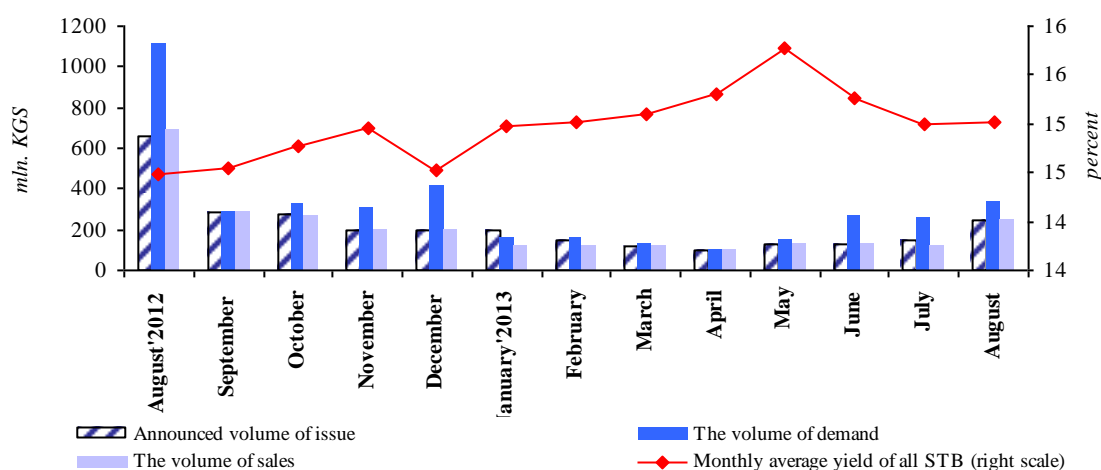


Market of State Treasury Bonds (August 2013)

In August one auction of treasury bonds of the Ministry of Finance was held. Market participants purchased securities in the amount of 250.0 million KGS; this amount increased compared to the previous month by 2.2 times. This increase in sales was the result of increased activity on the part of commercial banks (as before, one commercial bank showed the greatest activity) and increased interest of institutional investors.

The level of filled demand increased by 28.4 percentage points and amounted to 74.6 percent. The yield on securities remained at the same level and amounted to 15.0 percent. The average auction volume of demand on the part of market participants amounted to 335.0 million KGS.

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



In the reporting period the volume of STBonds in circulation fell to 5.6 billion KGS (-2.3 percent). Portfolio of institutional investors decreased by 5.8 percent and constituted 49.3 percent (-1.9 percentage points). At the same time, there was an increase in the share of commercial banks to 50.7 percent (+1.9 percentage points). The share of resident legal entities, as in the previous month constituted 0.1 percent.

According to the results of the month, the concentration index¹ of the primary market of STBonds constituted 0.38, which indicates to a high level of concentration and corresponds to the presence of the three investors in the market with equal shares.

In the reporting period, transactions with STBonds in the secondary market were made in the amount of 98.8 million KGS.

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
August 2012	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%
May	5,107,700.0	0.0	0.0%	2,707,009.2	53.0%	2,397,488.6	46.9%	3,160.2	0.1%
June	5,612,700.0	0.0	0.0%	2,796,903.1	49.8%	2,812,594.7	50.1%	3,160.2	0.1%
July	5,728,700.0	0.0	0.0%	2,796,903.1	48.8%	2,928,594.7	51.1%	3,160.2	0.1%
August	5,598,700.0	0.0	0.0%	2,838,031.9	50.7%	2,757,465.9	49.3%	3,160.2	0.1%
September	5,720,480.0	0.0	0.0%	3,012,511.9	52.7%	2,704,765.9	47.3%	3,160.2	0.1%
October	5,437,480.0	0.0	0.0%	2,627,076.6	48.3%	2,717,403.4	50.0%	3,000.0	0.1%