

BKR Notes (July 2017)

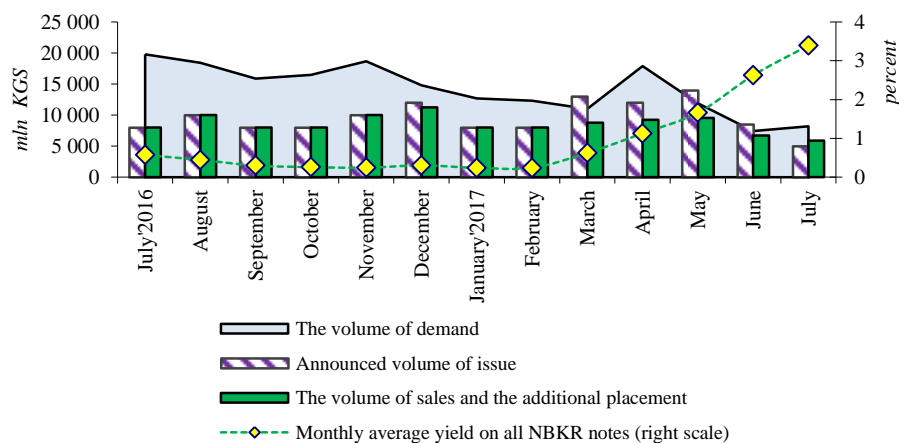
In the reporting period, the National Bank held four auctions for notes placement with the total volume of the announced issue amounting to KGS 5.0 billion, having decreased by 41.2 percent.

At the same time, demand exceeded supply by 69.3 percent; therefore additional placement of 7 and 28-day notes in the amount of KGS 1.0 billion was held. The average auction¹ volume of demand for the notes of the National Bank of the Kyrgyz Republic increased by 10.2 percent during the month and amounted to KGS 2.0 billion. In line with the National Bank of the Kyrgyz Republic monetary policy, the sales volume in the reporting period in order to withdraw excess liquidity in the banking system was presented by 7-day and 28-day notes, the total volume of placement, taking into account additional placement, amounted to KGS 5.9 billion (-12.6 percent per month).

At the end of July 2017, the volume of notes in circulation decreased by 32.2 percent year-to-date and amounted to KGS 3.6 billion. The commercial banks with the share of 100.0 percent (+1.9 percentage points year-to-date) were the holders of the National Bank of the Kyrgyz Republic notes. In the reporting period, the average auction volume of sales decreased by 28.1 percent during the month and amounted to KGS 1.2 billion.

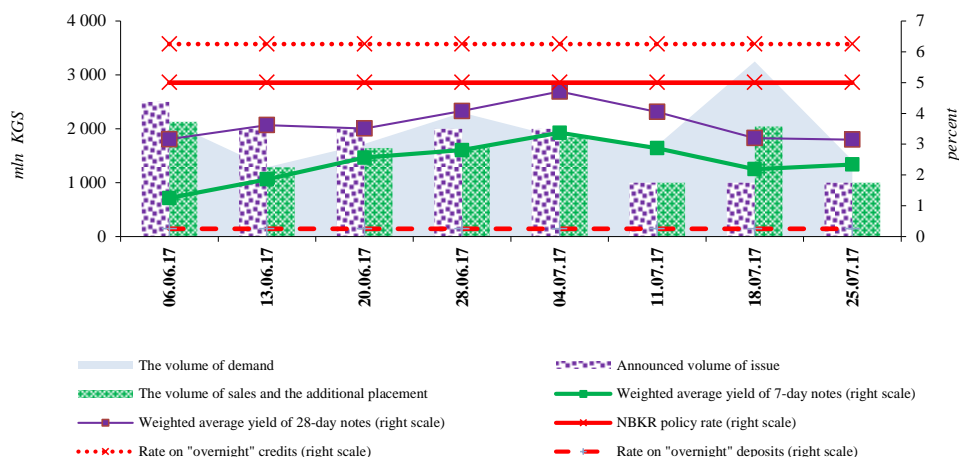
Thus, the weighted average yield of the National Bank of the Kyrgyz Republic notes identified by the market amounted to 3.4 percent in the reporting period, having decreased by 0.8 percentage points during the month due to a higher yield of 7 and 28-day notes. Thus, the weighted average yield of the National Bank 7-day notes made 2.8 percent (+0.7 percentage points). At the same time, it should be noted that the yield on 7-day notes was within the policy rate corridor. The boundaries of the interest rate corridor were also retained: the top boundary of the interest rate corridor (the rate on “overnight” credits) was at the level of 6.25 percent, and the bottom boundary (the rate of “overnight” credits) - at the level of 0.25 percent. The weighted average rate on 28-day notes was at the level of 4.0 percent (+0.4 percentage points).

Graph 1. Demand and placement of NBKR notes



¹ This index is used instead of total volume of demand/supply for a month as the quantity of auctions held during the month is not constant.

Graph 2. The dynamics of demand, sales and yield of NBKR notes



Graph 3. The dynamics of sales of NBKR notes

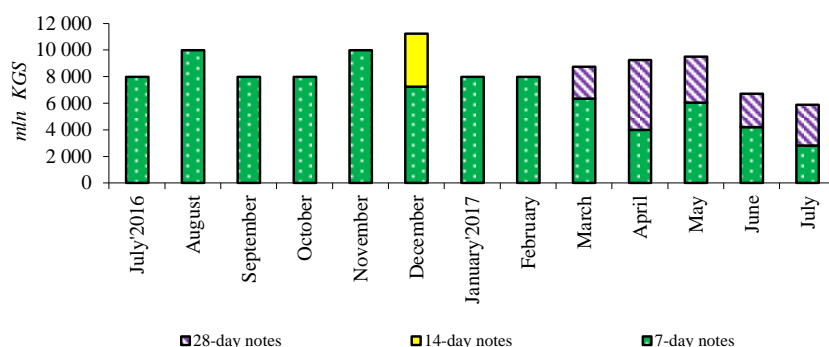


Table 1. The structure of the holders of NBKR notes at par value

Date	TOTAL	Including							
		Commercial Banks		Legal entities - residents		Resident individuals		Institutional investors	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.08.2016	2 000,0	2 000,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.09.2016	2 000,0	2 000,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.10.2016	2 000,0	2 000,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.11.2016	2 000,0	1 976,6	98,8%	23,4	1,2%	0,0	0,0%	0,0	0,0%
01.12.2016	2 000,0	1 986,2	99,3%	13,8	0,7%	0,0	0,0%	0,0	0,0%
01.01.2017	5 244,0	5 142,4	98,1%	0,0	0,0%	0,0	0,0%	101,6	1,9%
01.02.2017	2 000,0	2 000,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.03.2017	2 000,0	2 000,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.04.2017	4 280,0	4 280,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.05.2017	5 250,0	5 250,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.06.2017	4 325,0	4 325,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.07.2017	3 511,0	3 511,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%
01.08.2017	3 555,0	3 555,0	100,0%	0,0	0,0%	0,0	0,0%	0,0	0,0%

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