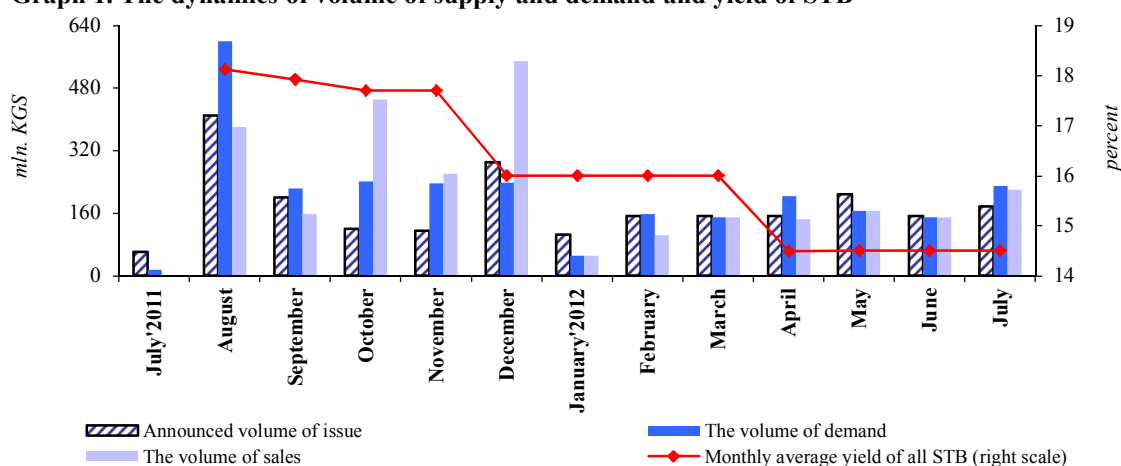


Market of state treasury bonds (July 2012)

According to the practice established in the current year, in July, one auction on the placement of treasury bonds of the Ministry of Finance on the primary market was held, as the results of which market participants purchased securities totaling 220.0 million KGS, which is 46.6 percent higher than the previous month. Thus, despite the fact that the initially announced issue volume amounted to only 177.0 million KGS, the issuer decided to satisfy most of the demand for securities. A significant part of the placed STB in the amount of 77.3 percent of total sales accounted for a large commercial bank, which is one of the main investors in the market in question. The remaining securities went to another bidder represented by one of the institutional investors engaging actively in the process of buying securities in the previous month. As a result of the July auction, the weighted average yield of STB placed on the market was 14.5 percent, remaining at this level for the fourth month in a row.

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



In July, the volume of STB in circulation amounted to 3.4 billion KGS, having increased over the month by 6.8 percent. At the same time, an increase in the share of commercial banks by 1.0 percentage points (to 62.7 percent) was observed due to the equivalent reduction of proportion of institutional investors, decreasing to 37.1 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 0.36, 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.

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.

Table 1. The structure of the 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
July'2011	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%
July	3,449,700.0	0.0	0.0%	2,164,368.9	62.7%	1,281,183.9	37.1%	4,105.2	0.1%