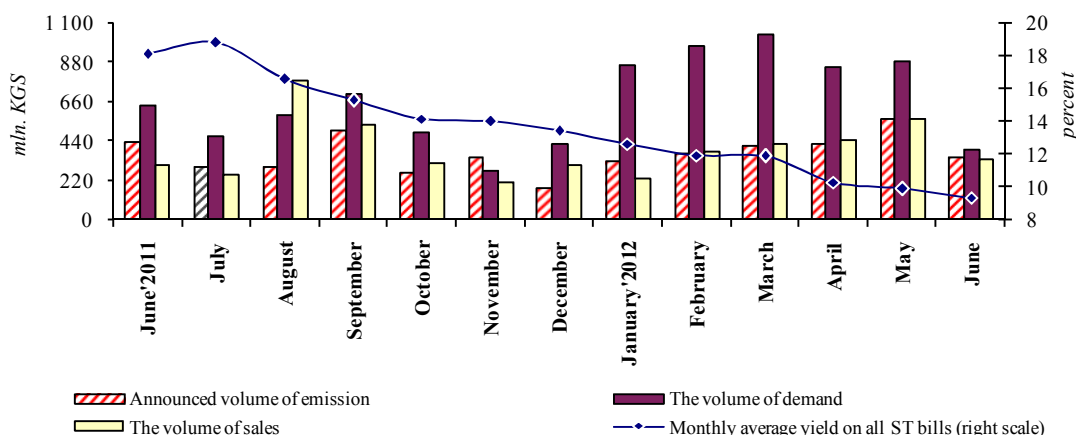


Market of state treasury bills (June 2012)

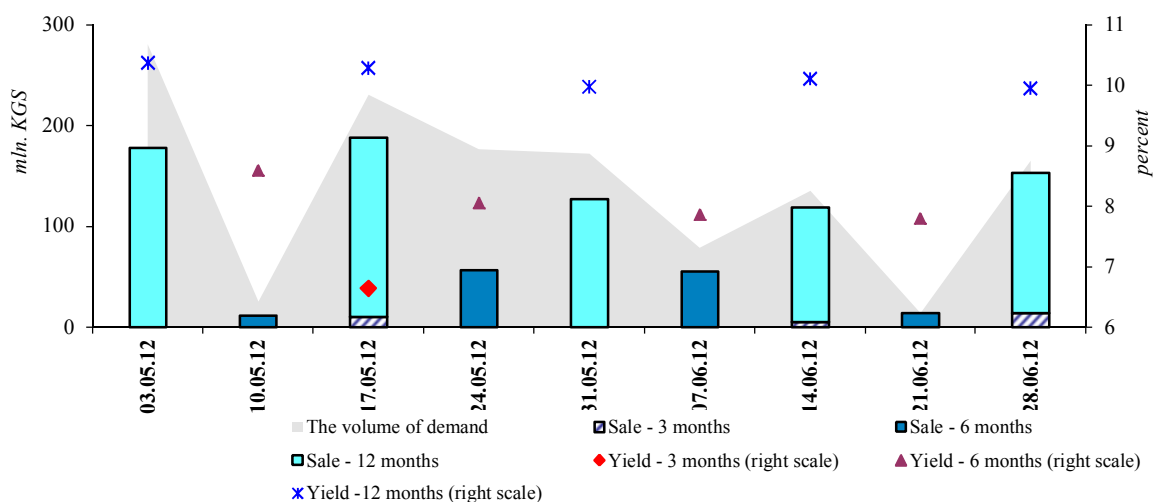
Graph 1. Demand and placement of state treasury bills



There was a decline in sales of STB by 39.3 percent, up to 339.5 KGS, in June compared to the previous month. The main reason for this decline was a decrease in sales of 12-month treasury bills to 251.8 million KGS (-47.7 percent), at the same time sales of 6-months STD have increased to 68.6 million KGS (+1.6 percent), and 3-months STB – from 10.1 to 19.1 million KGS (89.1percent). The cumulative indicator of average monthly yield of all types of STB in the reviewed period was 9.4 percent, has decreased in a month on 0.5 percentage points by reducing the yield of 6- and 12-months STB on 0.3 percentage points, to 7.8 percent, and 0.2 percentage points, to 10.0 percent, relatively. At the same time the yield of 3-months STB remained at the same level of 6.6 percent.

The average auction¹ volume of demand in June constituted 98.1 million KGS, having decreased by 44.5 percent compared to the previous month; the average auction volume of sales decreased by 24.1 percent to 84.9 million KGS.

Graph 2. The dynamics of demand and sales and yield of ST bills

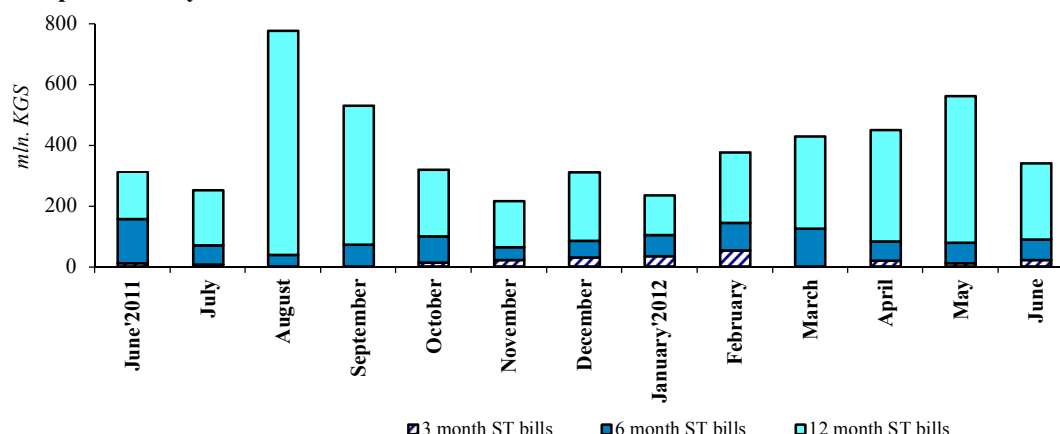


The value of the budget deficit net financing in June rose by 11.2 million KGS, to 236.8 million KGS. In period under review, the Ministry of Finance redeemed state treasury bills valued at 180.3 million KGS. At the same time, the effectiveness of the state treasury bills market since the beginning of the year, calculated as the ratio of the total value of net financing to total sales at actual cost, for the period from January to June inclusive, constituted 26.9 percent, having risen

¹ This indicator is used instead of the total demand/supply for the month, as the number of auctions for the month is a volatile variable.

compared to the same period of the end of May to 1.8 percentage points. Monthly sales of 12-month state treasury bills continuing to decrease were the main cause of the next lower value of duration, formed in a month from 171 days to 161 days, (in May, duration increased by 2 days).

Graph 3. The dynamics of sales of ST bills



In June, compared with the previous month, the volume of STB in circulation has risen to 4.1 billion KGS (+2.5 percent). The positive change in the structure of the aggregate portfolio of STB affected the figures of institutional investors, whose share per month has increased by 1.5 percentage points, to 18.9 percent. At the same time the share of commercial banks has decreased to 77.9 percent (-1.1 percentage points). The shares of resident individuals and resident legal entities, totaling 3.1 percent, has also decreased – by 0.1 and 0.3 percentage points relatively.

In period under review operations with STB on the secondary market did not occur.

Table 1. The dynamics of average monthly yield of ST bills

Period	Weighted average yield	Including		
		3-month ST bills	6-month ST bills	12-month ST bills
June'2011	18,1	9,3	15,5	21,1
July	18,8	9,2	15,0	20,5
August	16,5	-	13,6	17,0
September	15,3	-	13,3	15,6
October	14,2	8,1	13,4	15,0
November	14,0	6,9	13,4	15,0
December	13,4	6,6	13,3	14,9
January'2012	12,7	6,4	12,5	14,3
February	12,0	6,5	11,3	13,4
March	11,9	-	10,7	12,3
April	10,3	6,5	8,8	10,8
May	9,9	6,6	8,1	10,2
June	9,4	6,6	7,8	10,0

"-" all announced auctions were declared invalid

Table 2. The structure of ST bills holders at face value

thous. KGS

Date	TOTAL	Including											
		NBKR		Commercial banks		Institutional investors		Resident individuals		Resident companies		Non-resident individuals	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.07.2011	2 827 026,1	0,0	0%	2 742 201,7	97,0%	0,0	0,0%	7 063,3	0,2%	77 761,1	2,8%	0,0	0,0%
01.08.2011	2 919 710,1	0,0	0%	2 786 906,7	95,5%	33 000,0	1,1%	9 884,3	0,3%	89 919,1	3,1%	0,0	0,0%
01.09.2011	3 366 523,0	0,0	0%	2 875 799,6	85,4%	355 307,9	10,6%	13 669,8	0,4%	121 745,7	3,6%	0,0	0,0%
01.10.2011	3 511 838,0	0,0	0%	2 926 944,6	83,3%	446 727,9	12,7%	14 114,8	0,4%	124 050,7	3,5%	0,0	0,0%
01.11.2011	3 608 998,0	0,0	0%	2 967 376,6	82,2%	504 377,9	14,0%	14 777,8	0,4%	122 465,7	3,4%	0,0	0,0%
01.12.2011	3 546 108,0	0,0	0%	2 896 673,4	81,7%	514 146,1	14,5%	14 122,8	0,4%	121 165,7	3,4%	0,0	0,0%
01.01.2012	3 579 218,0	0,0	0%	2 839 461,4	79,3%	584 286,1	16,3%	16 694,9	0,5%	138 775,6	3,9%	0,0	0,0%
01.02.2012	3 525 973,0	0,0	0%	2 801 197,9	79,4%	570 286,1	16,2%	17 172,4	0,5%	137 316,6	3,9%	0,0	0,0%
01.03.2012	3 642 003,0	0,0	0%	2 839 026,4	78,0%	637 663,9	17,5%	20 192,3	0,6%	145 120,4	4,0%	0,0	0,0%
01.04.2012	3 802 423,0	0,0	0%	3 005 516,9	79,0%	631 709,3	16,6%	18 898,8	0,5%	146 298,0	3,8%	0,0	0,0%
01.05.2012	3 931 115,0	0,0	0%	3 155 496,6	80,3%	623 228,2	15,9%	21 541,1	0,5%	130 849,1	3,3%	0,0	0,0%
01.06.2012	4 018 528,0	0,0	0%	3 174 357,1	79,0%	700 074,6	17,4%	17 004,5	0,4%	126 011,8	3,1%	1 080,0	0,03%
01.07.2012	4 120 877,0	0,0	0%	3 210 203,8	77,9%	780 516,2	18,9%	14 226,7	0,3%	114 850,3	2,8%	1 080,0	0,03%