

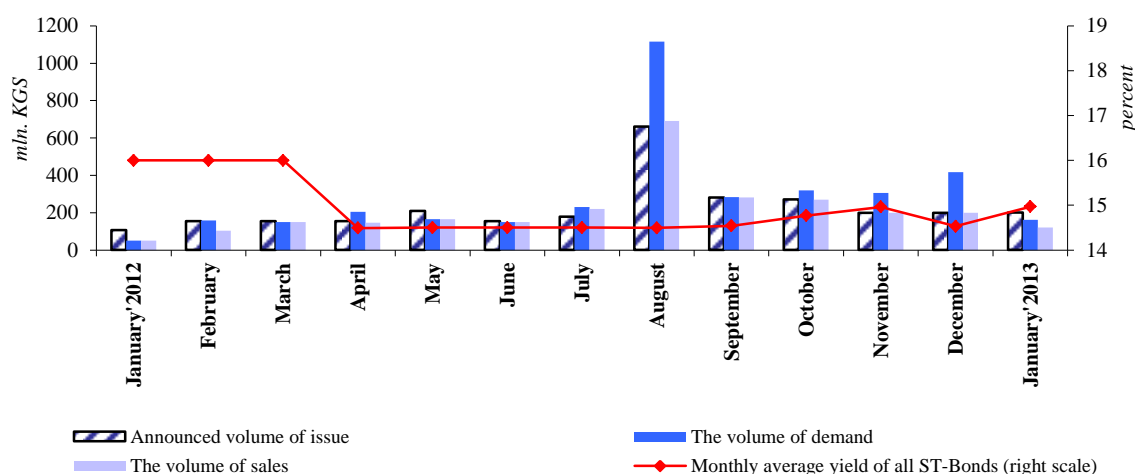
Market of State Treasury Bonds

(January 2013)

In January one auction held on the Treasury Bonds of the Ministry of Finance in the primary market. Participants of the market have purchased securities to the amount of KGS 200.0 million, an increase compared to the previous month at 0.5 percent. Such an increase in sales was a result of increased activity on the part of commercial banks (three commercial banks have expressed interest), interest from the institutional investor, participated actively in June 2012, remained at a high level.

The level of satisfied demand increased by 56.1 percent and constituted 74.5 percent. The yield of securities increased by 0.5 percentage points, constituted 15.0 percent. Despite the relatively high rate of yield on ST-Bonds, 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 ST-Bonds



In January, the volume of ST-Bonds in circulation reached KGS 4.8 billion, having increased over the month by 1.9 percent. In this case, there was a slight decline in the proportion of institutional investors by 0.1 percentage points (to 47.5 percent), the share of commercial banks increased by 0.1 percent and formed at 52.4 percent. The share of resident legal entities, as before, stood at 0.1 percent.

Over the month, the concentration index¹ of the primary market of ST-Bonds constituted 0.44, indicating a high level of concentration and corresponds to the presence of two investors in the market with equal shares.

In the period under review operations with ST-Bonds in the secondary market will 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 ST-Bonds holders at face value

thous. KGS

Date	TOTAL	Including							
		NBKR		Commercial Banks		Institutional Investors		Resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
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'2012	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%
September	4 092 450,0	0,0	0,0%	2 441 373,2	59,7%	1 647 874,6	40,3%	3 160,2	0,1%
October	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%