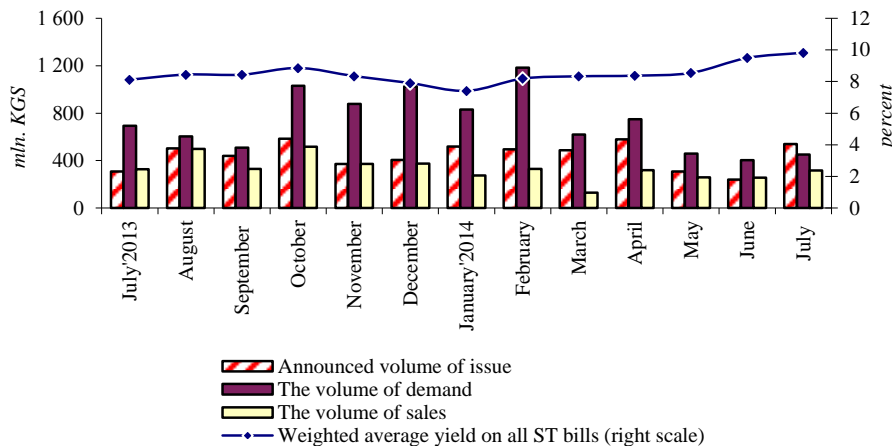


Market of State Treasury Bills (September 2014)

Graph 1. Demand and placement of state treasury bills

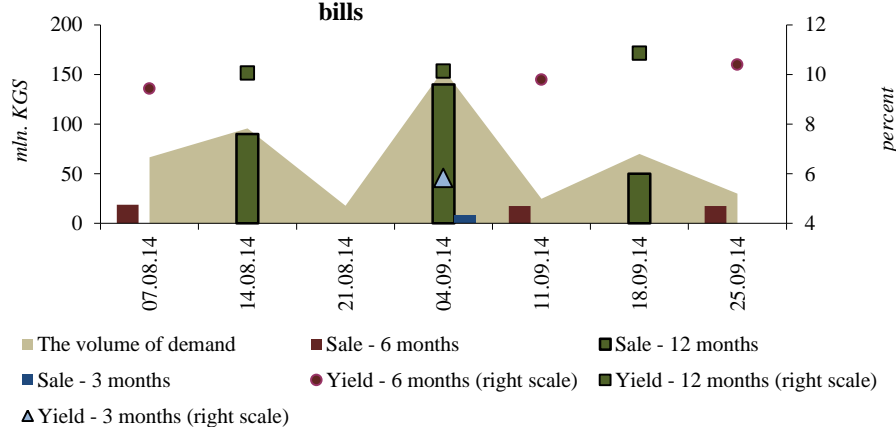


In the reporting period, as compared to the previous month, the volume of supply of government treasury bills of the Ministry of Finance was increased by 57.9 percent and constituted 558.0 million KGS.

The volume of demand increased by 55.4 percent, to 279.9 million KGS, due to increase in the activity of institutional investors in this segment of the financial market. At the same time, the sales of 12-month STBills increased by 2.1 times, to 190.0 million KGS, and 6-month STBills – by 86.7 percent, to 35.0 million KGS. There was still no demand for 3-month bills on the part of market participants due to short-term resource base.

The overall weighted average yield on all types of STBills in the reporting period was observed at a rate of 10.1 percent, by having increased by 0.2 percentage points over the month. The yield on 6-month securities was 10.1 percent (+0.7 percentage points), on 12-month securities constituted 10.3 percent (+0.3 percentage points).

Graph 2. Dynamics of demand, sales and yield of state treasury bills

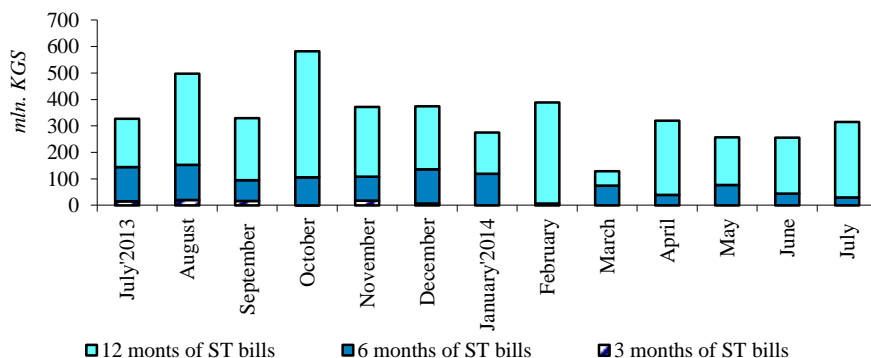


The average auction¹ volume of demand amounted to 70.0 million KGS, by having decreased by 16.5 percent as compared to the previous month, the average auction volume of sales – by 60.7 percent, to 58.3 million KGS.

The net financing of the budget deficit within the month under consideration was formed at the rate of (-)73.8 million KGS thank to bills. In the reporting period, the Ministry of Finance redeemed previously issued STBills in the amount of 287.0 million KGS (-14.1 percent). In this regard, 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 (-)70.0 percent.

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.

Graph 3. The dynamics of sales of ST bills



The duration index within the reporting month increased from 156 to 155 days through decreasing the share of 12-month and 6-month STBills in the total volume of issued STBills.

In the reporting period, as compared to the previous month, the volume of STBills in circulation decreased to 3.1 billion KGS (-2.5 percent): the share of principal holders of STBills – commercial banks decreased by 3.8 percentage points, to 71.1 percent over the month. The share of institutional investors was 26.9 percent (+2.9 percentage points), resident legal entities – 2.0 percent (+0.9 percentage points). The share of 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
September'2013	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
September	10,1	5,8	10,1	10,3

"-" all announced auctions were declared invalid

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

Date	TOTAL	of which							
		Commercial Banks		Institutional Investor		Resident Individuals		Resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
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%
01.10.2014	3 060 110,0	2 175 413,0	71,1%	822 132,0	26,9%	1 400,0	0,0%	61 165,0	2,0%