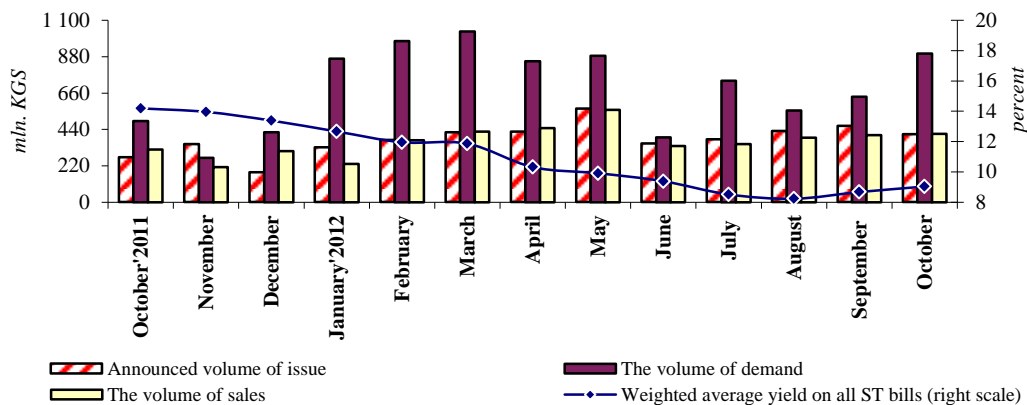


## Market of State Treasury Bills (October 2012)

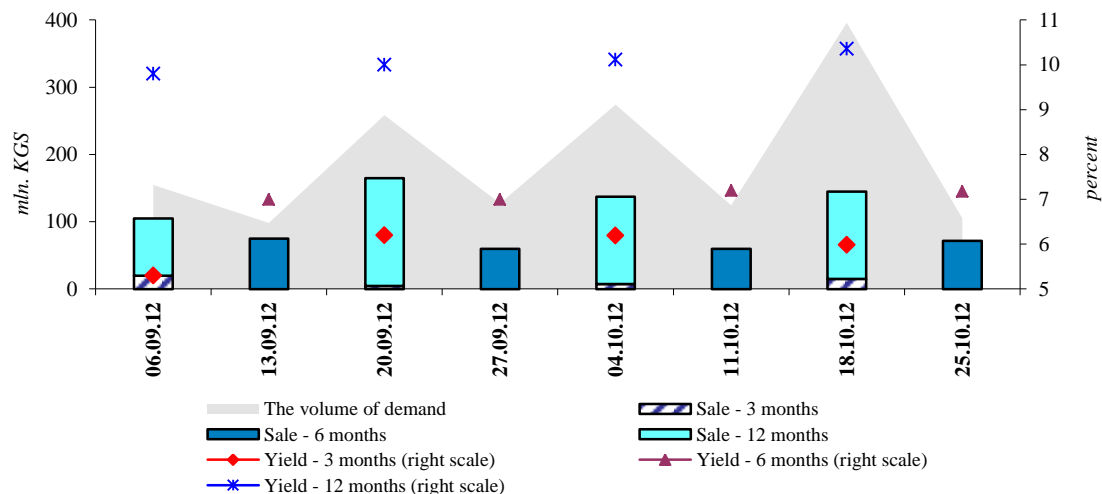
**Graph 1. Demand and placement of state treasury bills**



In October, the cumulative placement of state treasury bills of the Ministry of Finance increased by 2.3 percent to KGS 414.5 million. The volume of demand amounted to KGS 899.3 billion, increased during the month by 40.9 percent. Sales of 3-month ST-Bills, due to lower activity of commercial banks decreased by 10.0 percent and amounted to KGS 22.5 million. Sales of 6-month ST-Bills also declined by 2.2 percent to 132.0 million. In the segment of 12-month ST-Bills interest from three commercial banks increased sales during the month by 6.1 percent, accounting for KGS 260.0 million.

The overall average yield for all types of ST-Bills in the period under review constituted at a level of 9.0 percent, increased in a month by 0.4 percentage point. The yield of 12-month paper in October increased by 0.3 percentage points (10.2 percent). The average month yield of 6-month ST-Bills decreased by 0.2 percentage points and amounted to 7.2 percent, 3-month ST-Bills - by 0.5 percentage points and amounted to 6.1 percent.

**Graph 2. The dynamics of demand and sales and yield of the ST-Bills**



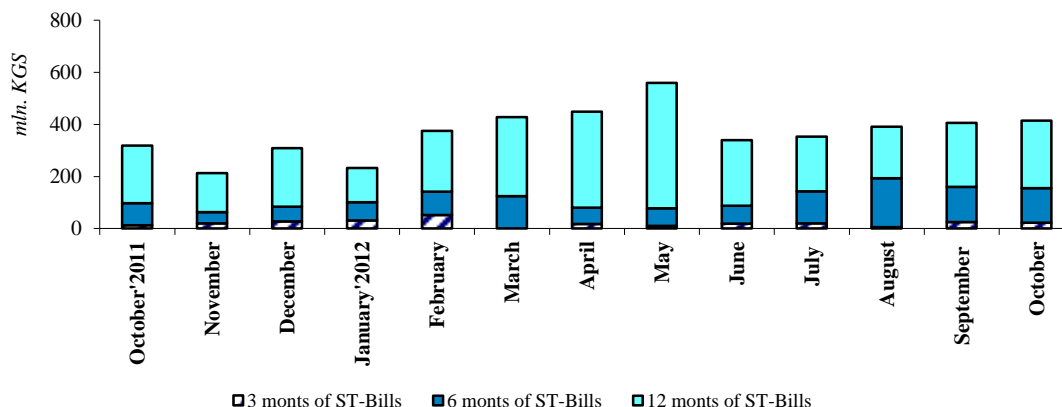
The average auction<sup>1</sup> volume of demand in October constituted KGS 224.8 million, having increased by 40.9 percent compared to the previous month; average auction volume of sales also increased by 2.3 percent to KGS 103.6 million.

The value of the budget deficit net financing in October increased to KGS 55.1 million. In

<sup>1</sup> This indicator is used instead of the total demand/supply for the month, as the number of auctions for the month is volatile variable.

the period under review, the Ministry of Finance redeemed ST-Bills valued at KGS 388.0 million. In this connection, the effectiveness of the ST-Bills market since the beginning of the year, calculated as the ratio of the total value of net financing to total sales at actual face, increased compared to the end of September by 0.3 percentage points, constituted 10.5 percent.

**Graph 3. The dynamics of sales of ST-Bills**



Duration index increased in a month from 173 days to 175 days, due to the increase of share of 12-month ST-Bills.

In October, compared to the previous month, the volume of ST-Bills in circulation has increased to KGS 3.8 billion (+1.1 percent): the increase has affected portfolios of all main groups of holders of securities, except resident individuals and resident legal entities. The share of non-resident individuals with a small share of the total securities in circulation also has not changed. The share comparison of portfolios of holders of ST-Bills, a slight increase in the share of commercial banks from 82.1 to 82.0 was noted, while the share of the second group by volume of holders of ST-Bills in the person of institutional investors increased by 0.5 percentage points to

**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
October'2011	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
October	9,0	6,1	7,2	10,2

"-" all announced auctions were declared invalid

16.6 percent. The share of resident individuals constituted 1.2 percent (-0.4 percentage points). The share of resident individuals for the month also decreased by 0.1 percentage points and constituted 0.1 percent.

In the period under review operations with ST-Bills on the secondary market were not occurred.

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
01.11.2011	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%
01.11.2012	3 824 430,0	0,0	0%	3 136 291,6	82,0%	636 080,9	16,6%	5 034,0	0,1%	45 943,5	1,2%	1 080,0	0,03%