

State Treasury Debt

Monthly newsletter

Warsaw, 21 January 2013

November 2012

At the end of November 2012 State Treasury (ST) debt amounted to PLN **801,089.4** million (about EUR 195.1bn / USD 253.6bn, with exchange rate of November 30, 2012: 1 EUR = 4.1064 PLN, 1 USD = 3.1585 PLN).

In comparison with October 2012 ST debt increased by PLN 5,690,7 million (0.7%). From December 2011 to November 2012 ST debt increased by PLN 29,961.9 million (3.9%).

Table 1 presents factors affecting change in ST debt. An increase in debt between the end of December 2011 and the end of November 2012 was mainly a result of financing the state budget deficit (increase of debt by PLN 30.4 bn). The increase of debt in November 2012 was mostly the result of increase of funds on the state budget account which stemmed from prefinancing of borrowing requirements for 2013.

Tables 2 and 3 present – respectively – the breakdown of ST debt by instrument and by holder.

Table 1. Factors affecting change in the State Treasury debt (PLN billion)

	Nov 2012 - Oct 2012	Nov 2012 - Dec 2011
Change in the State Treasury debt	5.7	30.0
1. State budget borrowing requirements, including:	0.0	33.5
1.1. State budget deficit	-3.7	30.4
1.2. European Union funds budget balance ¹⁾	0.1	1.6
1.3. Pension reform costs ²⁾	0.7	7.5
1.4. Proceeds from privatisation	0.4	-3.4
1.5. Management of public finance sector liquidity	-0.5	-5.1
1.6. Other borrowing requirements ³⁾	2.9	2.4
2. Changes not resulting from State budget borrowing requirements, including:	5.3	-3.8
2.1. FX rates movements	-2.3	-18.6
2.2. Other factors ⁴⁾	7.6	14.9
3. Change in other State Treasury debt	0.5	0.3

¹⁾ Deficit means the increase of State budget borrowing requirements.

²⁾ Funds transferred to Social Security Fund (FUS) as compensation for contributions transferred to open pension funds (OFE).

³⁾ Mainly: changes of balance of granted loans and prefinancing.

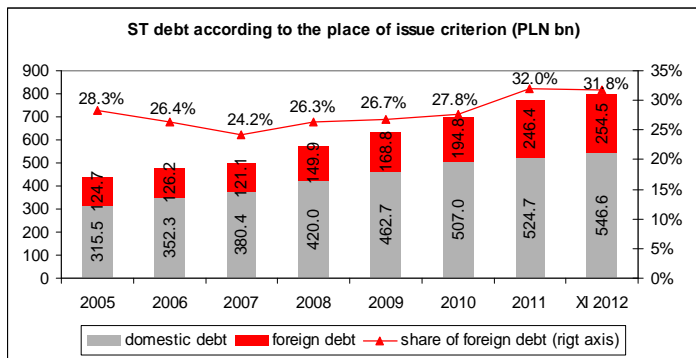
⁴⁾ Changes of debt caused by changes in budget account balance, TS discount, TS capitalisation and indexation.

Table 2. State Treasury debt by instrument (PLN million)

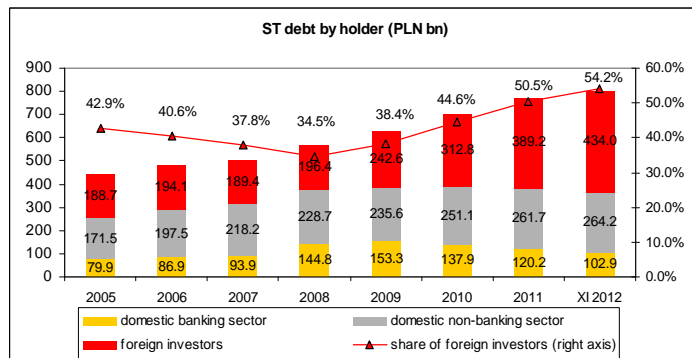
	Dec 2011	structure Dec 2011 %	Oct 2012	structure Oct 2012 %	Nov 2012	structure Nov 2012 %	change		change	
							Nov 2012 - Oct 2012		Nov 2012 - Dec 2011	
							PLN m	%	PLN m	%
State Treasury debt	771,127.5	100.0	795,398.7	100.0	801,089.4	100.0	5,690.7	0.7	29,961.9	3.9
I. Domestic ST debt	524,689.6	68.0	543,074.6	68.3	546,86.2	68.2	3,511.6	0.6	21,896.6	4.2
1. Treasury Securities (TS) issued in domestic market	514,285.2	66.7	532,880.3	67.0	535,936.4	66.9	3,056.1	0.6	21,651.2	4.2
1.1. Marketable TS	507,225.2	65.8	525,495.0	66.1	528,559.0	66.0	3,064.0	0.6	21,333.8	4.2
- Treasury bills	12,013.8	1.6	9,665.4	1.2	8,333.3	1.0	-1,332.1	-13.8	-3,680.6	-30.6
- bonds	495,211.4	64.2	515,829.6	64.9	520,225.7	64.9	4,396.1	0.9	25,014.3	5.1
1.2. Savings bonds	7,060.0	0.9	7,385.3	0.9	7,377.4	0.9	-7.9	-0.1	317.4	4.5
2. Other ST debt	10,404.3	1.3	10,194.3	1.3	10,649.8	1.3	455.5	4.5	245.4	2.4
II. Foreign ST debt	246,438.0	32.0	252,324.1	31.7	254,503.3	31.8	2,179.2	0.9	8,065.3	3.3
1. TS issued in foreign markets	195,271.1	25.3	200,379.6	25.2	203,248.8	25.4	2,869.2	1.4	7,977.7	4.1
2. Loans	51,166.8	6.6	51,935.5	6.5	51,245.4	6.4	-690.1	-1.3	78.6	0.2
3. Other ST debt	0.0	0.0	9.1	0.0	9.1	0.0	0.0	0.0	9.1	272426

Table 3. State Treasury debt by holder (PLN million)

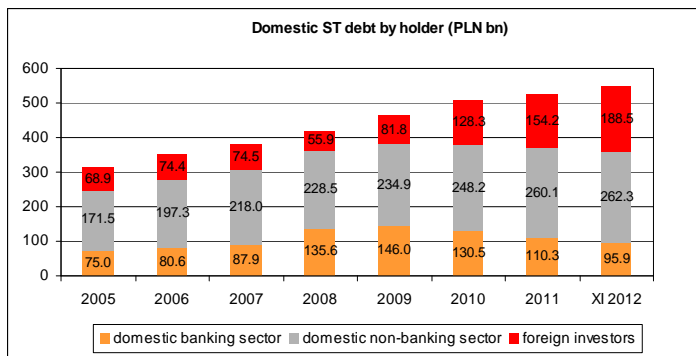
	Dec 2011	structure Dec 2011 %	Oct 2012	structure Oct 2012 %	Nov 2012	structure Nov 2012 %	change		change	
							Nov 2012 - Oct 2012		Nov 2012 - Dec 2011	
							PLN m	%	PLN m	%
State Treasury debt	771,127.5	100.0	795,398.7	100.0	801,089.4	100.0	5,690.7	0.7	29,961.9	3.9
I. State Treasury debt towards residents	382,135.1	49.6	364,753.6	45.9	367,043.3	45.8	2,289.8	0.6	-15,091.8	-3.9
Domestic banking sector	120,229.4	15.6	103,497.9	13.0	102,867.0	12.8	-630.9	-0.6	-17,362.4	-14.4
- domestic instruments	110,347.7	14.3	96,689.8	12.2	95,851.6	12.0	-838.2	-0.9	-14,496.1	-13.1
- foreign instruments	9,881.7	1.3	6,808.1	0.9	7,015.4	0.9	207.3	3.0	-2,866.3	-29.0
Domestic non-banking sector	261,905.7	34.0	261,255.6	32.8	264,176.3	33.0	2,920.7	1.1	2,270.6	0.9
- domestic instruments	260,115.0	33.7	259,280.4	32.6	262,279.1	32.7	2,998.8	1.2	2,164.1	0.8
- foreign instruments	1,790.7	0.2	1,975.3	0.2	1,897.2	0.2	-78.1	-4.0	106.5	5.9
II. State Treasury debt towards non-residents	388,992.4	50.4	430,645.1	54.1	434,046.1	54.2	3,401.0	0.8	45,053.7	11.6
- domestic instruments	154,226.9	20.0	187,104.4	23.5	188,455.5	23.5	1,351.1	0.7	34,228.5	22.2
- foreign instruments	234,765.5	30.4	243,540.7	30.6	245,590.7	30.7	2,049.9	0.8	10,825.2	4.6



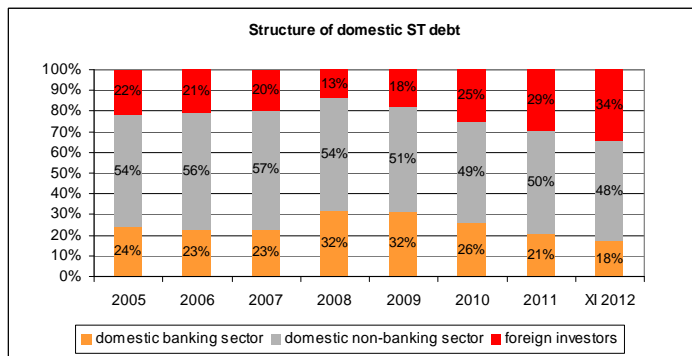
The share of foreign debt in total State Treasury debt decreased from 32.0% at the end of 2011 to 31.8% at the end of November 2012.



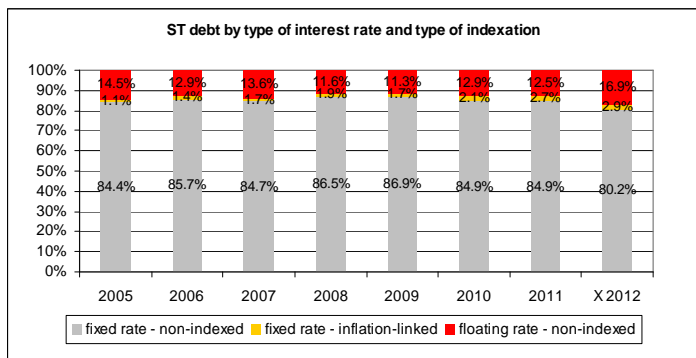
Between December 2008 and November 2012 the share of foreign investors (non-residents) in the State Treasury debt increased from 34.5% to 54.2%.



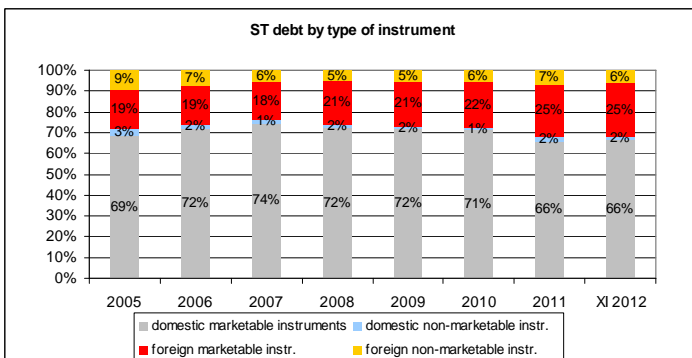
The most significant group of creditors (with the share in domestic debt of about 48%) is the domestic non-banking sector (primarily non-banking financial institutions).



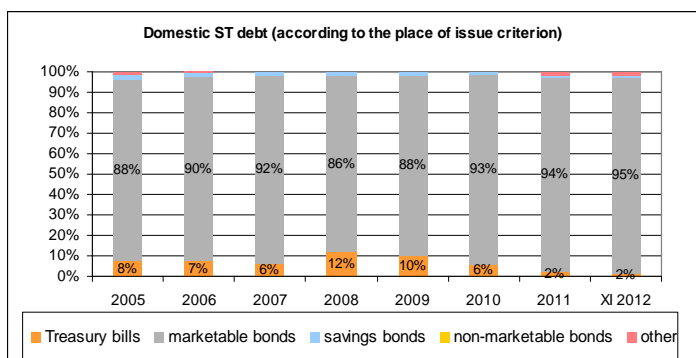
The share of foreign investors in the domestic debt increased from 13.3% at the end of 2008 to 34.5% at the end of November 2012.



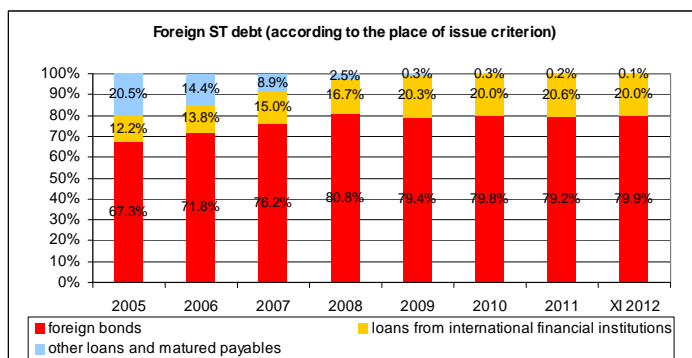
The vast majority of State Treasury debt is fixed-rate (83.1%), mostly non-indexed (fixed-income) instruments.



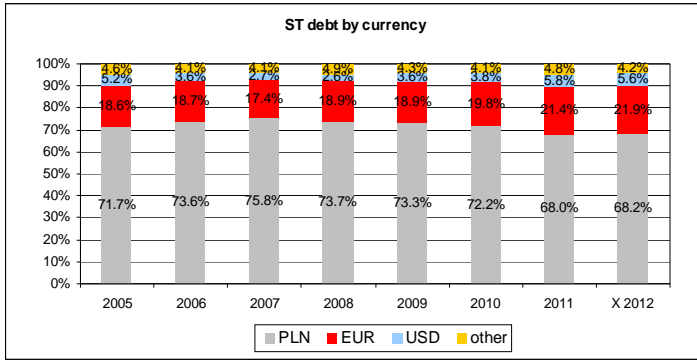
Non-marketable instruments, that collectively account for 9% of the State Treasury debt, include mainly foreign loans, deposits and savings bonds.



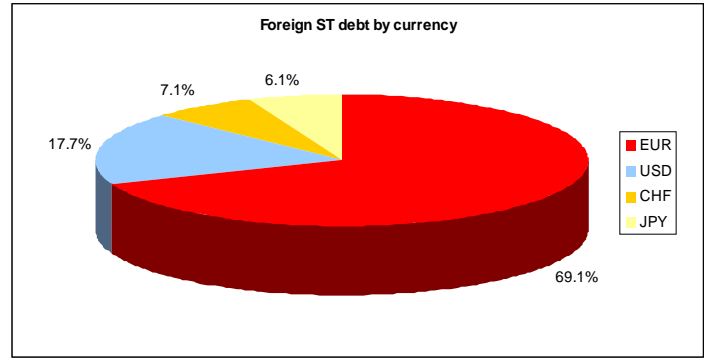
Marketable bonds are the vast majority (95.0%) of domestic debt. The share of Treasury bills decreased from 12.0% at the end of 2008 to 1.5% in November 2012.



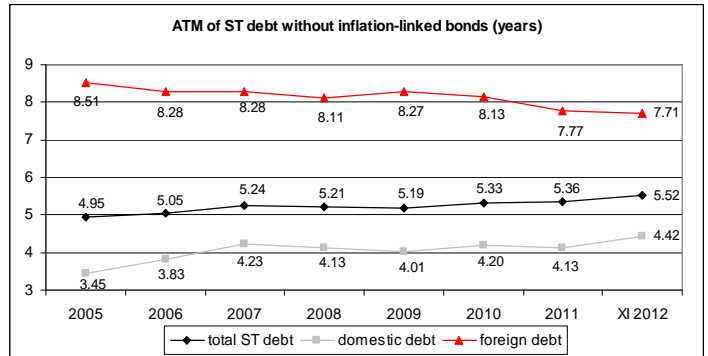
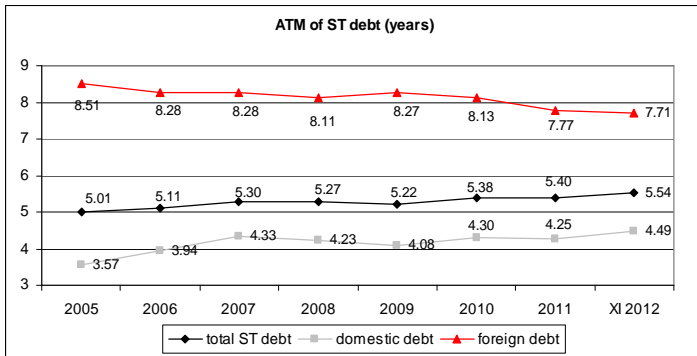
International bonds (79.9%) and loans from international financial institutions (20.0%) collectively account for 99.9% of foreign debt.



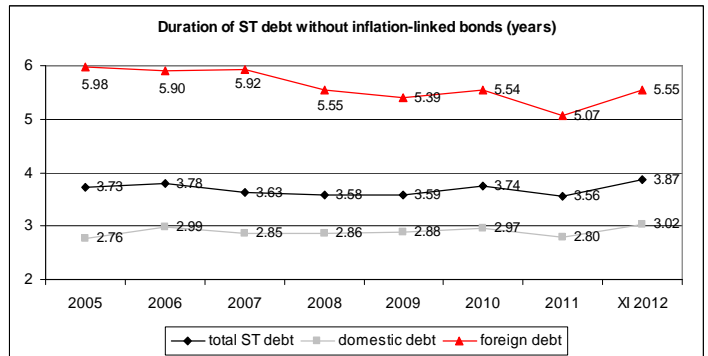
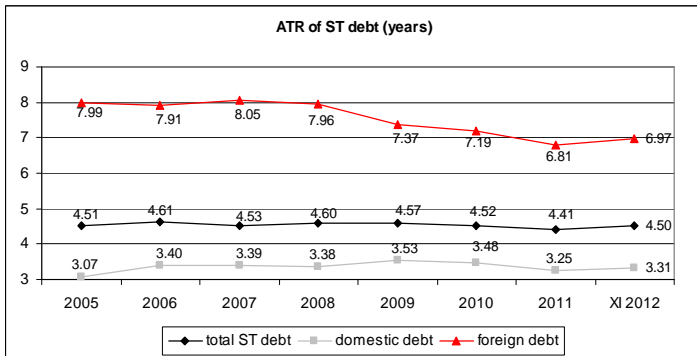
About 68% of State Treasury debt is denominated in Polish zloty. 21.9% of State Treasury debt is denominated in euro.



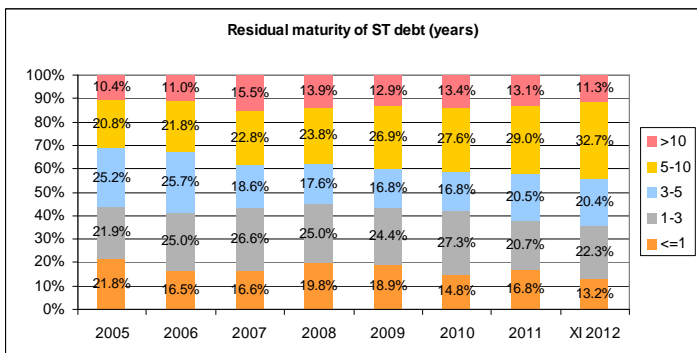
69.1% of foreign debt is denominated in euro.



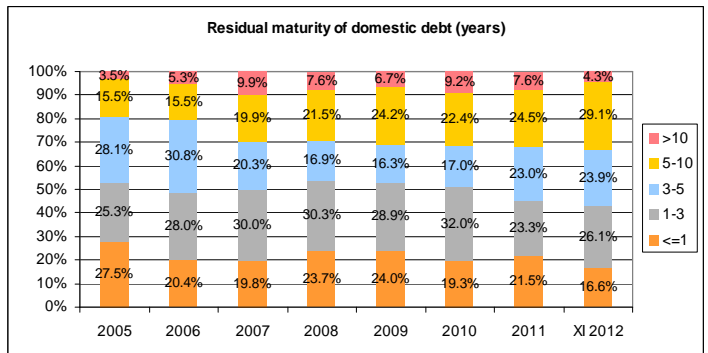
Between December 2005 and November 2012 the **refinancing risk** of State Treasury debt was reduced: average term to maturity (ATM) of State Treasury debt increased from 5.01 years to 5.54 years. In the same period ATM of domestic debt increased from 3.57 years to 4.49 years. ATM excluding inflation-linked bonds is currently close to ATM that includes inflation-linked bonds.



Average time to re-fixing (ATR) of State Treasury debt remained almost unchanged between December 2005 and November 2012. In the same period duration of domestic debt increased from 2.76 years to 3.02 years while duration of State Treasury debt increased from 3.73 years to 3.87 years. Both measures indicate a relatively stable level of **interest rate risk**.

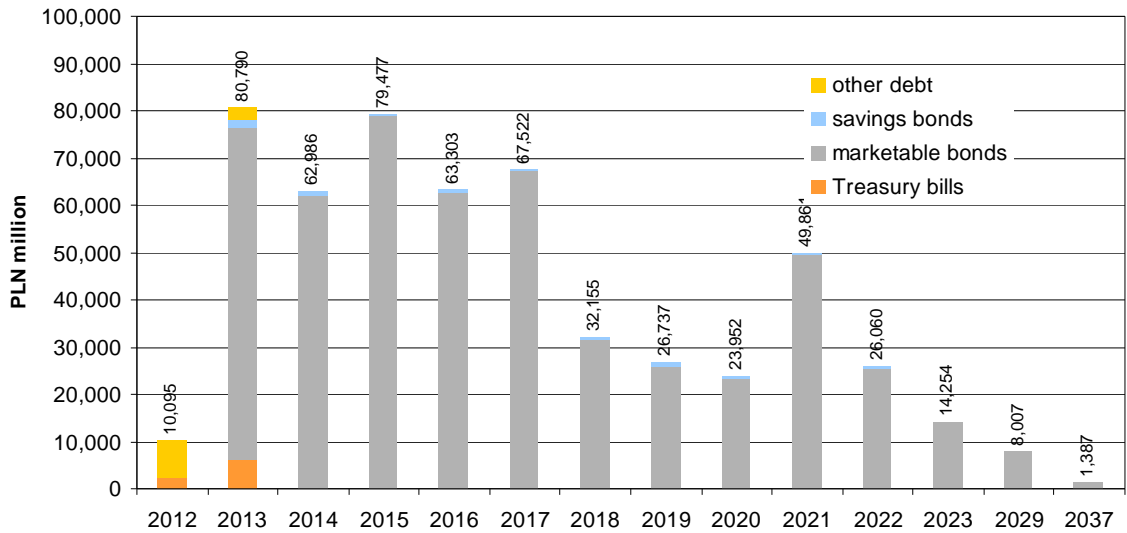


Debt with residual maturity of up to 3 years accounted for 35.5% of State Treasury debt while debt with residual maturity of up to 1 year accounted for 13.2% of State Treasury debt.

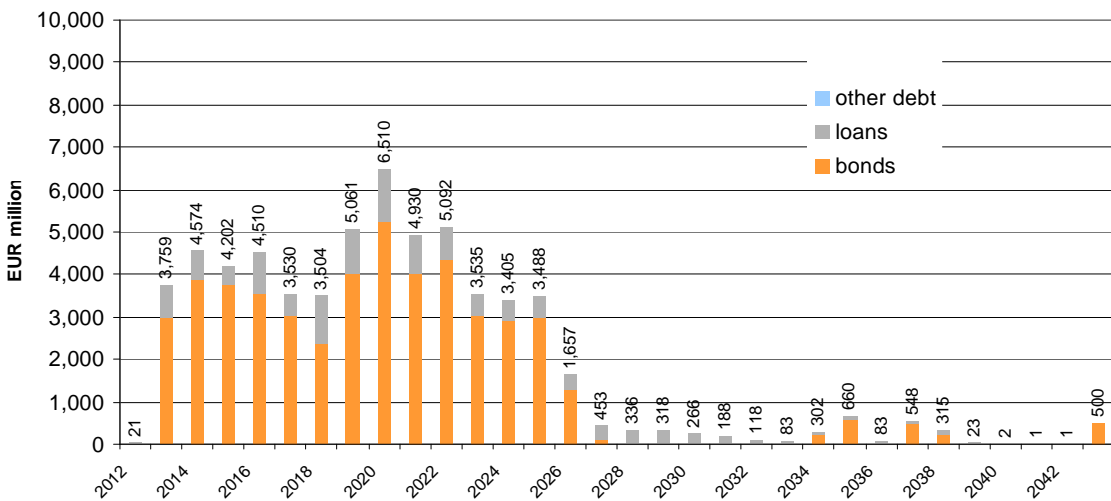


Debt with residual maturity of up to 3 years accounted for 42.7% of domestic debt while debt with residual maturity of up to 1 year accounted for 16.6% of domestic debt.

Maturity profile of domestic debt as at the end of November 2012



Maturity profile of foreign debt as at the end of November 2012



Maturity profile of ST debt as at the end of November 2012

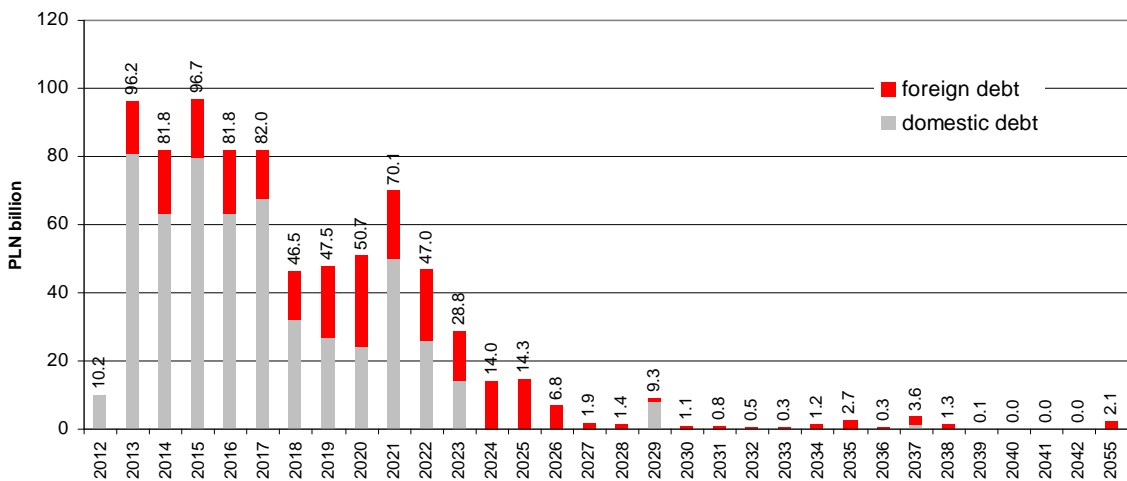


Table 4. State Treasury debt by instrument according to the place of issue criterion (PLN million)

	Dec 2011	structure Dec 2011 %	Oct 2012	structure Oct 2012 %	Nov 2012	structure Nov 2012 %	change		change	
							Nov 2012 - Oct 2012		Nov 2012 - Dec 2011	
							PLN m	%	PLN m	%
State Treasury Debt	771,127.5	100.0	795,398.7	100.0	801,089.4	100.0	5,690.7	0.7	29,961.9	3.9
I. Domestic debt	524,689.6	68.0	543,074.6	68.3	546,586.2	68.2	3,511.6	0.6	21,896.6	4.2
1. Treasury Securities issued in domestic market	514,285.2	66.7	532,880.3	67.0	535,936.4	66.9	3,056.1	0.6	21,651.2	4.2
1.1. Marketable securities	507,225.2	65.8	525,495.0	66.1	528,559.0	66.0	3,064.0	0.6	21,333.8	4.2
fixed rate	422,927.1	54.8	412,265.2	51.8	406,565.0	50.8	-5,700.2	-1.4	-16,362.1	-3.9
Treasury bills	12,013.8	1.6	9,665.4	1.2	8,333.3	1.0	-1,332.1	-13.8	-3,680.6	-30.6
OK bonds	108,785.5	14.1	66,626.6	8.4	56,696.6	7.1	-9,930.1	-14.9	-52,088.9	-47.9
PS bonds	135,561.9	17.6	148,103.0	18.6	152,207.4	19.0	4,104.3	2.8	16,645.5	12.3
DS bonds	133,150.7	17.3	153,178.5	19.3	154,636.1	19.3	1,457.6	1.0	21,485.4	16.1
WS bonds	33,415.2	4.3	34,691.6	4.4	34,691.6	4.3	0.0	0.0	1,276.4	3.8
fixed rate - inflation-linked	20,673.9	2.7	22,990.2	2.9	23,010.2	2.9	20.0	0.1	2,336.3	11.3
IZ bonds	20,673.9	2.7	22,990.2	2.9	23,010.2	2.9	20.0	0.1	2,336.3	11.3
floating rate	63,624.3	8.3	90,239.6	11.3	98,983.8	12.4	8,744.2	9.7	35,359.5	55.6
TZ bonds	590.2	0.1	528.9	0.1	494.6	0.1	-34.2	-6.5	-95.6	-16.2
WZ bonds	62,284.1	8.1	88,960.7	11.2	97,739.2	12.2	8,778.5	9.9	35,455.1	56.9
PP bonds	750.0	0.1	750.0	0.1	750.0	0.1	0.0	0.0	0.0	0.0
1.2. Savings bonds	7,060.0	0.9	7,385.3	0.9	7,377.4	0.9	-7.9	-0.1	317.4	4.5
fixed rate	2,312.9	0.3	1,896.7	0.2	1,839.6	0.2	-57.1	-3.0	-473.3	-20.5
DOS bonds	2,312.9	0.3	1,896.7	0.2	1,839.6	0.2	-57.1	-3.0	-473.3	-20.5
floating rate	4,747.1	0.6	5,488.6	0.7	5,537.8	0.7	49.2	0.9	790.7	16.7
TOZ bonds			59.2	0.0	76.0	0.0	16.8	28.4	76.0	-
COI bonds	1,798.4	0.2	1,821.3	0.2	1,818.5	0.2	-2.7	-0.1	20.2	1.1
EDO bonds	2,948.8	0.4	3,608.2	0.5	3,643.3	0.5	35.1	1.0	694.6	23.6
2. Other domestic debt	10,404.3	1.3	10,194.3	1.3	10,649.8	1.3	455.5	4.5	245.4	2.4
deposits of public finance sector entities	10,391.5	1.3	10,169.8	1.3	10,625.2	1.3	455.5	4.5	233.7	2.2
matured payables	9.3	0.0	21.0	0.0	21.0	0.0	0.0	0.0	11.7	125.2
other	3.5	0.0	3.5	0.0	3.5	0.0	0.0	0.0	0.1	1.9
II. Foreign debt	246,438.0	32.0	252,324.1	31.7	254,503.3	31.8	2,179.2	0.9	8,065.3	3.3
1. Treasury securities issued in international markets	195,271.1	25.3	200,379.6	25.2	203,248.8	25.4	2,869.2	1.4	7,977.7	4.1
1.1. Marketable securities	195,271.1	25.3	200,379.6	25.2	203,248.8	25.4	2,869.2	1.4	7,977.7	4.1
fixed rate	194,991.6	25.3	198,835.0	25.0	201,712.1	25.2	2,877.1	1.4	6,720.5	3.4
EUR	114,236.1	14.8	122,590.3	15.4	124,822.2	15.6	2,231.9	1.8	10,586.1	9.3
USD	43,947.4	5.7	45,164.5	5.7	44,850.7	5.6	-313.8	-0.7	903.3	2.1
CHF	18,893.2	2.5	16,867.6	2.1	16,788.3	2.1	-79.3	-0.5	-2,104.8	-11.1
JPY	17,914.9	2.3	14,212.5	1.8	15,250.8	1.9	1,038.3	7.3	-2,664.1	-14.9
floating rate	279.6	0.0	1,544.5	0.2	1,536.7	0.2	-7.8	-0.5	1,257.1	449.6
USD	279.6	0.0	260.2	0.0	258.4	0.0	-1.8	-0.7	-21.2	-7.6
CHF			1,284.3	0.2	1,278.3	0.2	-6.0	-0.5	1,278.3	-
2. Loans	51,166.8	6.6	51,935.5	6.5	51,245.4	6.4	-690.1	-1.3	78.6	0.2
fixed rate	23,799.5	3.1	21,953.7	2.8	21,681.7	2.7	-272.0	-1.2	-2,117.8	-8.9
EUR	23,340.8	3.0	21,683.3	2.7	21,422.5	2.7	-260.8	-1.2	-1,918.3	-8.2
USD	8.6	0.0	4.0	0.0	4.0	0.0	0.0	-0.7	-4.6	-53.8
JPY	450.1	0.1	266.3	0.0	255.2	0.0	-11.1	-4.2	-194.9	-43.3
floating rate	27,367.3	3.5	29,981.8	3.8	29,563.7	3.7	-418.1	-1.4	2,196.4	8.0
EUR	27,233.9	3.5	29,917.5	3.8	29,559.2	3.7	-358.2	-1.2	2,325.3	8.5
USD	133.4	0.0	64.3	0.0	4.5	0.0	-59.9	-93.1	-129.0	-96.7
3. Other foreign debt	0.0	0.0	9.1	0.0	9.1	0.0	0.0	0.0	9.1	272426.0

Table 7. State Treasury debt by instrument according to the place of issue criterion in EUR million

	Dec 2011	Oct 2012	Nov 2012	change		change	
				Nov 2012 - Oct 2012		Nov 2012 - Dec 2011	
				EUR m	%	EUR m	%
State Treasury debt	174,589.6	192,357.6	195,083.1	2,725.5	1.4%	20,493.5	11.7%
I. Domestic debt	118,794.1	131,336.1	133,105.9	1,769.9	1.3%	14,311.9	12.0%
1. Treasury Securities issued in domestic market	116,438.4	128,870.7	130,512.5	1,641.8	1.3%	14,074.0	12.1%
1.1. Marketable TS	114,840.0	127,084.6	128,715.9	1,631.3	1.3%	13,875.9	12.1%
- Treasury bills	2,720.0	2,337.5	2,029.3	-308.1	-13.2%	-690.7	-25.4%
- bonds issued in domestic market	112,119.9	124,747.2	126,686.6	1,939.4	1.6%	14,566.6	13.0%
1.2. Savings bonds	1,598.4	1,786.0	1,796.6	10.5	0.6%	198.1	12.4%
2. Other ST debt	2,355.6	2,465.4	2,593.5	128.1	5.2%	237.8	10.1%
II. Foreign debt	55,795.6	61,021.6	61,977.2	955.7	1.6%	6,181.6	11.1%
1. Treasury Securities issued in foreign markets	44,211.0	48,459.4	49,495.6	1,036.2	2.1%	5,284.6	12.0%
- Brady bonds	229.8	0.0	0.0	0.0	-	-229.8	-100.0%
- other bonds	43,981.2	48,459.4	49,495.6	1,036.2	2.1%	5,514.4	12.5%
2. Loans	11,584.6	12,560.0	12,479.4	-80.6	-0.6%	894.8	7.7%
1.1. Paris Club	61.5	36.5	35.2	-1.3	-3.5%	-26.3	-42.7%
1.2. International financial institutions	11,482.7	12,495.6	12,417.2	-78.3	-0.6%	934.6	8.1%
- World Bank	4,443.9	5,150.0	5,101.4	-48.6	-0.9%	657.5	14.8%
- European Investment Bank	6,859.1	7,161.1	7,142.2	-18.9	-0.3%	283.1	4.1%
- Council of Europe Development Bank	179.6	184.5	173.6	-10.9	-5.9%	-6.0	-3.3%
1.3. other loans	40.4	27.9	26.9	-1.0	-3.5%	-13.5	-33.4%
3. Other ST debt	0.0	2.2	2.2	0.0	0.7%	2.2	293026%
<i>FX rate (PLN/EUR)</i>	4.4168	4.1350	4.1064	-0.0286	-0.7%	-0.3104	-7.0%

Table 8. State Treasury debt by instrument according to the place of issue criterion in USD million

	Dec 2011	Sep 2012	Nov 2012	change		change	
				Nov 2012 - Sep 2012		Nov 2012 - Dec 2011	
				USD m	%	USD m	%
State Treasury debt	225,647.4	250,078.2	253,629.7	3,551.5	1.4%	27,982.3	12.4%
I. Domestic debt	153,534.7	170,746.0	173,052.4	2,306.5	1.4%	19,517.7	12.7%
1. Treasury Securities issued in domestic market	150,490.2	167,540.8	169,680.7	2,139.9	1.3%	19,190.5	12.8%
1.1. Marketable TS	148,424.3	165,218.8	167,344.9	2,126.1	1.3%	18,920.6	12.7%
- Treasury bills	3,515.5	3,038.9	2,638.4	-400.5	-13.2%	-877.1	-25.0%
- bonds issued in domestic market	144,908.8	162,180.0	164,706.6	2,526.6	1.6%	19,797.8	13.7%
1.2. Savings bonds	2,065.9	2,322.0	2,335.7	13.7	0.6%	269.8	13.1%
2. Other ST debt	3,044.5	3,205.1	3,371.8	166.6	5.2%	327.3	10.7%
II. Foreign debt	72,112.7	79,332.2	80,577.3	1,245.0	1.6%	8,464.6	11.7%
1. Treasury Securities issued in foreign markets	57,140.3	63,000.6	64,349.8	1,349.2	2.1%	7,209.5	12.6%
- Brady bonds	297.0	0.0	0.0	0.0	-	-297.0	-100.0%
- other bonds	56,843.3	63,000.6	64,349.8	1,349.2	2.1%	7,506.5	13.2%
2. Loans	14,972.4	16,328.8	16,224.6	-104.2	-0.6%	1,252.2	8.4%
1.1. Paris Club	79.5	47.5	45.8	-1.7	-3.5%	-33.7	-42.4%
1.2. International financial institutions	14,840.7	16,245.1	16,143.8	-101.3	-0.6%	1,303.1	8.8%
- World Bank	5,743.5	6,695.3	6,632.4	-62.9	-0.9%	888.9	15.5%
- European Investment Bank	8,865.0	9,309.9	9,285.7	-24.2	-0.3%	420.6	4.7%
- Council of Europe Development Bank	232.2	239.9	225.7	-14.1	-5.9%	-6.4	-2.8%
1.3. other loans	52.2	36.2	35.0	-1.3	-3.5%	-17.2	-33.0%
3. Other ST debt	0.0	2.9	2.9	0.0	0.7%	2.9	294765%
<i>FX rate (PLN/USD)</i>	3.4174	3.1806	3.1585	-0.0221	-0.7%	-0.2589	-7.6%

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