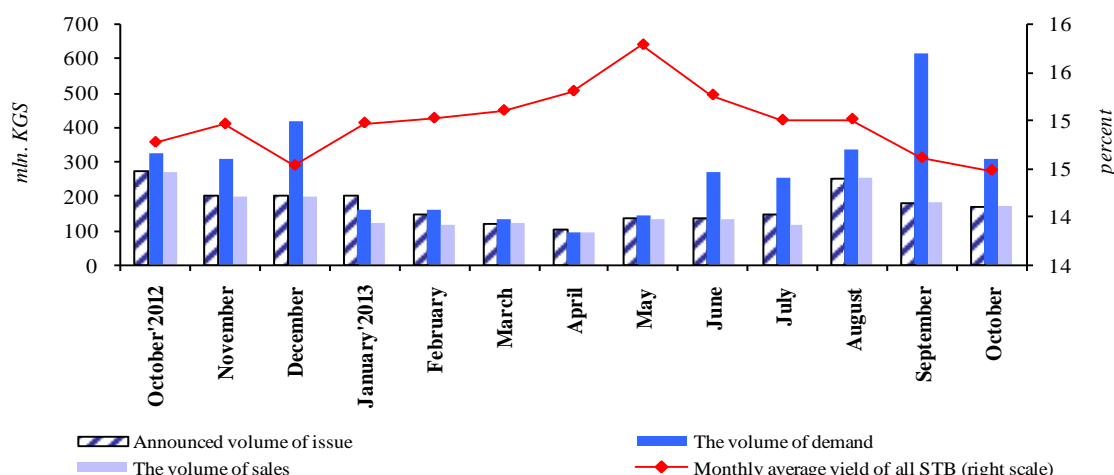


## Market of State Treasury Bonds (October, 2013)

In October there was one auction for settlement of the Ministry of finance Treasury bonds on the primary market. Market participants purchased the securities in the amount of 167.0 million soms that is lower than the previous month by 7.2 percent. Such decline in sales was a result of decrease in activity of commercial banks (one commercial bank was the most active), interest of institutional investors actively participated from June 2012 was at the same level.

Level of filled demand increased by 25.2 percentage points and amounted to 54.7 percent. At the same time securities yield declined slightly compared to the previous month (-0.1 percentage points), amounted to 14.5 percent. Despite of the relatively high yield of ST-bonds, the interest in this type of government securities by the majority of banks remains 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**



In October, the volume of ST-bonds in circulation fell to 5.4 billion soms (-4.9 percent). At the same time it was observed a decrease in the share of commercial banks by 4.3 percentage points (to 48.3 percent), the proportion of institutional investors has increased by 2.7 percentage points and developed at a rate of 50.0 percent. In October 2013 on the ST-bonds nonresident legal entities intensified their participation, with a share of 1.7 percent.

Over the month, the concentration index<sup>1</sup> of the ST-bonds primary market was 0.36 that 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 ST-bonds on the secondary market were not committed.

**Table 1. The structure of the STB holders at face value**

Date	TOTAL	Including									
		NBKR		Commercial Banks		Institutional Investors		Resident companies			
		Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
October 2012	4 362 550,0	0,0	0,0%	2 441 473,2	56,0%	1 917 874,6	44,0%	3 160,2	0,1%		
November	4 561 550,0	0,0	0,0%	2 476 473,2	54,3%	2 081 874,6	45,6%	3 160,2	0,1%		
December	4 750 550,0	0,0	0,0%	2 486 473,2	52,3%	2 260 874,6	47,6%	3 160,2	0,1%		
January 2013	4 841 300,0	0,0	0,0%	2 536 223,2	52,4%	2 301 874,6	47,5%	3 160,2	0,1%		
February	4 955 200,0	0,0	0,0%	2 650 123,2	53,5%	2 301 874,6	46,5%	3 160,2	0,1%		
March	5 075 200,0	0,0	0,0%	2 770 123,2	54,6%	2 301 874,6	45,4%	3 160,2	0,1%		
April	5 089 700,0	0,0	0,0%	2 784 623,2	54,7%	2 301 874,6	45,2%	3 160,2	0,1%		
May	5 107 700,0	0,0	0,0%	2 707 009,2	53,0%	2 397 488,6	46,9%	3 160,2	0,1%		
June	5 612 700,0	0,0	0,0%	2 796 903,1	49,8%	2 812 594,7	50,1%	3 160,2	0,1%		
July	5 728 700,0	0,0	0,0%	2 796 903,1	48,8%	2 928 594,7	51,1%	3 160,2	0,1%		
August	5 598 700,0	0,0	0,0%	2 838 031,9	50,7%	2 757 465,9	49,3%	3 160,2	0,1%		
September	5 720 480,0	0,0	0,0%	3 012 511,9	52,7%	2 704 765,9	47,3%	3 160,2	0,1%		
October	5 437 480,0	0,0	0,0%	2 627 076,6	48,3%	2 717 403,4	50,0%	3 000,0	0,1%		

<sup>1</sup> This index shows the degree of concentration of the securities in the portfolio of banks. The concentration index is calculated by the method of Herfindahl-Hirschman and represents the sum of the squares of the proportions of index in total volume. Possible index values are in the range from 0 to 1. Index value less than 0.10 corresponds to a low concentration level; from 0.10 to 0.18 – to an average level of concentration; over 0.18 – to 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 – of three participants, etc.