

## Market of State Treasury Bonds

(November 2017)

Two auctions on placement of state treasury bonds in the primary market issued by the Ministry of Finance of the Kyrgyz Republic were held by the National Bank of the Kyrgyz Republic in the current month of the reporting year. Given that, the demand for these securities exceeded supply thereof, two additional placements in the amount of KGS 2.0 billion was held.

The amount of the announced ST-Bonds issue at the auctions made KGS 800.0 million having decreased by 2.3 times against the previous month. Meanwhile, demand for ST-Bonds increased by 30.6 percent compared to the previous month and amounted to KGS 1.3 billion. Thus, based on the results of the auctions (including additional placement), market participants purchased 2-year ST-Bonds in the amount of KGS 953.0 million and 10-year ST-Bonds in the amount of KGS 1.8 billion.

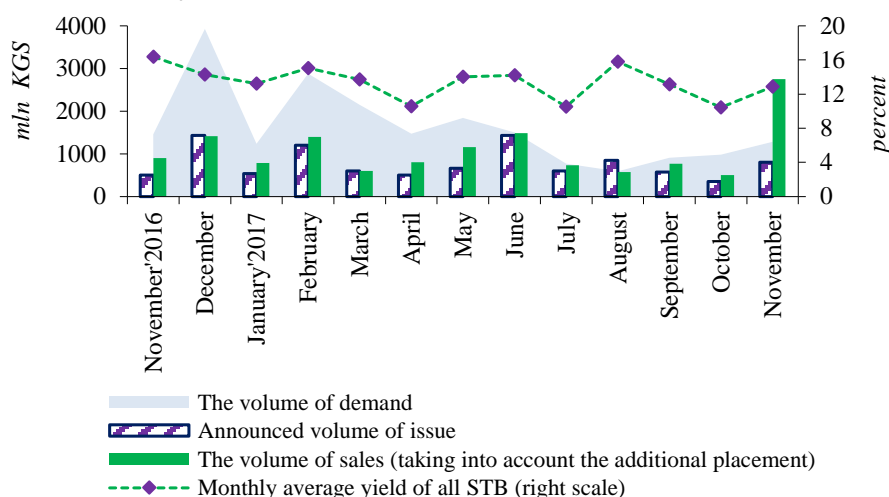
In the reporting period, the overall average monthly yield on ST-Bonds increased by 2.5 percentage points and made 12.9 percent due to issue of 10-year ST-Bonds with yield of 18.5 percent.

At the end of the reporting month, the volume of ST-Bonds in circulation increased by 65.2 percent from the beginning of the year and amounted to KGS 22.6 billion. Meanwhile, in the structure of ST-Bonds holders the share of the commercial banks decreased down to 35.9 percent (-0.5 percentage points), the share of the institutional investors, on the contrary, increased up to 63.4 percent (+0.4 percentage points). The share of the resident legal entities made 0.7 percent (+0.1 percentage point).

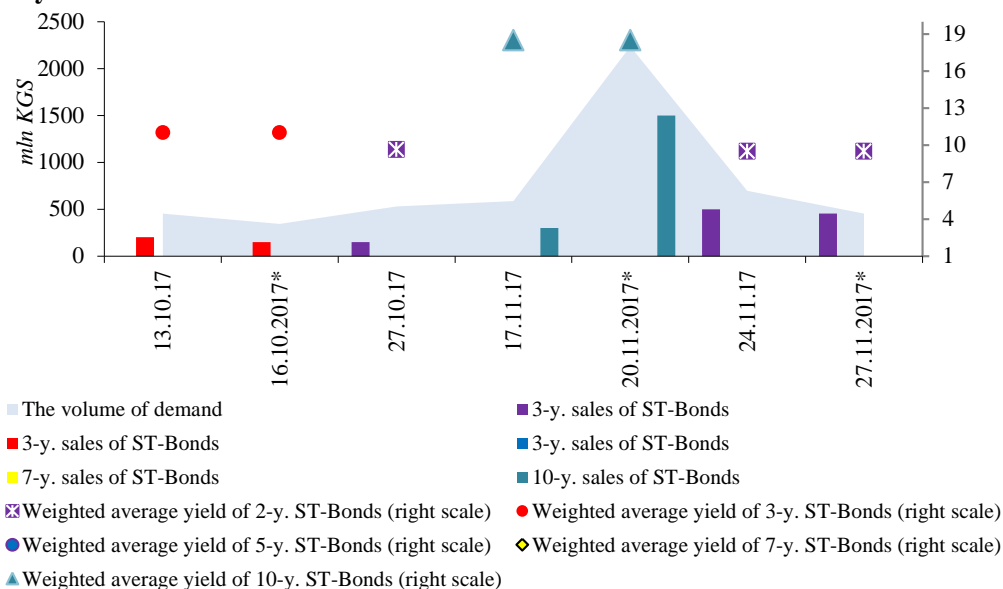
Thus, the concentration index of the ST-Bonds primary market was 0.44 which indicated a high level of concentration and corresponded to the presence of two main investors at the market.

In the reporting period, the transactions with ST-Bonds were conducted in the secondary market for the amount of KGS 223.4 million.

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



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



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

*thous KGS*

Date	TOTAL	of which							
		Commercial Banks		Institutional Investors		Legal entities - residents		individuals - residents	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.12.2016	12 417 661,3	4 747 209,6	38,2	7 584 588,7	61,1	85 813,0	0,7	50,0	0,0
01.01.2017	13 698 111,3	4 983 163,1	36,4	8 629 085,2	63,0	85 813,0	0,6	50,0	0,0
01.02.2017	14 026 261,3	5 318 167,4	37,9	8 612 280,9	61,4	95 813,0	0,7	0,0	0,0
01.03.2017	15 086 261,3	5 968 583,8	39,6	9 021 864,5	59,8	95 813,0	0,6	0,0	0,0
01.04.2017	15 242 261,3	6 093 383,8	40,0	9 032 864,5	59,3	116 013,0	0,8	0,0	0,0
01.05.2017	16 042 261,3	6 658 175,0	41,5	9 271 073,3	57,8	113 013,0	0,7	0,0	0,0
01.06.2017	17 002 261,3	7 025 135,2	41,3	9 854 005,1	58,0	123 121,0	0,7	0,0	0,0
01.07.2017	17 492 261,3	7 036 419,6	40,2	10 332 720,7	59,1	123 121,0	0,7	0,0	0,0
01.08.2017	18 731 111,3	7 140 239,8	38,1	11 465 900,5	61,2	124 971,0	0,7	0,0	0,0
01.09.2017	19 307 011,3	7 444 739,8	38,6	11 721 900,5	60,7	140 371,0	0,7	0,0	0,0
01.10.2017	19 706 511,3	7 783 243,8	39,5	11 772 310,9	59,7	150 956,6	0,8	0,0	0,0
01.11.2017	20 005 021,3	7 826 710,3	39,1	12 027 354,4	60,1	150 956,6	0,8	0,0	0,0
01.12.2017	22 634 744,5	8 124 965,0	35,9	14 357 696,9	63,4	152 082,6	0,7	0,0	0,0