	664 263,4	14,2%	3 494,2	0,1%	455 942,1	9,8%	0,0	0,00%