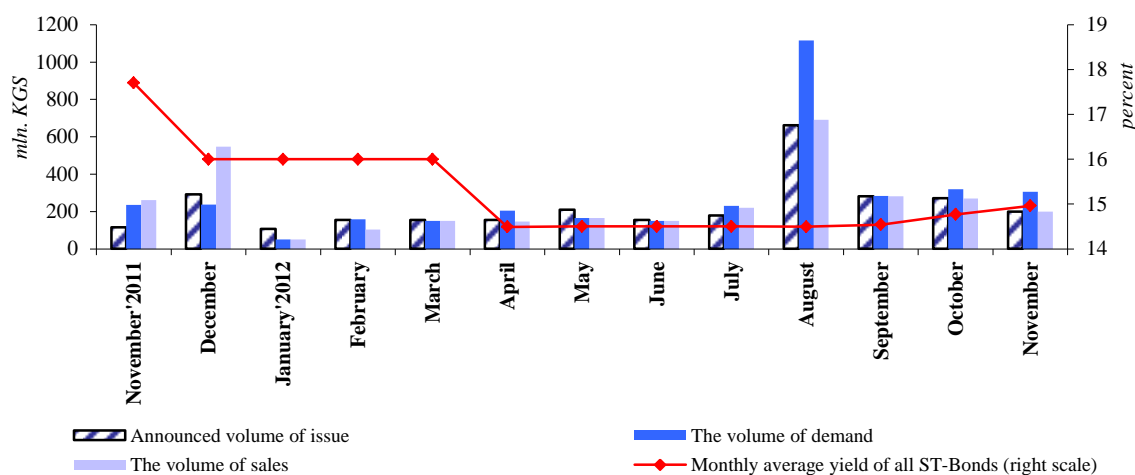


Market of State Treasury Bonds (November 2012)

In November, there was one auction on placement of treasury bonds of the Ministry of Finance on the primary market, by the results of this auction participants of the market purchased securities on the total amount of KGS 199.0 mln. which is by 26.6 percent lower than the analogous indicator of the previous month. Such a decrease in sales was the result of decreasing the activity of commercial banks (only two commercial banks have expressed interest), despite an increase in interest from the institutional investor, participated actively in June 2012. The level of satisfied demand decreased to 19.1 percent and constituted 65.2 percent. At the same time yield of the securities increased at 1.3 percentage points, constituted 15.0 percent. Despite the relatively high level of yield of ST-Bonds, interest to this type of state securities by most commercial banks is still 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 November, the volume of ST-Bonds in circulation amounted to KGS 4.6 billion, having increased over the month by 4.6 percent. At the same time, an increase in the share of institutional investors by 1.6 percentage points (to 45.6 percent), the share of commercial banks decreased to 3.0 percent and formed to the amount of 54.3 percent. A share of resident legal entities continued to be at the level of 0.1 percent.

Over the month, the concentration index¹ of the ST-Bonds primary market constituted 0.48, which indicates a high level of concentration and corresponds to the presence of two investors with equal shares.

In the period under review, operations with ST-Bonds in the secondary market did 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	Amount	Share		
November 2011	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%		
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%		