

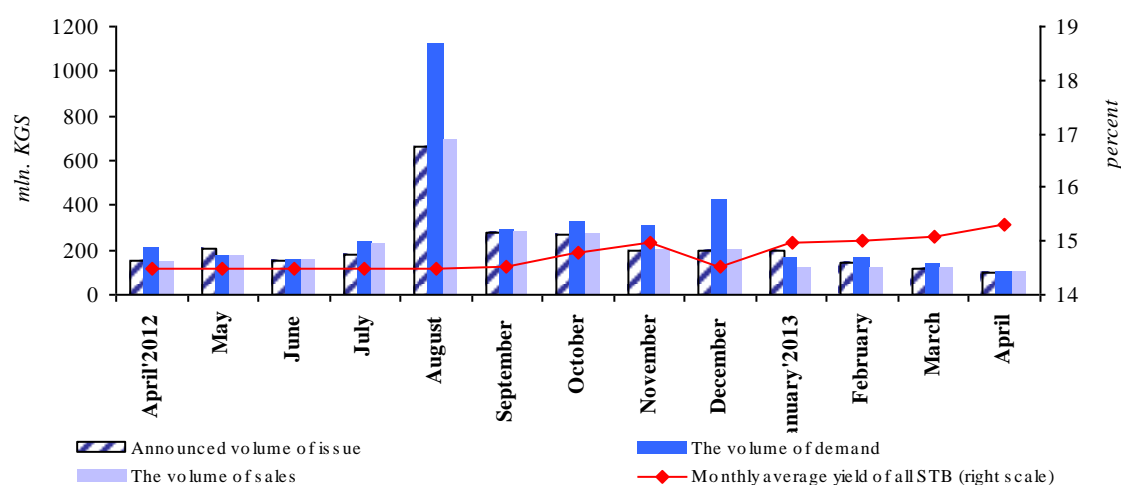
Market of State Treasury Bonds

(April 2013)

In April one auction of treasury bonds of the Ministry of Finance took place in the primary market. Market participants purchased securities at the amount of 100.0 million KGS having decreased by 16.7 percent as compared with the previous month. This decrease in sales was a result of the decreased activity on the part of commercial banks (one commercial bank showed the greatest activity); the interest of the institutional investors who actively participated in June 2012 slightly declined.

The level of demand increased by 9.1 percentage points and amounted to 99.9 percent. The yield of securities increased as compared with the previous month (+0.3 percentage points) and constituted 15.3 percent. Despite the relatively high rate of return on STBonds, interest in this type of government securities by the majority of banks remains relatively low due to the short-term nature of their resource base.

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



In April, the volume of STBonds in circulation reached 5.1 billion KGS having increased over the month by 0.3 percent. At the same time, there was a slight decline in the share of institutional investors by 0.1 percentage points (to 45.2 percent); the share of commercial banks increased by 0.1 percent and developed at a rate of 54.7 percent. The share of resident legal entities remained at 0.1 percent.

According to the results of the reporting month, the concentration index¹ of the primary market of STBonds constituted 0.44, which indicate to a high level of concentration and corresponds to the presence of two investors I the market with equal shares.

In the reporting period, no transactions with STBonds took place in the secondary 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.

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

thous. KGS

Date	TOTAL	Including							
		NBKR		Commercial Banks		Institutional Investors		Resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
April'2012	3,145,470.0	0.0	0.0%	2,011,168.9	63.9%	1,131,153.9	36.0%	3,105.2	0.1%
May	3,234,570.0	0.0	0.0%	2,099,268.9	64.9%	1,131,153.9	35.0%	4,105.2	0.1%
June	3,229,690.0	0.0	0.0%	1,994,368.9	61.8%	1,231,173.9	38.1%	4,105.2	0.1%
July	3,449,700.0	0.0	0.0%	2,164,368.9	62.7%	1,281,183.9	37.1%	4,105.2	0.1%
August	3,936,450.0	0.0	0.0%	2,563,273.2	65.1%	1,369,974.6	34.8%	3,160.2	0.1%
September	4,092,450.0	0.0	0.0%	2,441,373.2	59.7%	1,647,874.6	40.3%	3,160.2	0.1%
October	4,362,550.0	0.0	0.0%	2,441,473.2	56.0%	1,917,874.6	44.0%	3,160.2	0.1%
November	4,561,550.0	0.0	0.0%	2,476,473.2	54.3%	2,081,874.6	45.6%	3,160.2	0.1%
December	4,750,550.0	0.0	0.0%	2,486,473.2	52.3%	2,260,874.6	47.6%	3,160.2	0.1%
January'2013	4,841,300.0	0.0	0.0%	2,536,223.2	52.4%	2,301,874.6	47.5%	3,160.2	0.1%
February	4,955,200.0	0.0	0.0%	2,650,123.2	53.5%	2,301,874.6	46.5%	3,160.2	0.1%
March	5,075,200.0	0.0	0.0%	2,770,123.2	54.6%	2,301,874.6	45.4%	3,160.2	0.1%
April	5,089,700.0	0.0	0.0%	2,784,623.2	54.7%	2,301,874.6	45.2%	3,160.2	0.1%