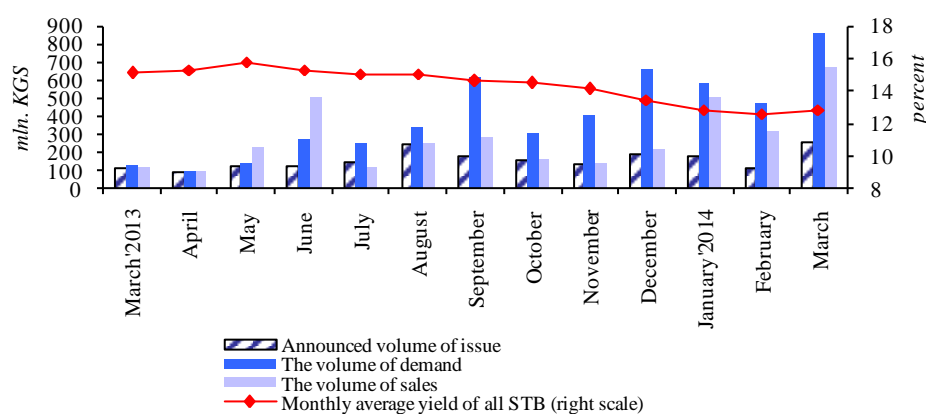


Market of State Treasury Bonds (March 2014)

In March, there was one auction on placement and one additional placement of the Treasury Bonds of the Ministry of Finance on the primary market. Participants of the market purchased securities to the amount of KGS 665.0 million, which was by 3.1 times higher than the analogous indicator of the previous month. Such increase in sales was a result of slight increase of activity on the part of commercial banks (one commercial bank was the most active). The level of satisfactory demand increased by 5.8 percentage points and constituted 31.1 percent. Meanwhile, the yield of securities increased by 0.3 percentage points compared to the same indicator of the previous month and constituted 12.9 percent. In the period under review there was increase in demand for these securities to KGS 853.1 million (+82.7 percent).

Graph 1. The dynamics of volume of supply and demand and yield of ST-Bonds



In March, the volume of ST-Bonds in circulation increased to KGS 5.9 billion (+9.1 percent). At the same time, the share of commercial banks decreased by 4.2 percentage points (to 52.0 percent), the share of institutional investors increased by 4.2 percentage points and formed in the amount of 48.0 percent. The share of resident legal entities remained at the level of previous month of 0.1 percent. NBKR, non-resident legal entities and individuals did not purchase these securities.

Over a month, the concentration index ¹ of the ST-Bonds primary market constituted 0.32, which indicates a high level of concentration and corresponds to the presence of three investors with equal shares.

In the period under review operations with ST-Bonds in the secondary market were not conducted.

¹ This index indicates the degree of concentration of the securities in the portfolio of banks. Concentration index is calculated by the Herfindahl-Herschman 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 lower 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						
		Commercial Banks		Institutional Investors		Resident companies	
		Amount	Share	Amount	Share	Amount	Share
March'2013	5 075 200,0	2 770 123,2	54,6%	2 301 874,6	45,4%	3 160,2	0,1%
April	5 089 700,0	2 784 623,2	54,7%	2 301 874,6	45,2%	3 160,2	0,1%
May	5 107 700,0	2 707 009,2	53,0%	2 397 488,6	46,9%	3 160,2	0,1%
June	5 612 700,0	2 796 903,1	49,8%	2 812 594,7	50,1%	3 160,2	0,1%
July	5 728 700,0	2 796 903,1	48,8%	2 928 594,7	51,1%	3 160,2	0,1%
August	5 598 700,0	2 838 031,9	50,7%	2 757 465,9	49,3%	3 160,2	0,1%
September	5 720 480,0	3 012 511,9	52,7%	2 704 765,9	47,3%	3 160,2	0,1%
October	5 437 480,0	2 627 076,6	48,3%	2 717 403,4	50,0%	3 000,0	0,1%
November	5 318 580,0	2 635 176,6	49,5%	2 588 703,4	48,7%	4 700,0	0,1%
December	5 740 680,0	3 431 385,9	59,8%	2 214 594,1	38,6%	4 700,0	0,1%
January'2014	5 785 280,0	3 374 033,5	58,3%	2 315 546,5	40,0%	5 700,0	0,1%
February	5 425 380,0	3 047 712,1	56,2%	2 371 967,9	43,7%	5 700,0	0,1%
Mapr	5 916 280,0	3 073 612,1	52,0%	2 836 967,9	48,0%	5 700,0	0,1%