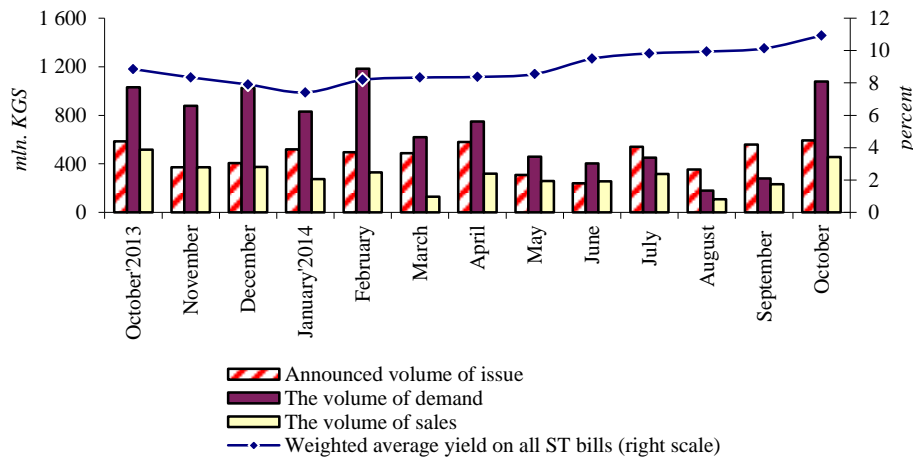


Market of State Treasury Bills (October 2014)

Graph 1. Demand and placement of state treasury bills

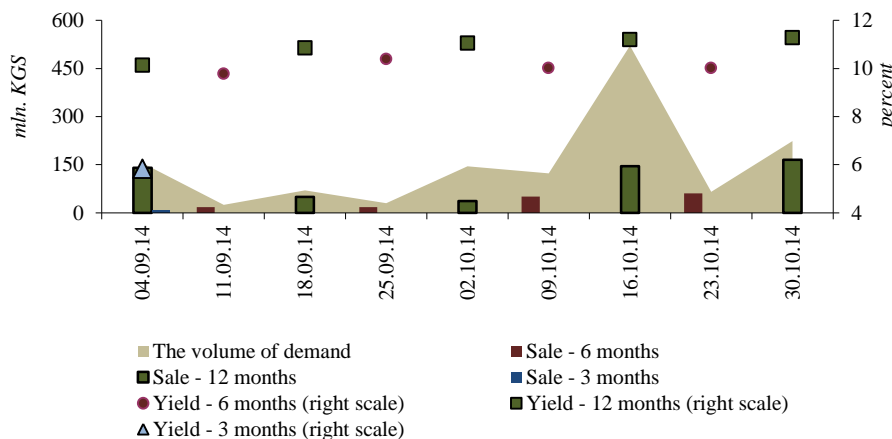


In the reporting period, as compared with the previous month, the volume of supply of government treasury bills of the Ministry of Finance was increased by 6.0 percent and constituted 591.5 million KGS.

The volume of demand increased by 3.9 percent, to 1.1 billion KGS, due to increase in the activity of institutional investors in this segment of the financial market. At the same time, the sales of 6-month STBills increased by 3.2 times, to 111.0 million KGS, and 12-month STBills – by 82.2 percent, to 346.3 million KGS. There was no demand for 3-month bills on the part of market participants due to short-term resource base.

The overall weighted average yield on all types of STBills in the reporting period was observed at a rate of 10.9 percent, by having increased by 0.8 percentage points over the month. The yield on 6-month securities was 10.0 percent (-0.1 percentage points), on 12-month securities constituted 11.2 percent (+0.9 percentage points).

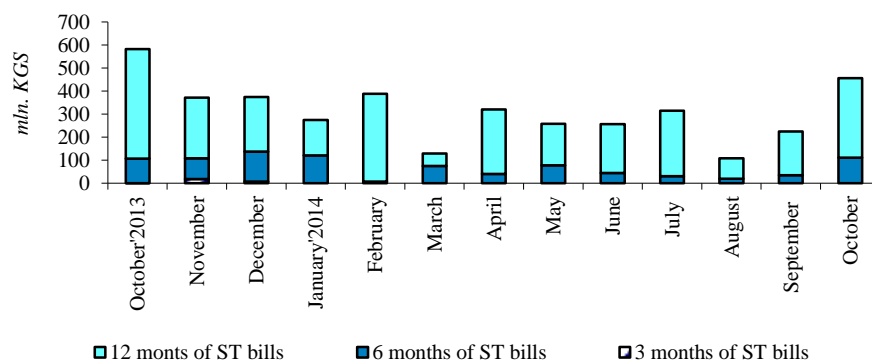
Graph 2. The dynamics of volume of supply and demand and yield of STB



The average auction volume of demand amounted to 215.6 million KGS, by having increased by 3.1 times as compared to the previous month, the average auction volume of sales – by 57.0 percent, to 91.5 million KGS.

The net financing of the budget deficit within the month under consideration was formed at the rate of (-) 73.9 million KGS thank to bills. In the reporting period, the Ministry of Finance redeemed previously issued STBills in the amount of 342.4 million KGS (+19.3 percent). In this regard, market efficiency of STBills from the beginning of the year calculated as the ratio of the total value of net financing to total sales at actual cost amounted to (-)65.2 percent.

Graph 3. The dynamics of sales of ST bills



The duration index within the reporting month increased from 155 to 157 days through decreasing the share of 12-month STBills in the total volume of issued STBills.

In the reporting period, as compared to the previous month, the volume of STBills in circulation decreased to 3.0 billion KGS (-2.6 percent): the share of principal holders of STBills – commercial banks decreased by 2.6 percentage points, to 68.4 percent over the month. The share of institutional investors was 29.5 percent (+2.6 percentage points). The share of resident legal entities remained at the previous level and amounted to 2.0 percent, and the share of individuals was not significant.

In the reporting period, no transactions with STBills were carried out in the secondary market.

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

Period	Weighted average yield	By types of urgency		
		3-month ST bills	6-month ST bills	12-month ST bills
October'2013	8,9	4,5	6,5	9,5
November	8,3	4,9	6,4	9,3
December	7,9	4,5	6,2	8,9
January'2014	7,4	-	6,1	8,4
February	8,2	4,5	-	8,3
March	8,3	-	7,9	9,0
April	8,4	-	7,3	8,5
May	8,6	-	7,5	9,0
June	9,5	-	8,5	9,7
July	9,8	-	9,0	9,9
August	9,9	-	9,4	10,1
September	10,1	5,8	10,1	10,3
October	10,9	-	10,0	11,2

"-" all announced auctions were declared invalid

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

thous. KGS

Date	TOTAL	including							
		Commercial Banks		Institutional Investor		Resident Individuals		Resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.11.2013	4 706 640,0	3 474 129,5	73,8%	579 863,3	12,3%	3 494,2	0,1%	569 153,0	12,1%
01.12.2013	4 562 140,0	3 502 372,1	76,8%	587 863,3	12,9%	3 494,2	0,1%	468 410,4	10,3%
01.01.2014	4 662 740,0	3 539 040,3	75,9%	664 263,4	14,2%	3 494,2	0,1%	455 942,1	9,8%
01.02.2014	4 490 490,0	3 366 701,5	75,0%	631 313,4	14,1%	3 494,2	0,1%	488 980,9	10,9%
01.03.2014	4 420 490,0	3 415 779,0	77,3%	698 641,2	15,8%	3 494,2	0,1%	302 575,6	6,8%
01.04.2014	4 049 410,0	3 096 123,4	76,5%	716 556,8	17,7%	3 494,2	0,1%	233 235,6	5,8%
01.05.2014	3 945 410,0	3 014 351,7	76,4%	769 808,3	19,5%	750,0	0,0%	160 500,0	4,1%
01.06.2014	3 733 550,0	2 775 476,7	74,3%	795 678,3	21,3%	1 400,0	0,0%	160 995,0	4,3%
01.07.2014	3 360 300,0	2 529 906,7	75,3%	683 068,3	20,3%	1 400,0	0,0%	145 925,0	4,3%
01.08.2014	3 393 700,0	2 515 653,0	74,1%	814 382,0	24,0%	1 400,0	0,0%	62 265,0	1,8%
01.09.2014	3 137 510,0	2 350 153,0	74,9%	751 332,0	23,9%	1 400,0	0,0%	34 625,0	1,1%
01.10.2014	3 060 110,0	2 175 413,0	71,1%	822 132,0	26,9%	1 400,0	0,0%	61 165,0	2,0%
01.11.2014	2 979 360,0	2 039 143,0	68,4%	879 052,0	29,5%	1 000,0	0,0%	60 165,0	2,0%