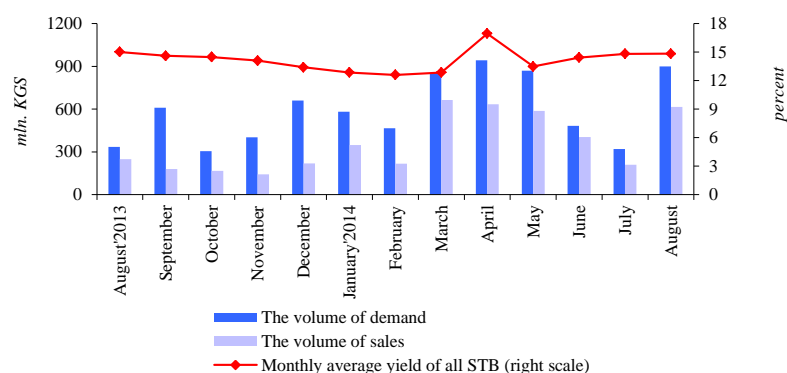


Market of State Treasury Bonds (August 2014)

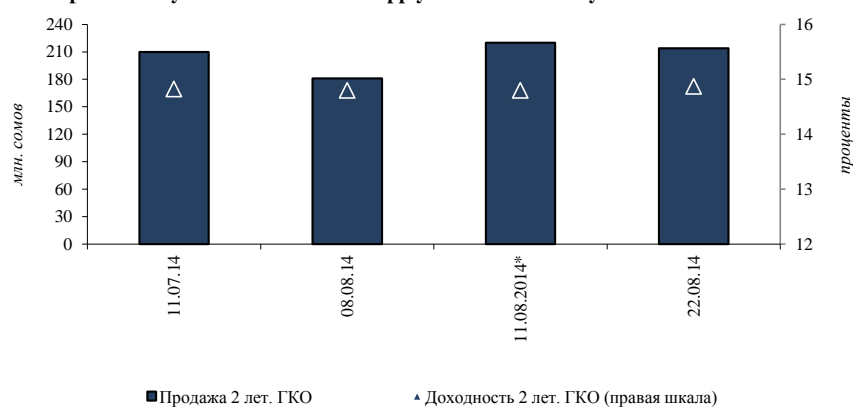
Graph 1. The dynamics of volume of supply and demand and yield of STB



In the reporting period, two auctions on placement of treasury bonds of the Ministry of Finance and one additional placement were held at the primary market. The total amount of the announced STBonds issue under the auctions held amounted to 381.0 million KGS by having increased by two times as compared to the previous month. In the reporting period, the Ministry of Finance offered only 2-year STBonds. As a result, market participants purchased securities at the amount of 615.0 million KGS, by having increased by 2.9 times as compared to the similar indicator of the previous month. This increase in sales is the result of the growth of interest of market participants. The volume of demand constituted 900.0 million KGS, by having increased by 2.8 times. At the same time, the level of filled demand decreased by 21.5 percentage points and amounted to 43.9 percent.

The overall average monthly yield on STBonds in the reporting period was formed at a rate of 14.8 percent, by remaining unchanged over the month.

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



Since the start of the year, the volume of STBonds in circulation increased to 7.0 billion KGS (+21.8 percent). At the same time, there was an increase in the share of core shareholders - institutional investors, by 17.2 percentage points (to 55.8 percent). The share of commercial banks, on the other hand, fell by 15.7 percentage points and developed at a rate of 44.1 percent. The share of resident legal entities still remained at a level of 0.1 percent. Non-residents did not purchase securities in the period under review.

Over the month, the concentration index¹ of the primary market of STBonds was 0.33, which indicates to a high level of concentration and corresponds to the presence of the three investors with equal shares at the market.

¹ This index indicated to the degree of concentration of securities in the bank portfolio. The concentration index is calculated with the use of the Herfindahl-Hirschman method, by adding index share squares in the total volume. The index values vary from 0 to 1. Index value below 0.10 corresponds to the low value of concentration, from 0.10 to 0.18 – to the medium level; and above 0.18 – to the high level of concentration. For example, the concentration index of 0.5 is equivalent to the presence of 2 market players with equal shares, 0.3 – to the presence of 3 players, etc.

In the reporting period, no transactions with STBonds were carried out at the secondary market.

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

thous. KGS

Date	TOTAL	of which							
		Commercial Banks		Institutional Investors		Resident companies		Non-resident	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
Август'2013	5 598 700,0	2 838 031,9	50,7%	2 757 465,9	49,3%	3 160,2	0,1%	0	0,0%
Сентябрь	5 720 480,0	3 012 511,9	52,7%	2 704 765,9	47,3%	3 160,2	0,1%	0	0,0%
Октябрь	5 437 480,0	2 627 076,6	48,3%	2 717 403,4	50,0%	3 000,0	0,1%	0	0,0%
Ноябрь	5 318 580,0	2 635 176,6	49,5%	2 588 703,4	48,7%	4 700,0	0,1%	0	0,0%
Декабрь	5 740 680,0	3 431 385,9	59,8%	2 214 594,1	38,6%	4 700,0	0,1%	0	0,0%
Январь'2014	5 785 280,0	3 374 033,5	58,3%	2 315 546,5	40,0%	5 700,0	0,1%	90 000,0	1,6%
Февраль	5 425 380,0	3 047 712,1	56,2%	2 371 967,9	43,7%	5 700,0	0,1%	0	0,0%
Март	5 916 280,0	3 073 612,1	52,0%	2 836 967,9	48,0%	5 700,0	0,1%	0	0,0%
Апрель	6 404 580,0	2 939 877,8	45,9%	3 459 002,2	54,0%	5 700,0	0,1%	0	0,0%
Май	6 826 480,0	3 161 885,4	46,3%	3 658 894,6	53,6%	5 700,0	0,1%	0	0,0%
Июнь	7 081 360,0	3 195 535,4	45,1%	3 880 124,6	54,8%	5 700,0	0,1%	0	0,0%
Июль	7 071 350,0	3 275 785,4	46,3%	3 788 864,6	53,6%	6 700,0	0,1%	0	0,0%
Август	6 994 600,0	3 084 681,3	44,1%	3 903 218,7	55,8%	6 700,0	0,1%	0	0,0%