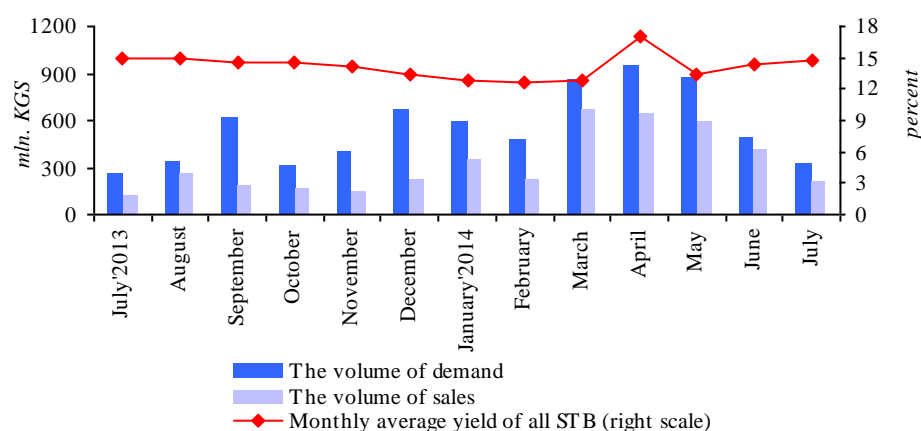


Market of State Treasury Bonds (July 2014)

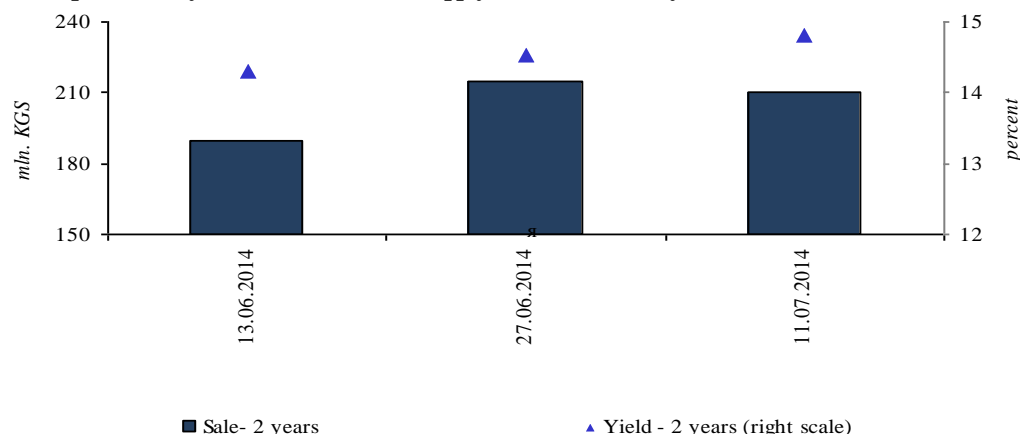
Graph 1. The dynamics of volume of supply and demand and yield of STB



In the reporting period, one auction of treasury bonds of the Ministry of Finance was held in the primary market. The total amount of the announced issuance of STBonds amounted to 190.0 million KGS having decreased as compared with the previous month by 52.3 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 210.0 million KGS having decreased as compared to the previous month by 48.1 percent. This decline in sales is the result of a decline in interest on part of the commercial banks. The volume of demand amounted to 321.0 million KGS (-33.4 percent). At the same time, the level of filled demand also decreased by 18.6 percentage points and amounted to 65.4 percent.

The overall average monthly yield on STBonds in the reporting period was formed at a rate of 14.8 percent having increased by 0.4 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 for the month decreased slightly to 7.1 billion KGS (-0.1 percent). At the same time, there was a decrease in the share of core shareholders - institutional investors, by 1.2 percentage points (to 53.6 percent). The share of commercial banks, on the other hand, increased by 1.2 percentage points and developed at a rate of 46.3 percent. The share of resident legal entities still remained at a level of 0.1 percent. Non-residents did not purchase the given securities in the period under review.

According to the results of the reporting month, the concentration index¹ of the primary market of STBonds was 0.30, 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, no transactions with STBonds were carried out in the secondary market.

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
July'2013	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%
March	5,916,280.0	3,073,612.1	52.0%	2,836,967.9	48.0%	5,700.0	0.1%
April	6,404,580.0	2,939,877.8	45.9%	3,459,002.2	54.0%	5,700.0	0.1%
May	6,826,480.0	3,161,885.4	46.3%	3,658,894.6	53.6%	5,700.0	0.1%
June	7,081,360.0	3,195,535.4	45.1%	3,880,124.6	54.8%	5,700.0	0.1%
July	7,071,350.0	3,275,785.4	46.3%	3,788,864.6	53.6%	6,700.0	0.1%

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.