

## Market of State Treasury Bonds

(January 2018)

Two auctions on placement of state treasury bonds in the primary market issued by the Ministry of Finance of the Kyrgyz Republic were held by the National Bank of the Kyrgyz Republic in the period under review.

The total amount of the announced ST-Bonds issue at the conducted auctions made KGS 1.3 billion having increased by 8.7 percent against the previous month. Meanwhile, demand for ST-Bonds increased significantly by means of 10-year ST-Bonds and amounted to KGS 3.4 billion (an increase by 2.5 times compared to the previous month). Therefore, the Ministry of Finance of the Kyrgyz Republic held two more additional placements, which adjusted the total volumes of sales (+83.0 percent). Thus, based on the results of the auctions (including additional placement), market participants purchased 2-year ST-Bonds in the amount of KGS 560.0 million at the average weighted rate of 8.5 percent and 10-year ST-Bonds in the amount of KGS 2.3 billion at the average weighted rate of 17.5 percent.

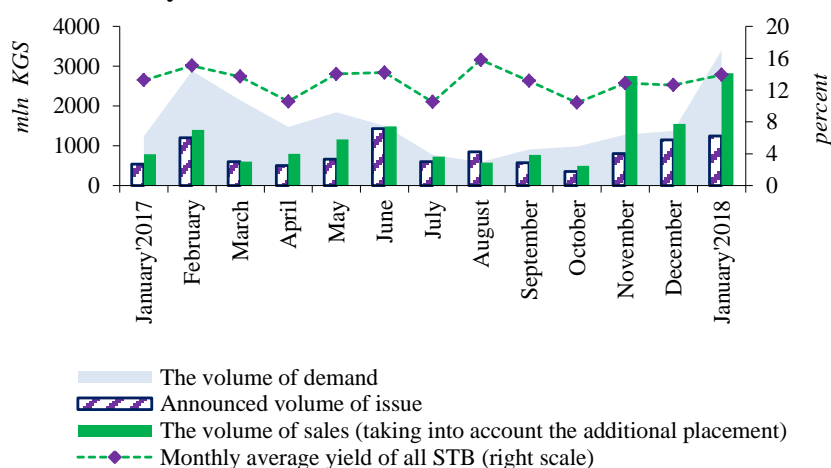
In the reporting period, the overall average monthly yield on ST-Bonds increased by 1.3 percentage points against the previous month and made 13.9 percent.

At the end of the reporting period, the volume of ST-Bonds in circulation at par value increased by 10.3 percent from the beginning of the year and amounted to KGS 26.2 billion due to involvement of new participants - non-resident legal entities. In the structure of ST-Bonds holders the share of the institutional investors decreased down to 58.8 percent (-4.8 percentage points), the share of the commercial banks – down to 32.8 percent (-3.0 percentage points), and the share of the resident legal entities – down to 0.6 percent (-0.1 percentage point). The share of non-resident legal entities made 7.8 percent.

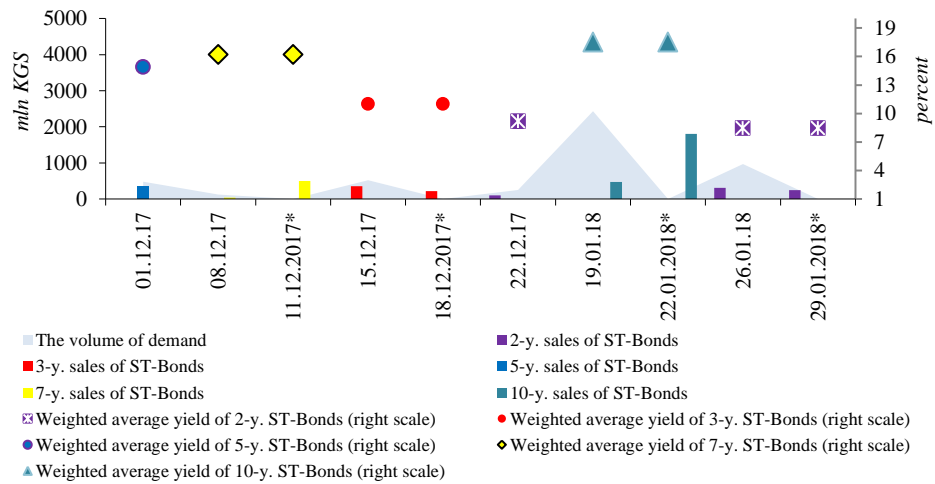
Thus, the total concentration index of the ST-Bonds was 0.31 which indicated a high level of concentration and corresponded to the presence of three main investors at the market.

In the reporting period, the transactions with ST-Bonds were not conducted in the secondary market.

**Graph 1. The dynamics of volume of supply and demand and yield of STB**



**Graph 2. The dynamics of volume of supply and demand and yield of STB**



\*- additional placement

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

thous KGS

Date	TOTAL	of which									
		Commercial Banks		Institutional Investors		Legal entities - residents		Legal entities - non-residents		individuals - residents	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.02.2017	14 026 261,3	5 318 167,4	37,9	8 612 280,9	61,4	95 813,0	0,7	0,0	0,0	0,0	0,0
01.03.2017	15 086 261,3	5 968 583,8	39,6	9 021 864,5	59,8	95 813,0	0,6	0,0	0,0	0,0	0,0
01.04.2017	15 242 261,3	6 093 383,8	40,0	9 032 864,5	59,3	116 013,0	0,8	0,0	0,0	0,0	0,0
01.05.2017	16 042 261,3	6 658 175,0	41,5	9 271 073,3	57,8	113 013,0	0,7	0,0	0,0	0,0	0,0
01.06.2017	17 002 261,3	7 025 135,2	41,3	9 854 005,1	58,0	123 121,0	0,7	0,0	0,0	0,0	0,0
01.07.2017	17 492 261,3	7 036 419,6	40,2	10 332 720,7	59,1	123 121,0	0,7	0,0	0,0	0,0	0,0
01.08.2017	18 731 111,3	7 140 239,8	38,1	11 465 900,5	61,2	124 971,0	0,7	0,0	0,0	0,0	0,0
01.09.2017	19 307 011,3	7 444 739,8	38,6	11 721 900,5	60,7	140 371,0	0,7	0,0	0,0	0,0	0,0
01.10.2017	19 706 511,3	7 783 243,8	39,5	11 772 310,9	59,7	150 956,6	0,8	0,0	0,0	0,0	0,0
01.11.2017	20 005 021,3	7 826 710,3	39,1	12 027 354,4	60,1	150 956,6	0,8	0,0	0,0	0,0	0,0
01.12.2017	22 634 744,5	8 124 965,0	35,9	14 357 696,9	63,4	152 082,6	0,7	0,0	0,0	0,0	0,0
01.01.2018	23 748 352,5	8 499 917,1	35,8	15 095 715,8	63,6	152 719,6	0,6	0,0	0,0	0,0	0,0
01.02.2018	26 188 852,5	8 586 247,0	32,8	15 402 051,2	58,8	151 735,4	0,6	2 048 818,9	7,8	0,0	0,0