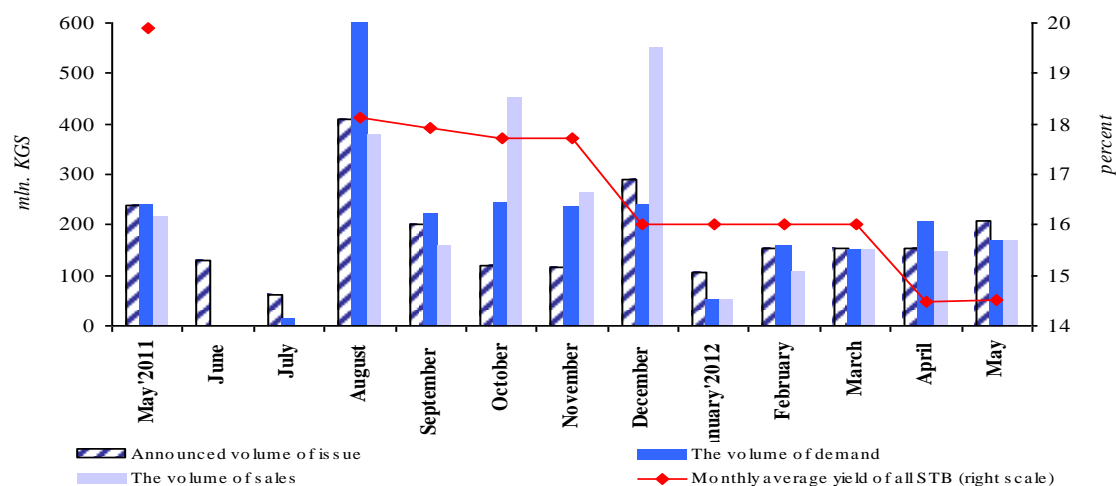


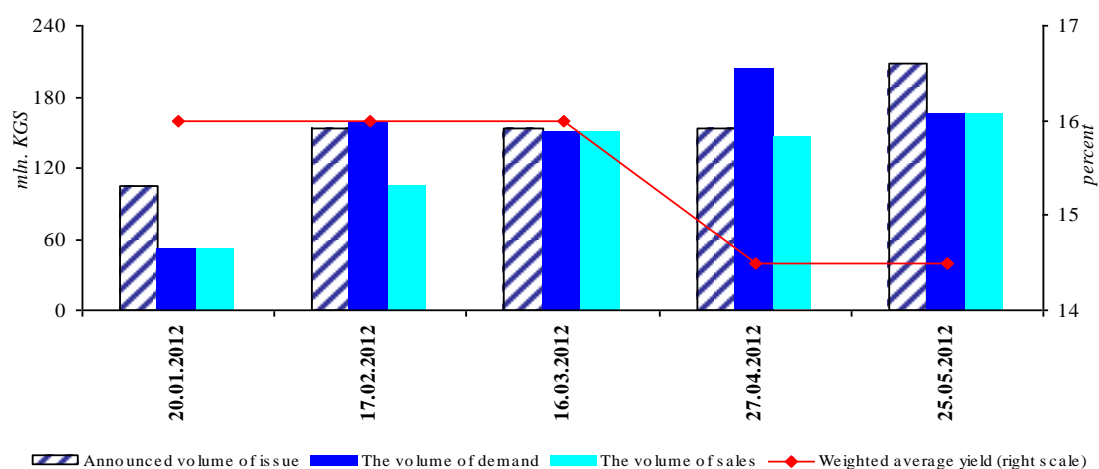
## Market of State Treasury Bonds (May 2012)

In May one auction of treasury bonds of the Ministry of finance in the primary market was held. According to the results of the auction, market participants purchased securities at the amount of 166.1 million KGS, which is by 14.0 percent higher than in the previous month. The main share fell under one of the largest commercial banks, which purchased 90.3 percent of total sales. Yield of securities remained at the April level of 14.5 percent.

**Graph 1. The dynamics of volume of supply and demand and yield of STB**



**Graph 2. Dynamics of volume of demand and supply and yield of STB auctions**



In May 2012, the volume of STBonds in circulation amounted to 3.2 billion KGS having increased over the month by 2.8 percent. The share of commercial banks increased by 1.0 percentage points (to 64.9 percent) due to an equivalent decrease in the proportion of institutional investors to 35.0 percent. The share of resident legal entities remained at the level of 0.1 percent.

According to the result of the month<sup>1</sup>, the concentration index of the primary market of STBonds, as in the previous month, was at 0.50 that indicates to a high level of concentration and corresponds to the presence of two investors with equal shares in the market.

In the reporting period, no transactions of commercial banks in the secondary market of STBonds on the purchase / sale of securities before the maturity took place.

<sup>1</sup> 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 0.5 is equivalent to the presence of 2 market players with equal shares, 0.3 – to the presence of 3 players, 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		
May'2011	2,213,792.0	0.0	0.0%	1,661,706.5	75.1%	549,140.5	24.8%	2,945.0	0.1%		
June	2,213,792.0	0.0	0.0%	1,661,706.5	75.1%	549,140.5	24.8%	2,945.0	0.1%		
July	2,213,792.0	70,685.7	3.2%	1,661,706.5	75.1%	478,454.8	21.6%	2,945.0	0.1%		
August	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%		