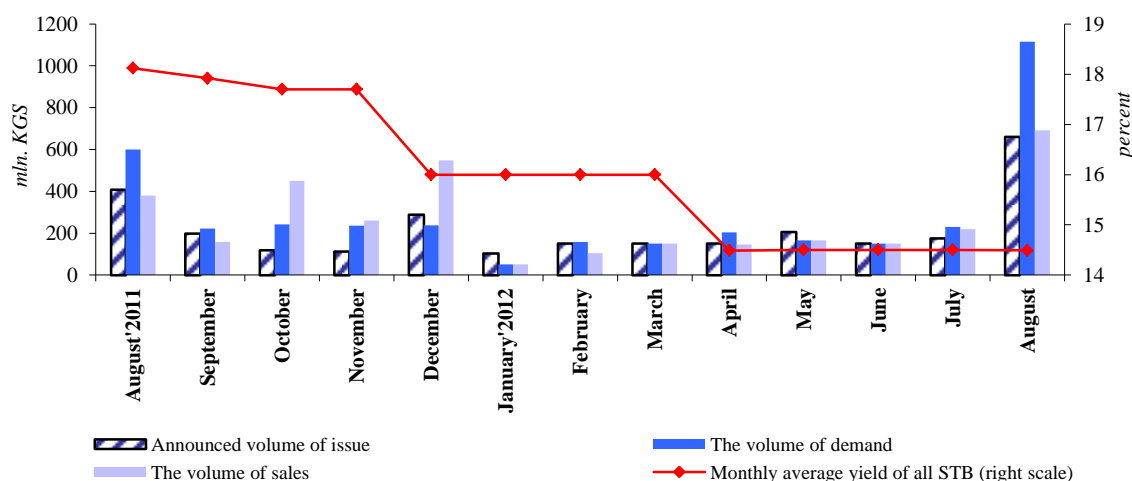


Market of state treasury bonds (August 2012)

In August, there were two auctions on placement of treasury bills of the Ministry of Finance on the primary market, by the results of this auction participants of the market purchased securities on the total amount of 691.8 mln. KGS, which is 3.1 times more than the analogous indicator of the previous month. Such increase in sales became possible by a significant increase in demand from one of the major players of the market – major commercial bank, which provided 82.8 percent of total monthly sales indicator. A significant part of the remaining securities was purchased by institutional investor, which keeps the activity on the market from June. The level of satisfied demand decreased to the minimum values from the beginning of the year and constituted 62.0 percent. At the same time yield of the securities stayed on the level of previous month of 14.5 percent. Despite the relatively high level of yield of STB, interest to this type of state securities by most commercial banks is still 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 August, the volume of STB in circulation amounted to 3.9 billion KGS, having increased over the month by 14.1 percent. At the same time, an increase in the share of commercial banks by 2.4 percentage points (to 65.1 percent), the share of institutional investors amounted 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 0.39, 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
August 2011	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%
August	3 936 450,0	0,0	0,0%	2 563 273,2	65,1%	1 369 974,6	34,8%	3 160,2	0,1%