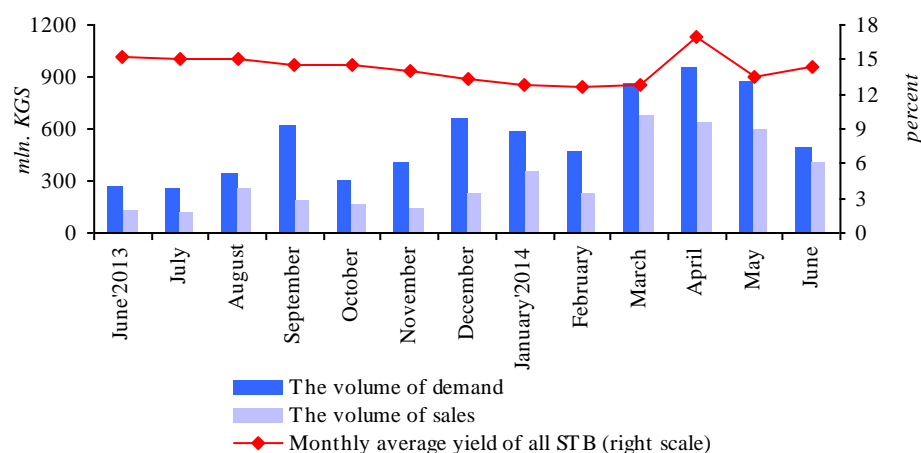


## Market of State Treasury Bonds (June 2014)

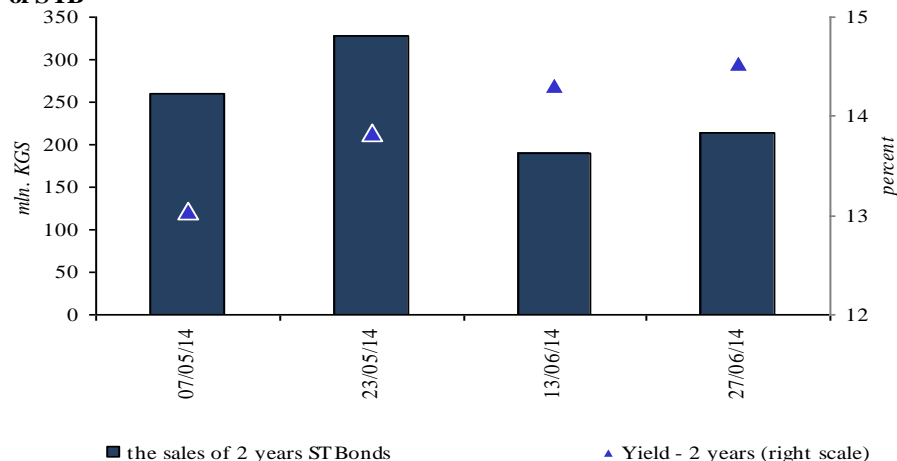
**Graph 1. The dynamics of volume of supply and demand and yield of STB**



In the reporting period, two auctions on placement of treasury bonds of the Ministry of Finance were held in the primary market. The total amount of the announced STBonds issue amounted to 398.0 million KGS having decreased as compared to the previous month by 34.8 percent. In the reporting period, the Ministry of Finance offered only 2-year STBonds. As a result, market participants purchased securities at the amount of 405.0 million KGS having decreased as compared to the previous month by 31.1 percent. This decline in sales is the result of a decline in interest of commercial banks, as well as the volume of supply. The volume of demand constituted 482.0 million KGS (-44.5 percent). At the same time, the level of filled demand grew by 16.4 percentage points and amounted to 84.0 percent.

The overall average monthly yield on STBonds in the reporting period was formed at a rate of 14.4 percent having increased by 1.0 percentage points over the month.

**Graph 2. The dynamics of volume of supply and demand and yield of STB**



The volume of STBonds in circulation increased to 7.1 billion KGS (+3.7 percent). At the same time, there was an increase in the share of core shareholders - institutional investors, by 1.2 percentage points (to 54.8 percent). The share of commercial banks, on the other hand, fell by 1.2 percentage points and developed at a rate of 45.1 percent. The share of resident legal entities still remained at a level of 0.1 percent. Non-residents did not purchase securities in the period under review.

Over the month, the concentration index<sup>1</sup> of the primary market of STBonds was 0.31, which indicates to a high level of concentration and corresponds to the presence of the three investors with equal shares in the market.

In the reporting period, no transactions with STBonds were carried out in the secondary market.

**Table 1. The structure of STB shareholders at face value**

*thousand KGS*

Date	in all	including							
		commercial banks		institutional investors		resident legal		Non-residents legal	
		sum	The share	sum	The share	sum	The share	sum	The share
June'2013	5,612,700.0	2,796,903.1	49.8%	2,812,594.7	50.1%	3,160.2	0.1%	0	0.0%
July	5,728,700.0	2,796,903.1	48.8%	2,928,594.7	51.1%	3,160.2	0.1%	0	0.0%
August	5,598,700.0	2,838,031.9	50.7%	2,757,465.9	49.3%	3,160.2	0.1%	0	0.0%
September	5,720,480.0	3,012,511.9	52.7%	2,704,765.9	47.3%	3,160.2	0.1%	0	0.0%
October	5,437,480.0	2,627,076.6	48.3%	2,717,403.4	50.0%	3,000.0	0.1%	0	0.0%
November	5,318,580.0	2,635,176.6	49.5%	2,588,703.4	48.7%	4,700.0	0.1%	0	0.0%
December	5,740,680.0	3,431,385.9	59.8%	2,214,594.1	38.6%	4,700.0	0.1%	0	0.0%
January'2014	5,785,280.0	3,374,033.5	58.3%	2,315,546.5	40.0%	5,700.0	0.1%	90,000.0	1.6%
February	5,425,380.0	3,047,712.1	56.2%	2,371,967.9	43.7%	5,700.0	0.1%	0	0.0%
March	5,916,280.0	3,073,612.1	52.0%	2,836,967.9	48.0%	5,700.0	0.1%	0	0.0%
April	6,404,580.0	2,939,877.8	45.9%	3,459,002.2	54.0%	5,700.0	0.1%	0	0.0%
May	6,826,480.0	3,161,885.4	46.3%	3,658,894.6	53.6%	5,700.0	0.1%	0	0.0%
June	7,081,360.0	3,195,535.4	45.1%	3,880,124.6	54.8%	5,700.0	0.1%	0	0.0%

<sup>1</sup> 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.