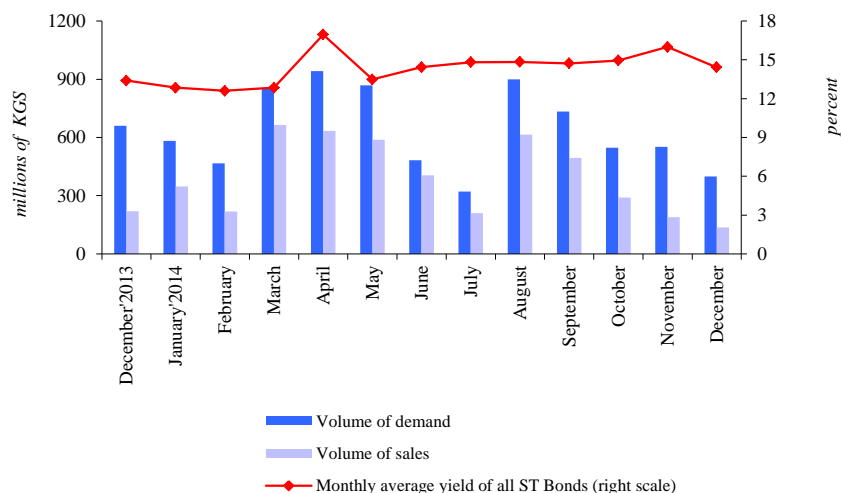


## Market of State Treasury Bonds (December 2014)

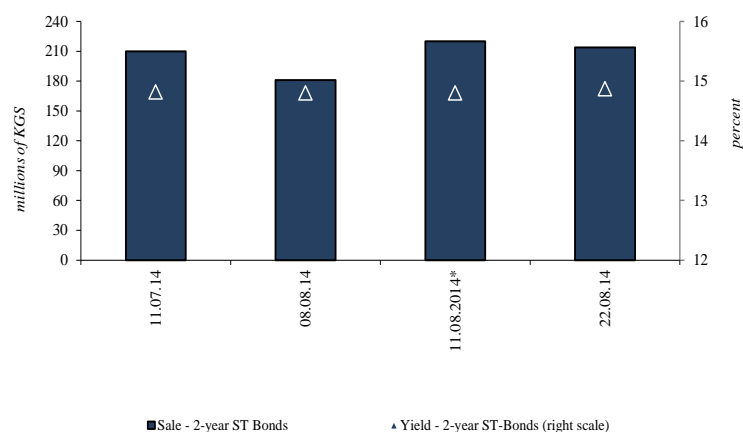
**Chart 1. Dynamics of Volume of Supply, Demand and Yield of ST Bonds**



In the reporting period, one auction on placement of treasury bonds of the Ministry of Finance of the Kyrgyz Republic was held at the primary market. The amount of the announced ST Bonds issue under this auction held amounted to KGS 170.0 million having decreased by 28.0 percent as compared to the previous month. In the reporting period, market participants purchased 2-year securities to the amount of KGS 136.9 million having increased by 6.6 percent as compared to the previous month. The volume of demand amounted to KGS 399.3 million having decreased by 27.5 percent. Meanwhile, the level of filled demand amounted to 34.3 percent.

The overall average monthly yield on ST Bonds in the reporting period was formed at the rate of 14.4 percent, having decreased by 1.6 percentage points over the month.

**Chart 2. Dynamics of Volume of Demand, Sales and Yield of ST Bonds**



The volume of ST Bonds in circulation increased to KGS 7.2 billion (+43.4 percent). At the same time, the share of core shareholders - institutional investors increased by 7.7 percentage point (to 52.1 percent). The share of commercial banks, on the other hand, decreased by 5.9 percentage points and developed at a rate of 47.8 percent. The share of resident legal entities still remained at a level of 0.1 percent.

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

In the reporting period, no transactions with ST Bonds were carried out at the secondary market.

**Table 1. Structure of ST Bonds Holders at Face Value**

*thousands of KGS*

Date	TOTAL	including							
		Commercial Banks		Institutional Investors		Resident Legal Entities		Non-Resident Legal Entities	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
December'2013	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
July	7 071 350,0	3 275 785,4	46,3	3 788 864,6	53,6	6 700,0	0,1	0	0,0
August	6 994 600,0	3 084 681,3	44,1	3 903 218,7	55,8	6 700,0	0,1	0	0,0
September	7 208 100,0	3 318 252,5	46,0	3 883 147,5	53,9	6 700,0	0,1	0	0,0
October	7 229 000,0	3 368 300,4	46,6	3 853 999,6	53,3	6 700,0	0,1	0	0,0
November	7 218 400,0	3 390 223,4	47,0	3 821 476,6	52,9	6 700,0	0,1	0	0,0
December	7 156 300,0	3 420 223,4	47,8	3 729 376,6	52,1	6 700,0	0,1	0	0,0

<sup>1</sup> This index indicates 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 0.50 is equivalent to the presence of 2 market players with equal shares; 0.30 – to the presence of 3 players, etc.