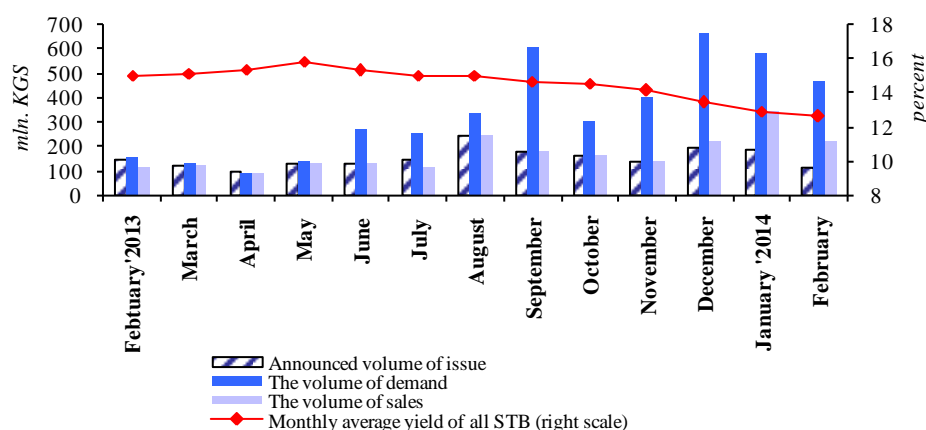


## Market of State Treasury Bonds (February 2014)

In February, there was one auction on placement and one additional placement of the Treasury Bonds of the Ministry of Finance on the primary market. Participants of the market purchased securities to the amount of KGS 218.0 million, which was by 37.4 percent lower than the analogous indicator of the previous month. Such decrease in sales was a result of decreased activity on the part of commercial banks (one commercial bank was the most active), interest from the institutional investors, actively participating in the middle of 2012 remained at the same level.

The level of satisfactory demand decreased by 7.0 percentage points and constituted 25.3 percent. At the same time yield of the securities decreased by 0.3 percentage points and constituted 12.6 percent, constituted 12.6 percent, as compared to the indicator of the previous month. Interest to this type of government securities by commercial banks remained at an average level of KGS 466.9 million.

**Graph 1. The dynamics of volume of supply and demand and yield of ST-Bonds**



In the period under review, the volume of ST-Bonds in circulation decreased to KGS 5.4 billion (-6.2 percent). At the same time, the share of commercial banks decreased by 2.1 percentage points (to 56.2 percent), the share of institutional investors increased by 3.7 percentage points and formed in the amount of 43.7 percent.

Over a month, the concentration index<sup>1</sup> of the ST-Bonds primary market constituted 0.32, which indicates a high level of concentration and corresponds to the presence of three investors with equal shares.

In the period under review operations with ST-Bonds in the secondary market were not conducted.

<sup>1</sup> This index indicates the degree of concentration of the securities in the portfolio of banks. Concentration index is calculated by the Herfindahl-Herschman method and is the sum of squares of the shares in the total volume. The possible values of the index are in the range of values from 0 to 1. The index value of less than 0.10 corresponds to the lower level of concentration; from 0.10 to 0.18 – the average level of concentration; over 0.18 - 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 – 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
February'2013	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%
June	5 612 700,0	2 796 903,1	49,8%	2 812 594,7	50,1%	3 160,2	0,1%
July	5 728 700,0	2 796 903,1	48,8%	2 928 594,7	51,1%	3 160,2	0,1%
August	5 598 700,0	2 838 031,9	50,7%	2 757 465,9	49,3%	3 160,2	0,1%
September	5 720 480,0	3 012 511,9	52,7%	2 704 765,9	47,3%	3 160,2	0,1%
October	5 437 480,0	2 627 076,6	48,3%	2 717 403,4	50,0%	3 000,0	0,1%
November	5 318 580,0	2 635 176,6	49,5%	2 588 703,4	48,7%	4 700,0	0,1%
December	5 740 680,0	3 431 385,9	59,8%	2 214 594,1	38,6%	4 700,0	0,1%
January'2014	5 785 280,0	3 374 033,5	58,3%	2 315 546,5	40,0%	5 700,0	0,1%
February	5 425 380,0	3 047 712,1	56,2%	2 371 967,9	43,7%	5 700,0	0,1%