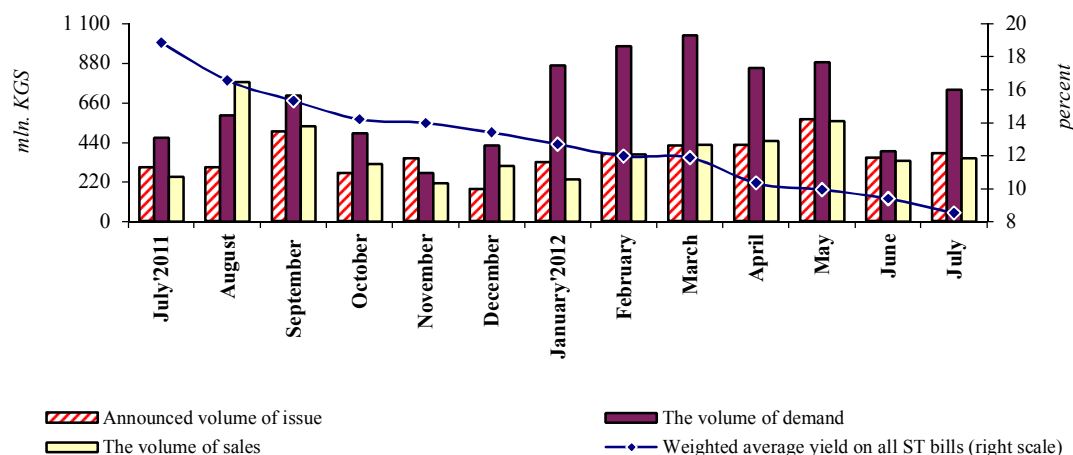


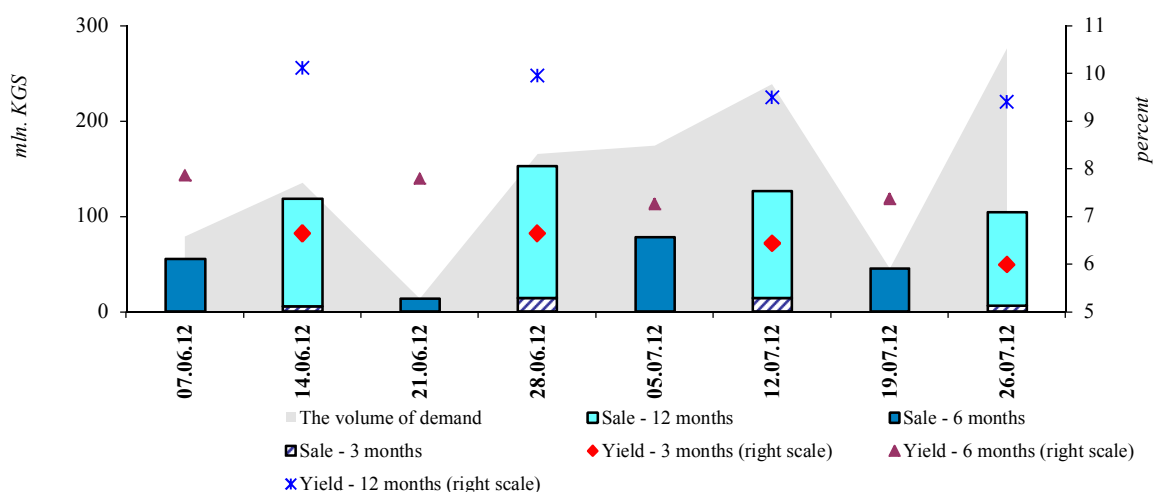
## Market of state treasury bills (July 2012)

**Graph 1. Demand and placement of state treasury bills**



The cumulative placement of state treasury bills in July rose slightly compared with the previous month, having formed at 352.6 million KGS (+3.9 percent), mainly due to growth in sales in the segment of 6-month securities, which reached 122.6 million KGS against 68.6 million KGS in June. 3-month securities sales also rose (+4.7 percent), accounting for 20.0 million KGS, while the rate of placement of 12-month securities, by contrast, fell by 16.6 percent to 210.0 million KGS. The cumulative average monthly yield of state treasury bills in this period constituted 8.5 percent, having decreased over the month by 0.9 percentage points due to lower yield on all types of securities in the amount of: 6.3 percent on 3-month state treasury bills (-0.3 percentage points), 7.3 percent - on 6-month state treasury bills (-0.5 percentage points) and 9.4 percent - on 12-month state treasury bills (-0.6 percentage points).

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



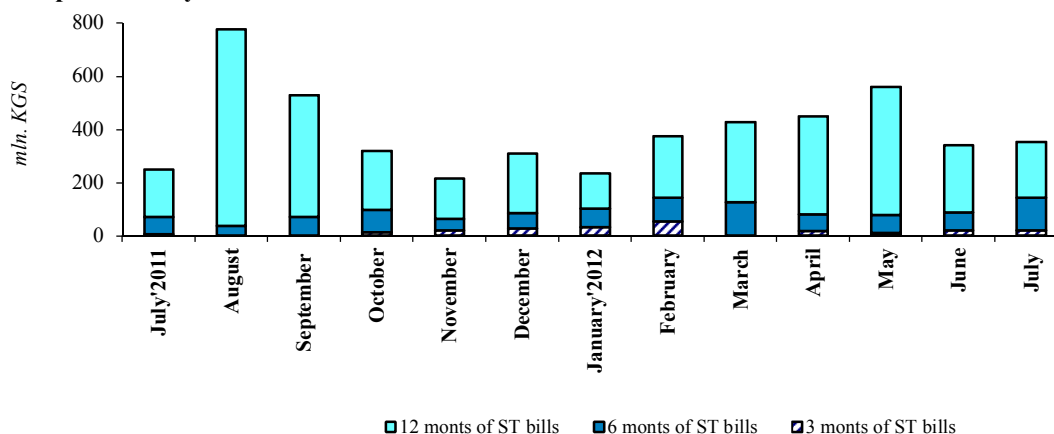
The average auction<sup>1</sup> volume of demand in July constituted 183.4 million KGS, having increased by 86.9 percent compared to the previous month; the average auction volume of sales rose by 3.9 percent to 88.2 million KGS.

The value of the budget deficit net financing in July rose by 2.2 times to 236.8 million KGS. In period under review, the Ministry of Finance redeemed state treasury bills valued at 232.6 million KGS. At the same time, the effectiveness of the state treasury bills market since the

<sup>1</sup> 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.

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 July inclusive, constituted 31.3 percent, having risen compared to the same period of the end of June to 4.4 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 July in the amount of 157 days, which is 4 days shorter than a previous month (in June, duration decreased by 10 days).

**Graph 3. The dynamics of sales of ST bills**



In July, compared with the previous month, the volume of state treasury bills in circulation has risen to 4.4 billion KGS (+5.8 percent). Despite the continued growth of quantitative indicators of portfolio of both commercial banks and institutional investors, the aggregate share of the first participants decreased by 2.4 percentage points to 75.5 percent, while the share of institutional investors, however, increased by 2.9 percentage points, reaching 21.9 percent. The share of the remaining market participants represented by individual residents and non-residents, and the resident companies, in the amount not to exceed the three percent per month, decreased by 0.5 percentage points, continuing a downward trend, which began in February this year.

In the secondary market of state treasury bills, there were two operations on purchase and sale of securities to maturity, made between commercial banks, for a total amount of 4.2 million KGS. The weighted average yield of securities with maturities of 136 days, which are the subject of such transactions in the secondary market, amounted to 7.0 percent per annum.

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

Period	Weighted average yield	By types of urgency		
		3-moth ST bills	6-moth ST bills	12-moth ST bills
July'2011	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
July	8.5	6.3	7.3	9.4

"-" all announced auctions were declared invalid

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

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Ddate	TOTAL	Including											
		NBKR		Commercial Banks		Institutional Investor		Resident Individuals		Resident companies		Non-resident individuals	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
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%
01.08.2012	4,358,327.0	0.0	0%	3,288,649.3	75.5%	953,330.3	21.9%	13,843.2	0.3%	101,424.2	2.3%	1,080.0	0.02%