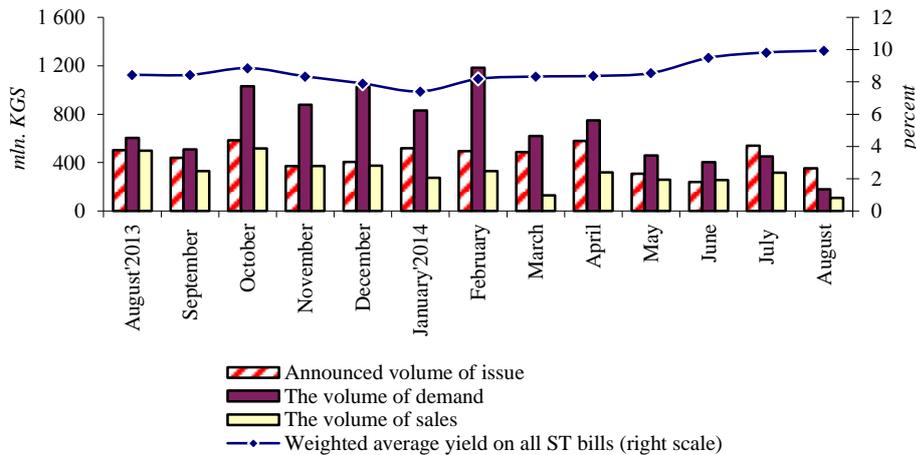


Market of State Treasury Bills (August 2014)

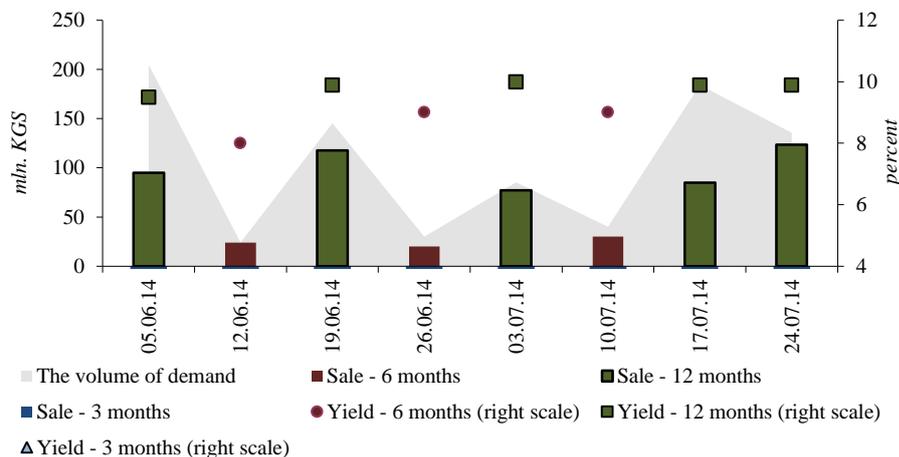
Graph 1. Demand and placement of state treasury bills



In the reporting period, as compared to the previous month, the volume of supply of government treasury bills of the Ministry of Finance was decreased by 34.4 percent and constituted 353.5 million KGS.

The volume of demand due to a decrease in the activity of commercial banks in this segment of the financial market fell by 60.0 percent and constituted 180.1 million KGS. At the same time, the sales of 12-month STBills decreased by 68.5 percent to 90.0 million KGS, and 6-month STBills decreased by 37.5 percent and constituted 18.8 million KGS, and 3-month bills were not offered by the issuer.

The overall weighted average yield on all types of STBills in the reporting period was observed at a rate of 9.9 percent by having increased over the month by 0.1 percentage points. The yield on 6-month securities was 9.4 percent (+0.4 percentage points), 12-month securities constituted 10.1 percent (+0.1 percentage points).



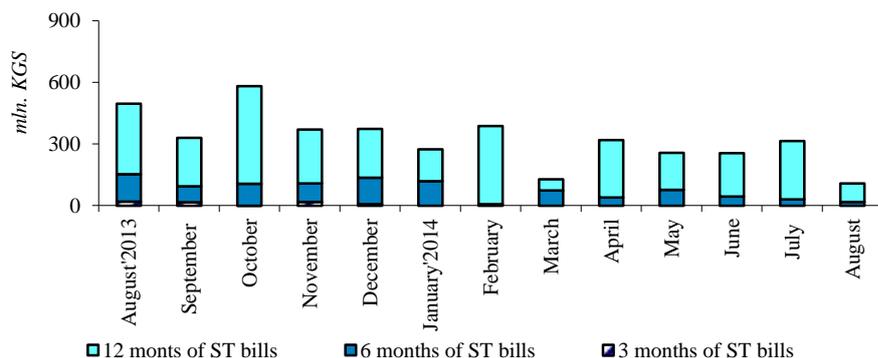
The average auction¹ volume of demand amounted to 60.0 million KGS by having decreased by 33.3 percent as compared to the previous month, the average auction volume of sales – by 42.6 percent and constituted 36.3 million KGS.

The net financing of the budget deficit within the month under consideration was formed at the rate of (-)234.7 million KGS. In the reporting period, the Ministry of Finance redeemed previously issued STBills in the amount of 334.3 million KGS (+27.0 percent). In this regard,

¹ This index is used instead of the general volume of demand/supply for the month since the number of auctions within a month is inconstant value.

market efficiency of STBills 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 (-)73.9 percent.

Graph 3. The dynamics of sales of ST bills



The duration index within the month decreased by 7 days and amounted to 156 days due to that the principal share in the portfolio was accounted for 12-month STBills.

In the reporting period, as compared to the similar index for the beginning of the year, the volume of STBills in circulation decreased to 3.1 billion KGS (-32.7 percent): the share of main STBills holders – commercial banks slightly decreased by 1.0 percentage points, to 74.9 percent. The share of institutional investors was 23.9 percent (+9.7 percentage points), resident legal entities – 1.1 percent (-8.7 percentage points). The share of the individuals was not significant.

In the reporting period, no transactions with STBills were carried out in the secondary market.

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
August'2013	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
January'2014	7,4	-	6,1	8,4
February	8,2	4,5	-	8,3
March	8,3	-	7,9	9,0
April	8,4	-	7,3	8,5
May	8,6	-	7,5	9,0
June	9,5	-	8,5	9,7
July	9,8	-	9,0	9,9
August	9,9	-	9,4	10,1

"-" all announced auctions were declared invalid

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

Date	TOTAL								
		Commercial Banks		Institutional Investor		Resident Individuals		Resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
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%
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%
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%
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%
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%
01.02.2014	4 490 490,0	3 366 701,5	75,0%	631 313,4	14,1%	3 494,2	0,1%	488 980,9	10,9%
01.03.2014	4 420 490,0	3 415 779,0	77,3%	698 641,2	15,8%	3 494,2	0,1%	302 575,6	6,8%
01.04.2014	4 049 410,0	3 096 123,4	76,5%	716 556,8	17,7%	3 494,2	0,1%	233 235,6	5,8%
01.05.2014	3 945 410,0	3 014 351,7	76,4%	769 808,3	19,5%	750,0	0,0%	160 500,0	4,1%
01.06.2014	3 733 550,0	2 775 476,7	74,3%	795 678,3	21,3%	1 400,0	0,0%	160 995,0	4,3%
01.07.2014	3 360 300,0	2 529 906,7	75,3%	683 068,3	20,3%	1 400,0	0,0%	145 925,0	4,3%
01.08.2014	3 393 700,0	2 515 653,0	74,1%	814 382,0	24,0%	1 400,0	0,0%	62 265,0	1,8%
01.09.2014	3 137 510,0	2 350 153,0	74,9%	751 332,0	23,9%	1 400,0	0,0%	34 625,0	1,1%