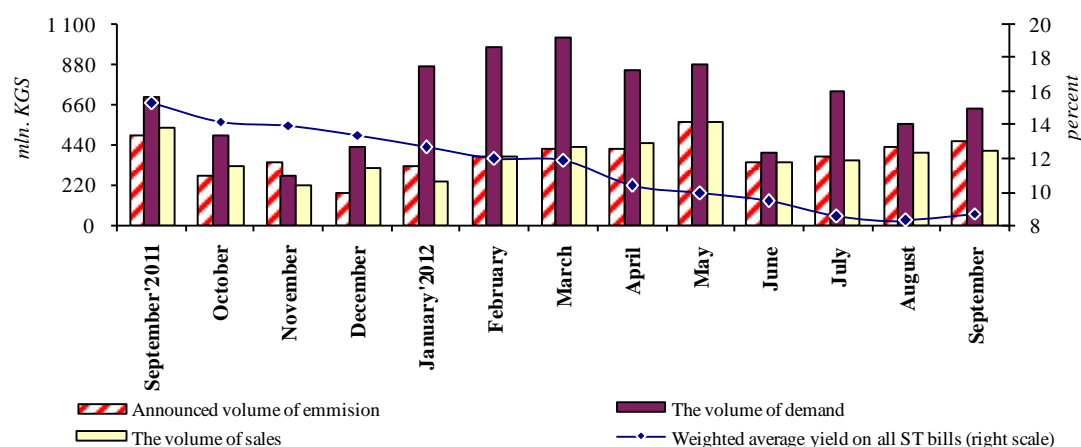


Market of state treasury bills (September 2012)

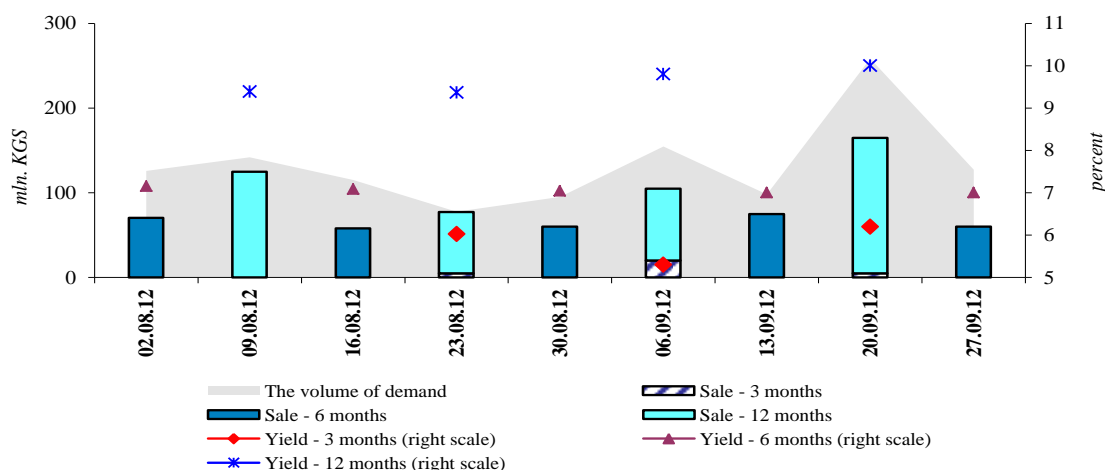
Graph 1. Demand and placement of state treasury bills



In September, the cumulative placement of state treasury bills of the Ministry of Finance increased by 3.6 percent, constituted 405.0 mln. KGS. The volume of demand constituted 638.4 mln. KGS, increased in a month by 14.9 percent. Activity of three commercial banks increased sales of 3-month STB in 5 times, which constituted 25.0 mln KGS. In the segment of 12-month STB, four commercial banks increased sales in a month by 24.2 percent, which constituted 245.0 mln. KGS. At the same time sales of 6-month STB, declined to 135.0 mln. KGS (-28.4 percent). The overall average yield for all types of STB in the period under review constituted at a level of 8.7 percent, increased in a month by 0.5 percentage points. Yield of 12-month securities increased by 0.5 percent (9.9 percent). Average monthly yield of 3-month STB in September declined by 0.5 percent and constituted 5.5 percent, 6-month STB by 0.1 and constituted 7.0 percent.

The average auction¹ volume of demand in September constituted 159.6 million KGS, having increased by 43.6 percent compared to the previous month; the average auction volume of sales also increased by 29.6 percent to 101.3 million KGS.

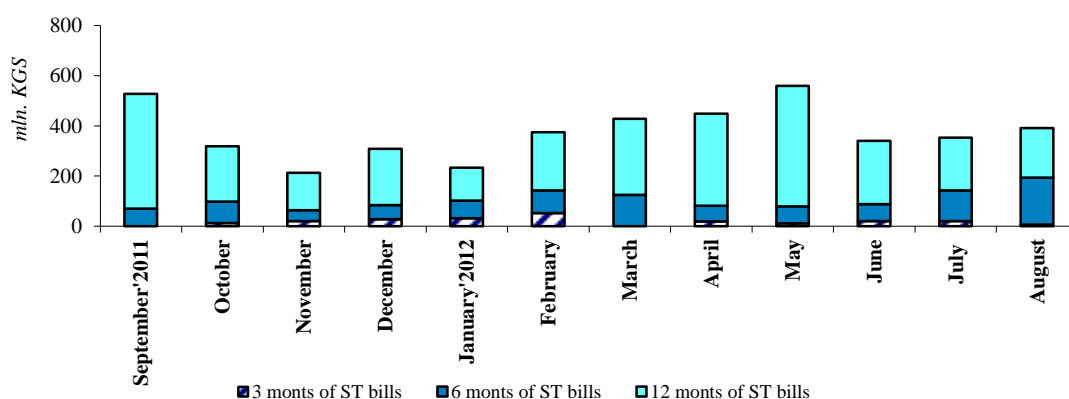
Graph 2. The dynamics of demand and sales and yield of the ST bills



The value of the budget deficit net financing in September decreased to -38.6 million KGS. In the period under review, the Ministry of Finance redeemed state treasury bills valued at 416.3 million KGS. The effectiveness of the state treasury bills market since the beginning of the year, calculated as the ratio of the total value of net financing to total sales at actual cost, decreased compared to the end of August by 2.7 percentage points, constituted 10.3 percent. Duration index grew in a month from 170 days to 173 days by increasing the proportion of 12-month STB.

¹ 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.

Graph 3. The dynamics of sales of ST bills



In August, compared to the previous month, the volume of state treasury bills in circulation has decreased to 3.8 billion KGS (-1.7) percent: the decline has affected portfolios of all major groups of securities holders except for non-resident individuals, having non-significant share in a total amount of securities in circulation. Comparing the share of portfolios of holders of STB, increase in the share of commercial banks from 82.0 to 82.1 was noted, while the share of second largest group of holders of securities, institutional investors, decreased by 0.3 percentage points, to 16.1 percent. Share of resident legal entities constituted 1.6 percent (+0.2 percentage points). Share of resident individuals has not changed in a month and constituted 0.2 percent. In the period under review operations with STB on the secondary market did not occur.

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

Period	Weighted average yield	By types of urgency		
		3-month ST bills	6-month ST bills	12-month ST bills
September'2011	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
August	8,2	6,0	7,1	9,4
September	8,7	5,5	7,0	9,9

"-" all announced auctions were declared invalid

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

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Date	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
01.10.2011	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%
01.09.2012	3 850 475,0	0,0	0%	3 156 830,1	82,0%	631 022,4	16,4%	8 565,8	0,2%	52 976,7	1,4%	1 080,0	0,03%
01.10.2012	3 783 180,0	0,0	0%	3 104 572,8	82,1%	610 877,4	16,1%	7 601,3	0,2%	59 048,5	1,6%	1 080,0	0,03%