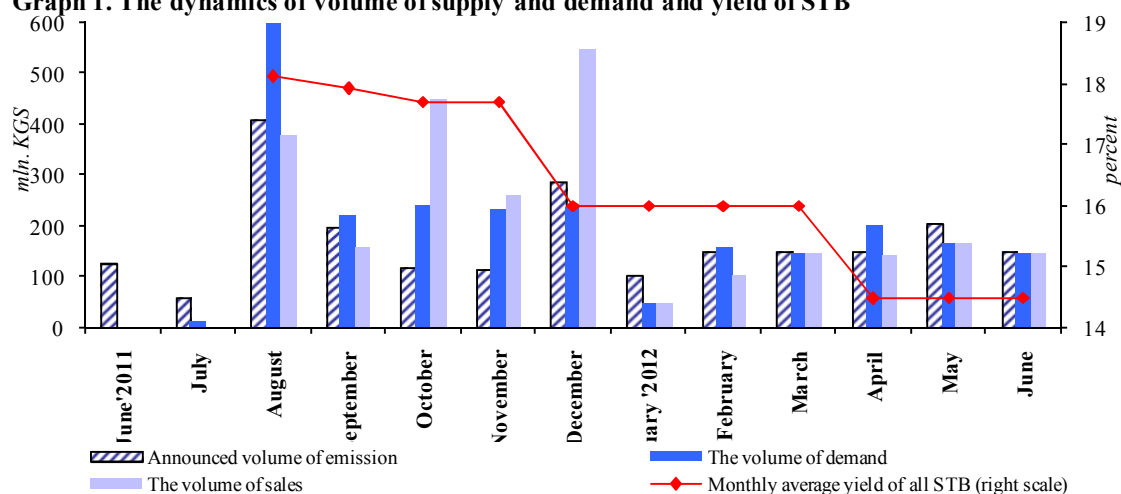


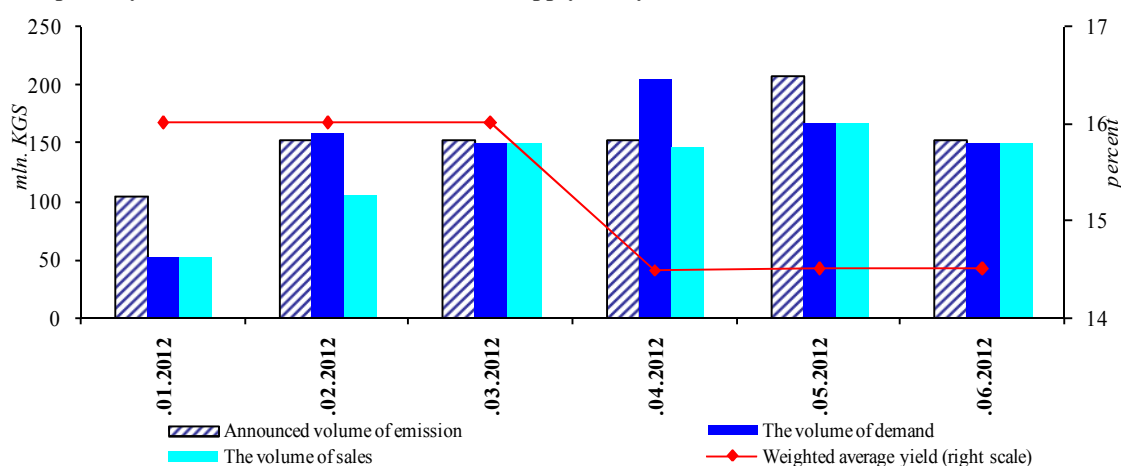
Market of state treasury bonds (June 2012)

According to the practice established in the current year, in June, one auction on the placement of treasury bonds of the Ministry of Finance on the primary market was held, by the results of this auction, market participants purchased securities on the total amount of 150.1 million KGS, which is 9.6 percent higher than the previous month. A significant part of the placed STB was divided between two major players of the market – the large commercial bank and the institutional investor, in the amount of 99.9 percent of the total monthly sales indicator. In the reviewed period the cumulative supply for securities has not increased the declared emission volume, while the yield of securities remained on the level of previous month at 14.5 percent. Despite the relatively high level of the yield of STB, interest rate to this type of government securities by the majority of the banks stays relatively low, due to the short-term nature of their resource base.

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



Graph 2. Dynamics of volume of demand and supply and yield of STB auctions



In June, the volume of STB in circulation amounted to 3.2 billion KGS, having decreased over the month by 0.2 percent. At the same time, a decrease in the share of commercial banks by 3.1 percentage points (to 61.8 percent) was observed, due to the equivalent increase of proportion of institutional investors, reaching 38.1 percent. A share of resident companies continued to be at the level of 0.1 percent.

Over the month, the concentration index¹ of the STB primary market constituted 0.35, which indicates a high level of concentration and corresponds to the presence of three investors with equal shares on the market.

In the reporting period, operations with STB in the secondary market did not occur.

Table 1. The structure of STB holders at face value

thous. KGS

Date	TOTAL	Including							
		NBKR		Commercial banks		Institutional investors		Resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
June'2011	2 213 792,0	0,0	0,0%	1 661 706,5	75,1%	549 140,5	24,8%	2 945,0	0,1%
July	2 213 792,0	70 685,7	3,2%	1 661 706,5	75,1%	478 454,8	21,6%	2 945,0	0,1%
August	2 593 792,0	70 685,7	2,7%	1 966 437,7	75,8%	553 723,6	21,3%	2 945,0	0,1%
September	2 752 012,0	70 685,7	2,6%	1 861 097,7	67,6%	817 283,6	29,7%	2 945,0	0,1%
October	2 927 012,0	500 940,7	17,1%	1 888 929,5	64,5%	532 494,6	18,2%	4 605,2	0,2%
November	3 056 703,0	500 940,7	16,4%	1 881 130,5	61,5%	671 484,6	22,0%	3 105,2	0,1%
December	3 035 970,0	0,0	0,0%	1 857 228,9	61,2%	1 175 593,9	38,7%	3 105,2	0,1%
January '2012	3 047 170,0	0,0	0,0%	1 868 428,9	61,3%	1 175 593,9	38,6%	3 105,2	0,1%
February	3 092 940,0	0,0	0,0%	1 914 198,9	61,9%	1 175 593,9	38,0%	3 105,2	0,1%
March	3 055 690,0	0,0	0,0%	1 921 038,9	62,9%	1 131 503,9	37,0%	3 105,2	0,1%
April	3 145 470,0	0,0	0,0%	2 011 168,9	63,9%	1 131 153,9	36,0%	3 105,2	0,1%
May	3 234 570,0	0,0	0,0%	2 099 268,9	64,9%	1 131 153,9	35,0%	4 105,2	0,1%
June	3 229 690,0	0,0	0,0%	1 994 368,9	61,8%	1 231 173,9	38,1%	4 105,2	0,1%

¹ This index indicates the degree of concentration of the securities in the portfolio of banks. Concentration index is calculated by the Herfindahl-Hirschman method and is the sum of squares of the shares in the total volume. The possible values of the index are in the range of values from 0 to 1. The index value of less than 0.10 corresponds to the low level of concentration; from 0.10 to 0.18 - the average level of concentration, over 0.18 - 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 - three participants, etc.