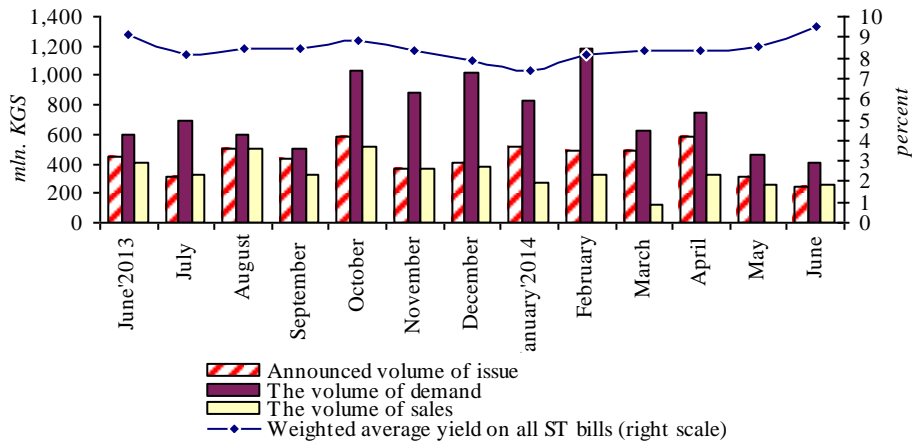


Market of State Treasury Bills (June 2014)

Graph 1. Demand and placement of state treasury bills

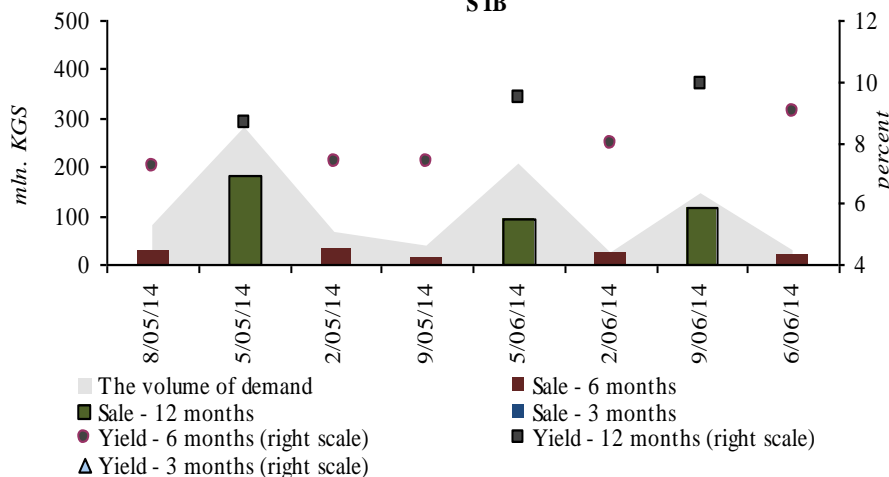


In the reporting period compared with the previous month, the volume of supply of government treasury bills of the Ministry of Finance was reduced by 22.5 percent and constituted 239.0 million KGS.

The volume of demand due to a decrease in the activity of commercial banks in this segment of the financial market fell by 11.8 percent and constituted 404.1 million KGS. At the same time, the sales of 12-month STBills increased by 18.1 percent to 212.5 million KGS; and 6-month STBills in contrast, decreased by 43.4 percent and constituted 44.0 million KGS. 3-month bills were not in demand of the market participants, as before.

The overall weighted average yield on all types of STBills in the reporting period was observed at a rate of 9.5 percent having increased over the month by 0.9 percentage points. The yield on 6-month securities was 8.5 percent (+0.9 percentage points); 12-month securities constituted 9.7 percent (+0.7 percentage points).

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



The average auction volume of demand¹ amounted to 101.0 million KGS having decreased by 11.8 percent compared to the previous month; the average auction volume of sales - by 0.5 percent and constituted 64.1 million KGS.

¹ This index is used instead of the general volume of demand/supply for the month since the number of auctions within a month is a constant value.

The net financing of the budget deficit in this month constituted -343.2 million KGS. In the reporting period, the Ministry of Finance redeemed previously issued STBills in the amount of 592.4 million KGS (+41.4 percent). In this regard, market efficiency of STBills from the beginning of the year calculated as the ratio of the total value of net financing to total sales at actual cost amounted to -79.0 percent.

The duration index within the reporting month increased from 152 to 164 days through increasing the share of 12-month STBills in the total volume of issued STBills.

In the reporting period, compared to the previous month, the volume of STBills in circulation decreased to 3.4 billion KGS (-10.0 percent); the decline affected the portfolio of commercial banks (-8.8 percent), whose share was 75.3 percent (+0.9 percentage points). The share of institutional investors was 20.3 percent (-1.0 percentage points); resident legal entities - 4.3 percent having remained unchanged from the previous month. The share of the individuals was not significant.

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

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
June'2013	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
March	8.3	-	7.9	9.0
April	8.4	-	7.3	8.5
May	8.6	-	7.5	9.0
June	9.5	-	8.5	9.7

"-" all announced auctions were declared invalid

Table 1. The structure of STB shareholders at face value

thousand KGS

Date	in all	including									
		commercial banks		institutional investors		resident individuals		resident legal		non-resident individuals	
		sum	The share	sum	The share	sum	The share	sum	The share	sum	The share
7/1/2013	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	0.0%
8/1/2013	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	0.0%
9/1/2013	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	0.0%
10/1/2013	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	0.0%
11/1/2013	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	0.0%
12/1/2013	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	0.0%
1/1/2014	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	0.0%
2/1/2014	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	0.0%
3/1/2014	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	0.0%
4/1/2014	4,049,410.0	3,096,123.4	76.5%	716,556.8	17.7%	3,494.2	0.1%	233,235.6	5.8%	0.0	0.0%
5/1/2014	3,945,410.0	3,014,351.7	76.4%	769,808.3	19.5%	750.0	0.0%	160,500.0	4.1%	0.0	0.0%
6/1/2014	3,733,550.0	2,775,476.7	74.3%	795,678.3	21.3%	1,400.0	0.0%	160,995.0	4.3%	0.0	0.0%
7/1/2014	3,360,300.0	2,529,906.7	75.3%	683,068.3	20.3%	1,400.0	0.0%	145,925.0	4.3%	0.0	0.0%