Market of State Treasury Bonds
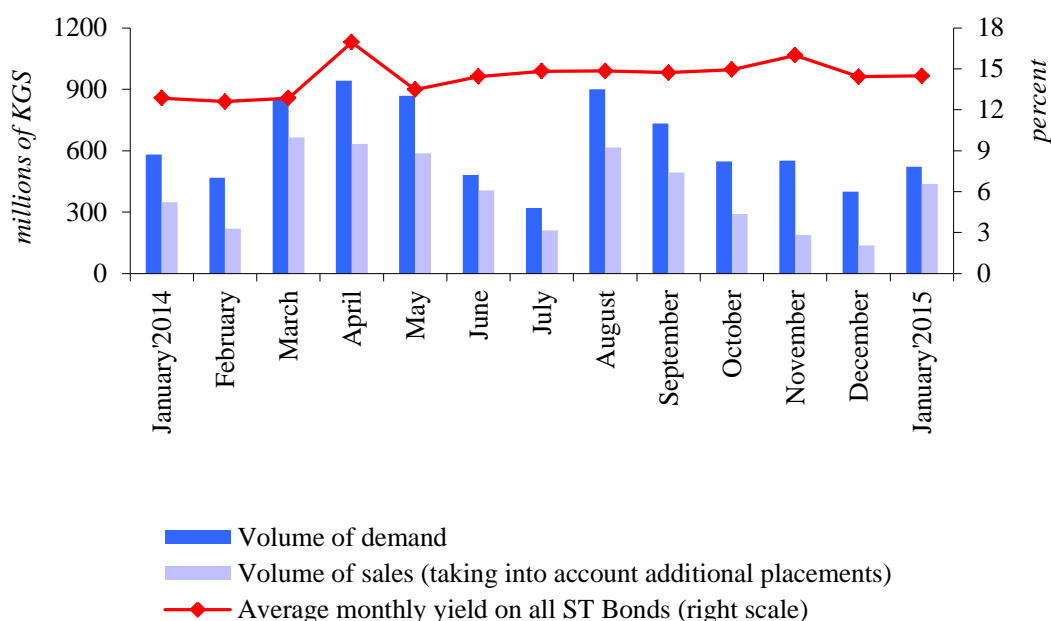*(January 2015)*

Chart 1. Dynamics of Volume of Supply, Demand and Yield of ST Bonds

- Volume of demand
- Volume of sales (taking into account additional placements)
- Average monthly yield on all ST Bonds (right scale)

In the reporting period, two auctions on placement of treasury bonds of the Ministry of Finance of the Kyrgyz Republic and one additional placement were held at the primary market. The total amount of the announced ST Bonds issue amounted to KGS 442.8 million having increased by 2.6 times as compared to the previous month, whereas the amount of additional placement made KGS 75.1 million. In the reporting period, the Ministry of Finance offered only 2-year ST Bonds. Finally, market participants purchased securities to the amount of KGS 456.9 million having increased by 3.3 times as compared to the previous month. Such increase in the volume of sales resulted from some increase in the interest from commercial banks and institutional investors. The volume of demand amounted to KGS 520.8 million (+30.4 percent). Meanwhile, the level of filled demand amounted to 73.3 percent.

The overall average monthly yield on ST Bonds in the reporting period was formed at the rate of 14.5 percent having increased by 0.1 percentage points over the month.

Chart 2. Dynamics of Volume of Demand, Sales and Yield of ST Bonds

- Sale - 2-year ST Bonds
- Yield - 2-year ST Bonds (right scale)
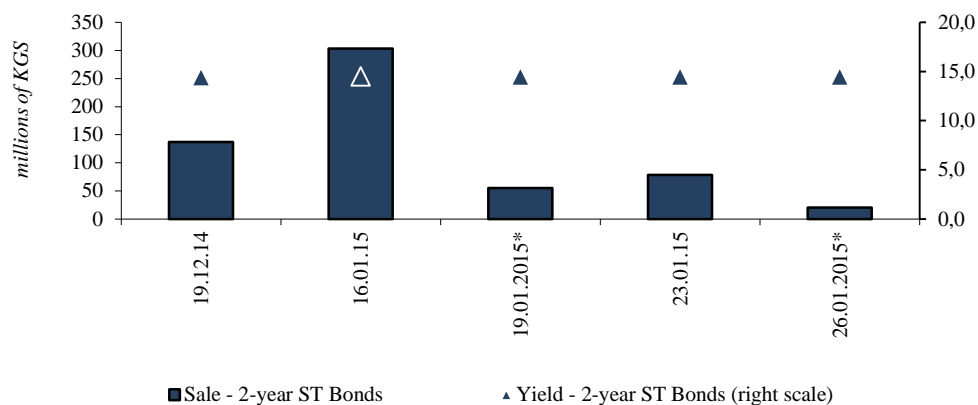
The volume of ST Bonds in circulation increased to KGS 7.5 billion (+4.7 percent). At the same time, the share of core shareholders - institutional investors remained the same at the rate of to 52.1 percent. The share of commercial banks, on the other hand, decreased by 0.8

percentage points and developed at a rate of 47.0 percent. The share of resident legal entities still remained at the level of 0.1 percent. In the reporting period, the share of non-resident legal entities made 0.8 percent.

Over the month, the concentration index[1] of the primary market of ST Bonds was 0.31, which indicates a high level of concentration and corresponds to the presence of the three investors with equal shares at the market.

In the reporting period, no transactions with ST Bonds were carried out at the secondary market.

Table 1. Structure of ST Bonds Holders at Face Value

thousands of KGS

Date	TOTAL	Commercial Banks		Institutional Investors		Resident Individuals		Resident Legal Entities		Non-Resident Legal Entities	
01.02.2014	5 785 280,0	3 374 033,5	58,3%	2 315 546,5	40,0%	0,0	0,0%	5 700,0	0,1%	90 000,0	1,6%
01.03.2014	5 425 380,0	3 047 712,1	56,2%	2 371 967,9	43,7%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.04.2014	5 916 280,0	3 073 612,1	52,0%	2 836 967,9	48,0%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.05.2014	6 404 580,0	2 939 877,8	45,9%	3 459 002,2	54,0%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.06.2014	6 826 480,0	3 161 885,4	46,3%	3 658 894,6	53,6%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.07.2014	7 081 360,0	3 195 535,4	45,1%	3 880 124,6	54,8%	0,0	0,0%	5 700,0	0,1%	0,0	0,0%
01.08.2014	7 071 350,0	3 275 785,4	46,3%	3 788 864,6	53,6%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.09.2014	6 994 600,0	3 084 681,3	44,1%	3 903 218,7	55,8%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.10.2014	7 208 100,0	3 318 252,5	46,0%	3 883 147,5	53,9%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.11.2014	7 229 000,0	3 368 300,4	46,6%	3 853 999,6	53,3%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.12.2014	7 218 400,0	3 390 223,4	47,0%	3 821 476,6	52,9%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.01.2015	7 156 300,0	3 420 223,4	47,8%	3 729 376,6	52,1%	0,0	0,0%	6 700,0	0,1%	0,0	0,0%
01.02.2015	7 493 150,0	3 523 928,0	47,0%	3 902 472,0	52,1%	50,0	0,0%	6 700,0	0,1%	60 000,0	0,8%

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[1] This index indicated to the degree of concentration of securities in the bank portfolio. The concentration index is calculated with the use of the Herfindahl-Hirschman method, by adding index share squares in the total volume. The index values vary from 0 to 1. Index value below 0.10 corresponds to the low value of concentration, from 0.10 to 0.18 – to the medium level; and above 0.18 – to the high level of concentration. For example, the concentration index of 0.50 is equivalent to the presence of 2 market players with equal shares; 0.30 – to the presence of 3 players, etc.