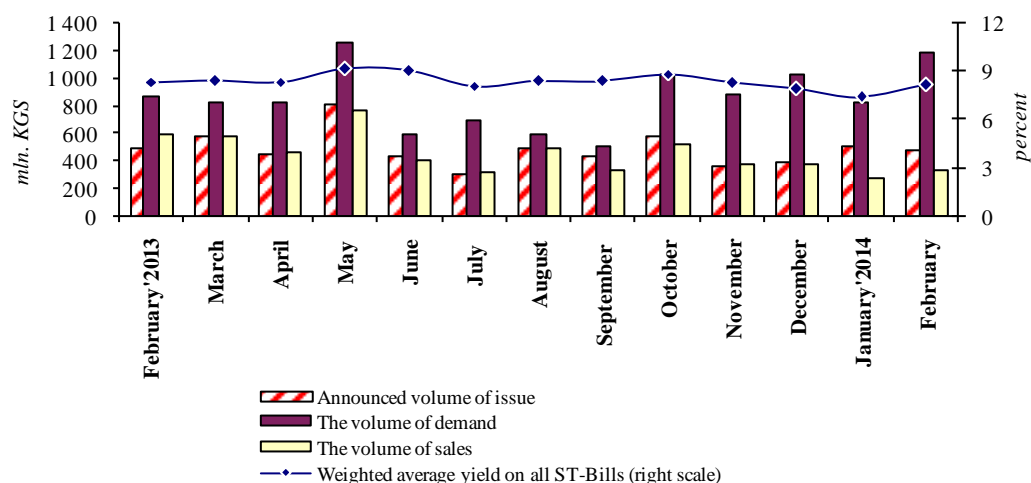


Market of State Treasury Bills (February 2014)

Graph1. Demand and placement of ST-Bills

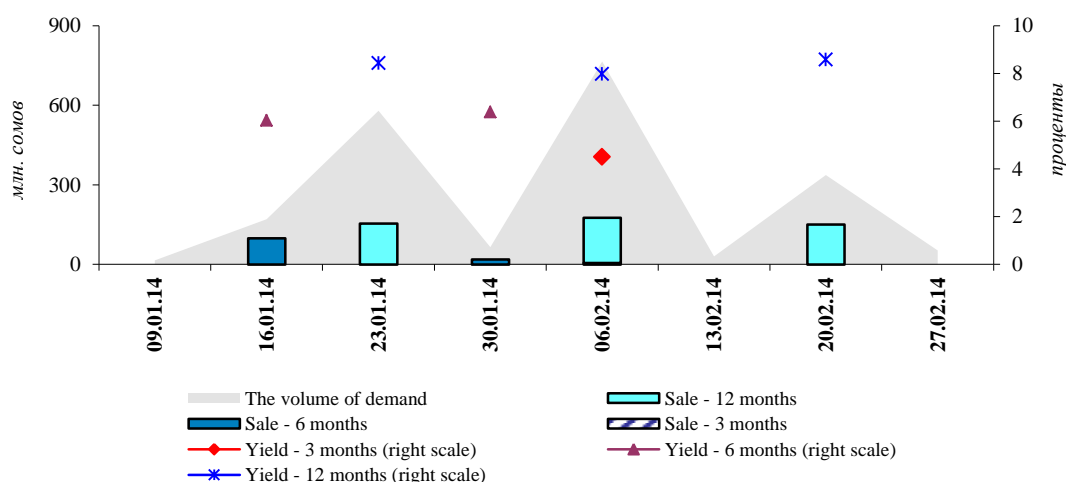


In February, the cumulative supply of state treasury bills of the Ministry of Finance decreased to KGS 494.0 million, by 4.6 percent.

The volume of demand increased by 42.8 percent and amounted to KGS 1.2 billion due to higher activity of commercial banks. Finally, sales of 12-month ST-Bills increased and sales of 3-month ST-Bills were restarted. Thus, sales of 12-month ST-Bills increased by 2.5 times to KGS 382.0 million. Sales of 3-month ST-Bills amounted to KGS 7.0 million, interest to 6-month securities from market participants was not observed.

The overall average monthly yield for all types of ST-Bills in the period under review constituted at a level of 8.2 percent, having increased by 0.8 percentage points per a month. The yield of 3-month securities in February constituted 4.5 percent, 12-month – 8.3 percent (-0.2 percentage points).

Graph 2. The dynamics of demand and sales and yield of ST-Bills



The average auction¹ volume of demand in February constituted KGS 296.1 million, having increased by 42.8 percent compared to the previous month; average auction volume of sales also decreased by 19.6 percent to KGS 82.3 million.

In February, the value of the budget deficit net financing formed in the amount of KGS - 64.0 million. In the period under review, the Ministry of Finance redeemed previously issued ST-Bills valued at 443.0 million (+11.6 percent). In this connection, the effectiveness of the ST-Bills

¹ This indicator is used instead of the total demand/supply for a month, as the number of auctions for the month is volatile variable.

market since the beginning of the year, calculated as the ratio of the total value of net financing to total sales at face value, constituted -35.7 percent.

Duration index increased from 156 to 163 days, due to the decrease of share of 3- and 6-month ST-Bills in the total volume of issued ST-Bills.

In February, compared to the previous month, the volume of ST-Bills in circulation decreased to KGS 4.4 billion (-1.6 percent): the decrease affected portfolio of resident legal entities (38.1 percent), with the share of 6.8 percent. The share of commercial banks in the structure of ST-Bills increased to 77.3 percent, institutional investors – to 15.8 percent. The share of resident individuals remained at the level of 0.1 percent.

In the period under review, operations with ST-Bills on the secondary market were conducted to the amount of KGS 51.2 million.

Table 1. The dynamics of average monthly yield of ST bills

percent

Period	Weighted average yield	By types of urgency		
		3-month ST bills	6-month ST bills	12-month ST bills
February'2013	8,4	5,3	6,5	9,5
March	8,4	5,3	6,8	9,5
April	8,4	5,0	6,1	9,5
May	9,2	5,0	6,5	10,2
June	9,1	5,1	6,5	10,0
July	8,1	4,9	6,4	9,6
August	8,4	4,5	6,5	9,4
September	8,4	3,5	6,5	9,4
October	8,9	4,5	6,5	9,5
November	8,3	4,9	6,4	9,3
December	7,9	4,5	6,2	8,9
January'2014	7,4	-	6,1	8,4
February	8,2	4,5	-	8,3

"-" all announced auctions were declared invalid

Table 2. The structure of ST bills holders at face value

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Date	TOTAL	Commercial Banks		Institutional Investor		Resident Individuals		Resident companies		Non-resident individuals	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
		01.03.2013	4 371 370,0	3 641 839,9	83,3%	571 776,1	13,1%	5 289,0	0,1%	151 385,0	3,5%
01.04.2013	4 562 700,0	3 614 332,9	79,2%	588 790,7	12,9%	5 289,0	0,1%	353 207,4	7,7%	1 080,0	0,02%
01.05.2013	4 501 700,0	3 454 972,8	76,7%	620 290,7	13,8%	5 106,2	0,1%	420 250,3	9,3%	1 080,0	0,02%
01.06.2013	4 578 520,0	3 358 623,7	73,4%	523 396,4	11,4%	3 121,2	0,1%	693 378,7	15,1%	0,0	0,00%
01.07.2013	4 765 570,0	3 471 615,4	72,8%	575 694,8	12,1%	3 121,2	0,1%	715 138,6	15,0%	0,0	0,00%
01.08.2013	4 768 320,0	3 539 517,5	74,2%	583 276,8	12,2%	2 945,2	0,1%	642 580,5	13,5%	0,0	0,00%
01.09.2013	4 846 990,0	3 495 177,5	72,1%	675 776,8	13,9%	2 945,2	0,1%	673 090,5	13,9%	0,0	0,00%
01.10.2013	4 661 140,0	3 515 157,5	75,4%	601 401,8	12,9%	2 945,2	0,1%	541 635,5	11,6%	0,0	0,00%
01.11.2013	4 706 640,0	3 474 129,5	73,8%	579 863,3	12,3%	3 494,2	0,1%	569 153,0	12,1%	0,0	0,00%
01.12.2013	4 562 140,0	3 502 372,1	76,8%	587 863,3	12,9%	3 494,2	0,1%	468 410,4	10,3%	0,0	0,00%
01.01.2014	4 662 740,0	3 539 040,3	75,9%	664 263,4	14,2%	3 494,2	0,1%	455 942,1	9,8%	0,0	0,00%
01.02.2014	4 490 490,0	3 366 701,5	75,0%	631 313,4	14,1%	3 494,2	0,1%	488 980,9	10,9%	0,0	0,00%
01.03.2014	4 420 490,0	3 415 779,0	77,3%	698 641,2	15,8%	3 494,2	0,1%	302 575,6	6,8%	0,0	0,00%