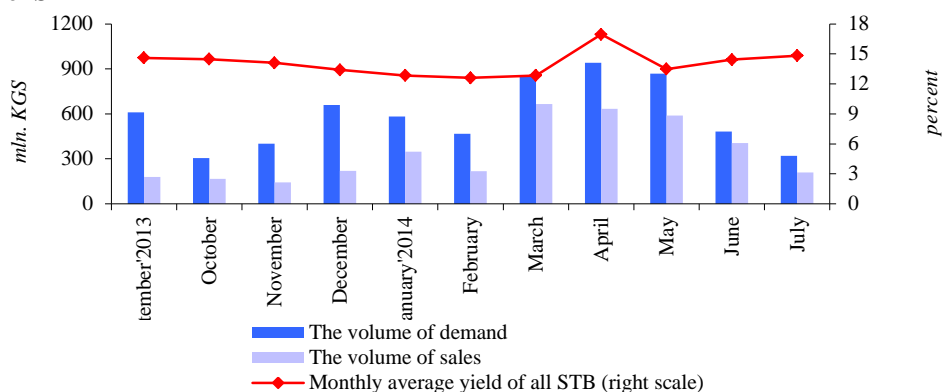


## Market of State Treasury Bonds (September 2014)

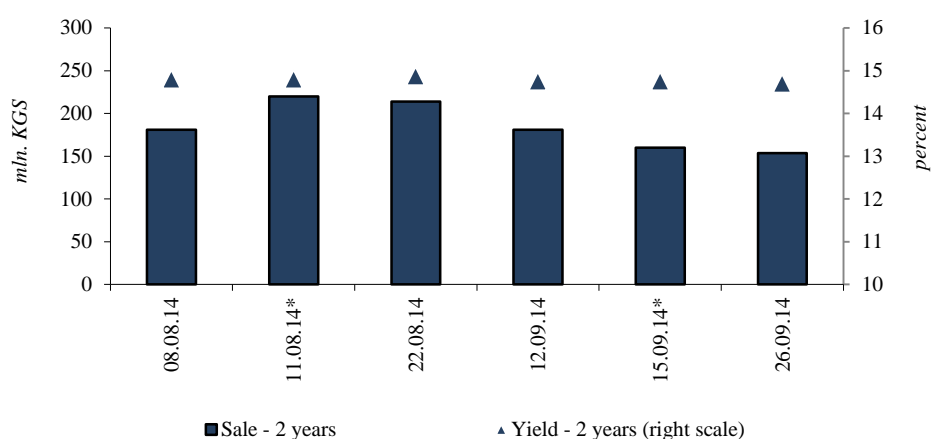
**Graph 1. The dynamics of volume of supply and demand and yield of STB**



In the reporting period, two auctions on placement of treasury bonds of the Ministry of Finance and one additional placement were held at the primary market. The total amount of the announced STBonds issue under the auctions held amounted to 512.0 million KGS by having decreased by 14.8 percent as compared to the previous month. In the reporting period, the Ministry of Finance offered only 2-year STBonds. As a result, market participants purchased securities at the amount of 494.5 million KGS, by having decreased by 19.6 percent as compared to the similar indicator of the previous month. This increase in sales is the result of the decline of interest of market participants. The volume of demand constituted 733.0 million KGS (-18,6 percent). At the same time, the level of filled demand increased by 1.7 percentage points and amounted to 45.6 percent.

The overall average monthly yield on STBonds in the reporting period was formed at a rate of 14.7 percent, by having decreased by 0.1 percentage points over the month.

**Graph 2. Dynamics of demand and sales volume and yield of STBonds**



The volume of STBonds in circulation increased to 7.2 billion KGS (+3.1 percent). At the same time, there was a decrease in the share of core shareholders - institutional investors, by 1.9 percentage points (to 53.9 percent). The share of commercial banks, on the other hand, fell by 1.9 percentage points and developed at a rate of 46.0 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 at the market.

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

**Table 1. The structure of the STB holders at face value**

*thous. KGS*

Date	TOTAL	of which							
		Commercial Banks		Institutional Investors		Resident companies		Non-resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
September 2013	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%
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%

<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.