

## Market of State Treasury Bonds

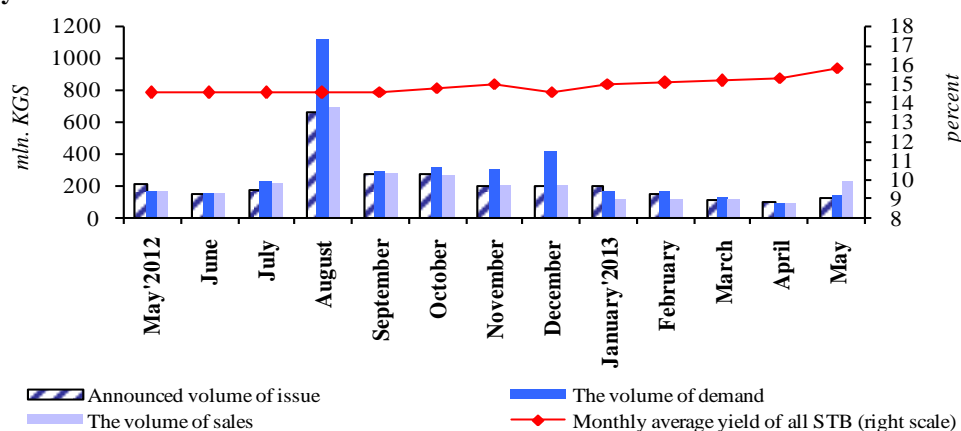
(May, 2013)

In the reporting period there was one auction for settlement of the Ministry of finance Treasury bonds on the primary market and one additional settlement. In total the market participants purchased the securities in the amount of 232.0 million soms, having increased compared to the previous month in 2.5 times. Such growth in sales was a result of significant increase in activity of commercial banks (one commercial bank was the most active). Interest of the institutional investors active participated from June 2012 was at the same level.

Level of filled demand decreased by 7.6 percentage points and amounted to 92.3 percent. At the same time yield of securities increased compared to th

e previous month (+0.4 percentage points), amounted to 15.8 percent. Despite of the relatively high rate of ST-bonds yield, the interest in this type of government securities by the majority of banks during the fifth month remains at a relatively low level.

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



In this period, the volume of ST-bonds in circulation increased to 5.1 billion soms (+0.4 percent). At the same time it was observed a decrease in the share of commercial banks by 1.7 percentage points (to 53.0 percent), the proportion of institutional investors has increased by 1.7 percentage points and developed at a rate of 46.9 percent. The share of resident legal entities amounted to 0.1 percent.

Over the month, the concentration index<sup>1</sup> of the primary market of ST-bonds was 0.43 that indicates a high level of concentration and corresponds to the presence of two investors with equal shares on the market.

In the reporting period operations with ST-bonds on the secondary market were not committed.

<sup>1</sup> This index shows the degree of concentration of the securities in the portfolio of banks. The concentration index is calculated by the method of Herfindahl-Hirschman and represents the sum of the squares of the proportions of index in total volume. Possible index values are in the range from 0 to 1. Index value less than 0.10 corresponds to a low concentration level; from 0.10 to 0.18 – to an average level of concentration; over 0.18 - to a high level of concentration. For example, the concentration index equal to 0.50 is equivalent to the presence of two market participants with equal shares; 0.30 – of three participants, etc.

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

Date	TOTAL						
		Commercial Banks		Institutional Investors		Resident companies	
		Amount	Share	Amount	Share	Amount	Share
May'2012	3 234 570,0	2 099 268,9	64,9%	1 131 153,9	35,0%	4 105,2	0,1%
June	3 229 690,0	1 994 368,9	61,8%	1 231 173,9	38,1%	4 105,2	0,1%
July	3 449 700,0	2 164 368,9	62,7%	1 281 183,9	37,1%	4 105,2	0,1%
August	3 936 450,0	2 563 273,2	65,1%	1 369 974,6	34,8%	3 160,2	0,1%
September	4 092 450,0	2 441 373,2	59,7%	1 647 874,6	40,3%	3 160,2	0,1%
October	4 362 550,0	2 441 473,2	56,0%	1 917 874,6	44,0%	3 160,2	0,1%
November	4 561 550,0	2 476 473,2	54,3%	2 081 874,6	45,6%	3 160,2	0,1%
December	4 750 550,0	2 486 473,2	52,3%	2 260 874,6	47,6%	3 160,2	0,1%
January'2013	4 841 300,0	2 536 223,2	52,4%	2 301 874,6	47,5%	3 160,2	0,1%
February	4 955 200,0	2 650 123,2	53,5%	2 301 874,6	46,5%	3 160,2	0,1%
March	5 075 200,0	2 770 123,2	54,6%	2 301 874,6	45,4%	3 160,2	0,1%
April	5 089 700,0	2 784 623,2	54,7%	2 301 874,6	45,2%	3 160,2	0,1%
May	5 107 700,0	2 707 009,2	53,0%	2 397 488,6	46,9%	3 160,2	0,1%