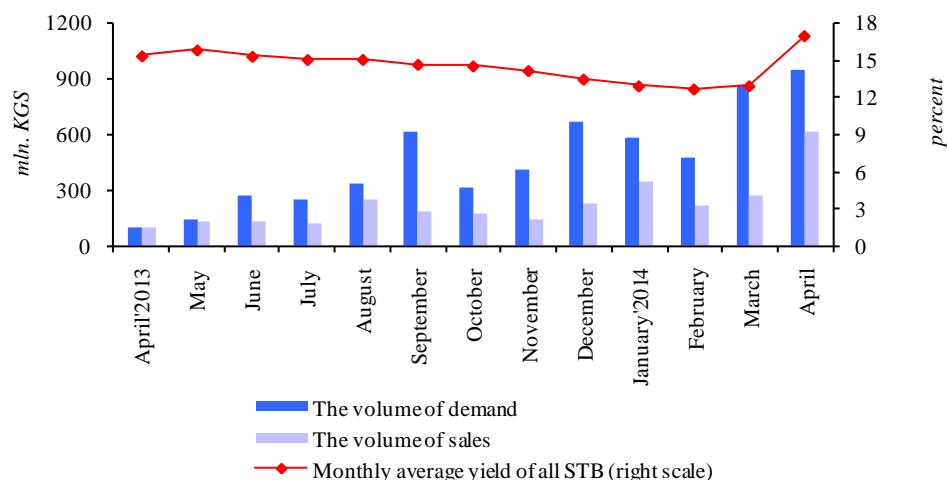


Market of State Treasury Bonds (April, 2014)

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

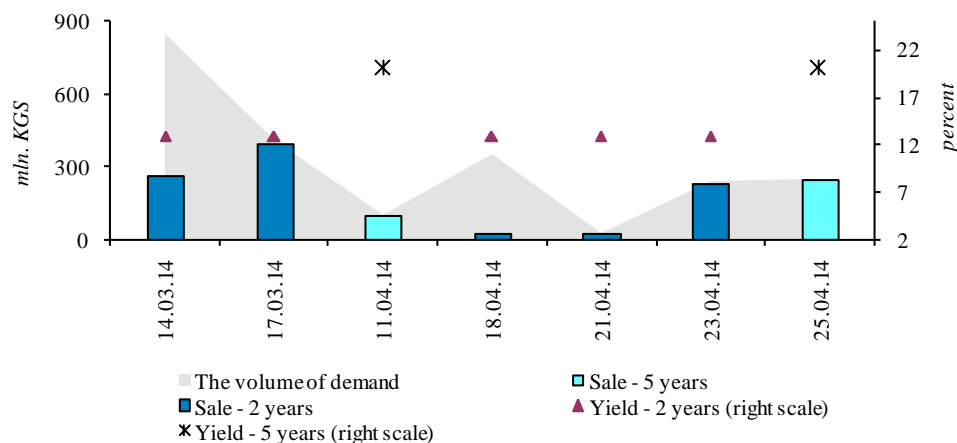


In April there were four auctions for settlement of the Ministry of finance Treasury bonds and one additional settlement on the primary market. Market participants purchased the securities in the amount of 634.0 million soms, having decreased compared to the previous month by 4.7 percent. In the reporting period sales of 2-year ST-bonds decreased and sales of 5-year ST-bonds began. So, sales of 2-year ST-bonds decreased by 57.3 percent to 284.0 million soms. Such decline in sales was a result of decrease in activity of commercial banks. Sales of 5-year ST-bonds amounted to 350.0 million soms. Level of filled demand increased by 33.7 percentage points and amounted to 64.8 percent.

In the reporting period there was an increase in demand for these securities to 942.0 million soms (+10.4 percent).

The overall average yield for all types of ST-bonds in the period under review developed at a rate of 17.0 percent, having increased over the month by 4.1 percentage points due to the sale of 5-year securities. Yield of 2-year securities in April was 12.9 percent (+0.1 percentage points), 5-year – 19.9 percent.

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



In April, the volume of ST-bonds in circulation has increased to 6.4 billion soms (+8.3 percent). At the same time it was observed a decrease in the share of commercial banks by 6.0 percentage points (to 45.9 percent), the proportion of institutional investors increased by 6.1 percentage points and developed at a rate of 54.0 percent. The share of resident legal entities

remained at the previous month's level of 0.1 percent. Nonresident legal entities and individuals in the reporting month did not purchase the securities.

Over the month, the concentration index¹ of the primary market of ST-bonds was 0.34 that indicates a high level of concentration and corresponds to the presence of three investors with equal shares on the market.

In the reporting period the operations with ST-bonds on the secondary market were not committed.

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
April'2013	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%
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	54,0%	5 700,0	0,1%

¹ This index shows the degree of concentration of the securities in the portfolio of banks. The concentration index is calculated by the method of Herfindahl-Hirschman and represents the sum of the squares of the proportions of index in total volume. Possible index values are in the range from 0 to 1. Index value less than 0.10 corresponds to a low concentration level; from 0.10 to 0.18 – to an average level of concentration; over 0.18 - to 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 – of three participants, etc.