



NATIONAL BANK OF KAZAKHSTAN

Kazakhstan: Overview, Monetary Policy and Capital Market

April 2018

KAZAKHSTAN: COUNTRY BACKGROUND

- **Capital:** Astana
- **Area:** 2.7 mln.sq.km
- **Population:** 18.2 mln. (as of February 1, 2018)
- **Currency:** Kazakhstani tenge (KZT)
- **Nominal GDP (2017):** \$158.2 bln.
- **Real GDP growth (2017):** 4.0%
- **GDP per capita (2017):** \$8 691
- **Main industries:** Oil and gas, mining, manufacturing industry, agriculture
- **Major trading partners:** Russia, China, EU
- **Oil and gas production (2017):** 86.2 mln. tones



Strong fundamentals :

Sustainable economic growth

- Average GDP growth of 3.3% over the past 5 years despite the external pressure
- GDP growth in 2017 was 4.0%. Forecast of GDP growth for 2018 is 2.9% (as of March 6, 2018)
- The unemployment rate fell from 6.6% in 2009 to 4.9% at the end of 2017

Strong balance of payments

- Net exporter with a positive trade balance (\$17.4 bln. in 2017 or 11.0% of GDP)
- The inflow of FDI in 2017 amounted to \$20.8 bln. (net inflow of FDI: \$4.6 bln.)
- FDI stocks increased from \$119.9 bln. as of 2012 to \$147.1 bln. at the end of 2017

Strong sovereign position

- The aggregate international reserves, including National Fund amounted to \$89 bln. at the end of 2017 or 56.3% of GDP
- External debt amounted to \$167.5 bln. at the end of 2017 or 105.9% of GDP. Public debt amounted to \$13.0 bln. USD at the end of 2017.
- Budget deficit in 2017 amounted to 1455.3 bln. tenge or 2.8% of GDP. The non-oil deficit amounted to 5869.6 bln. tenge or 11.4% of GDP.

Credit Rating

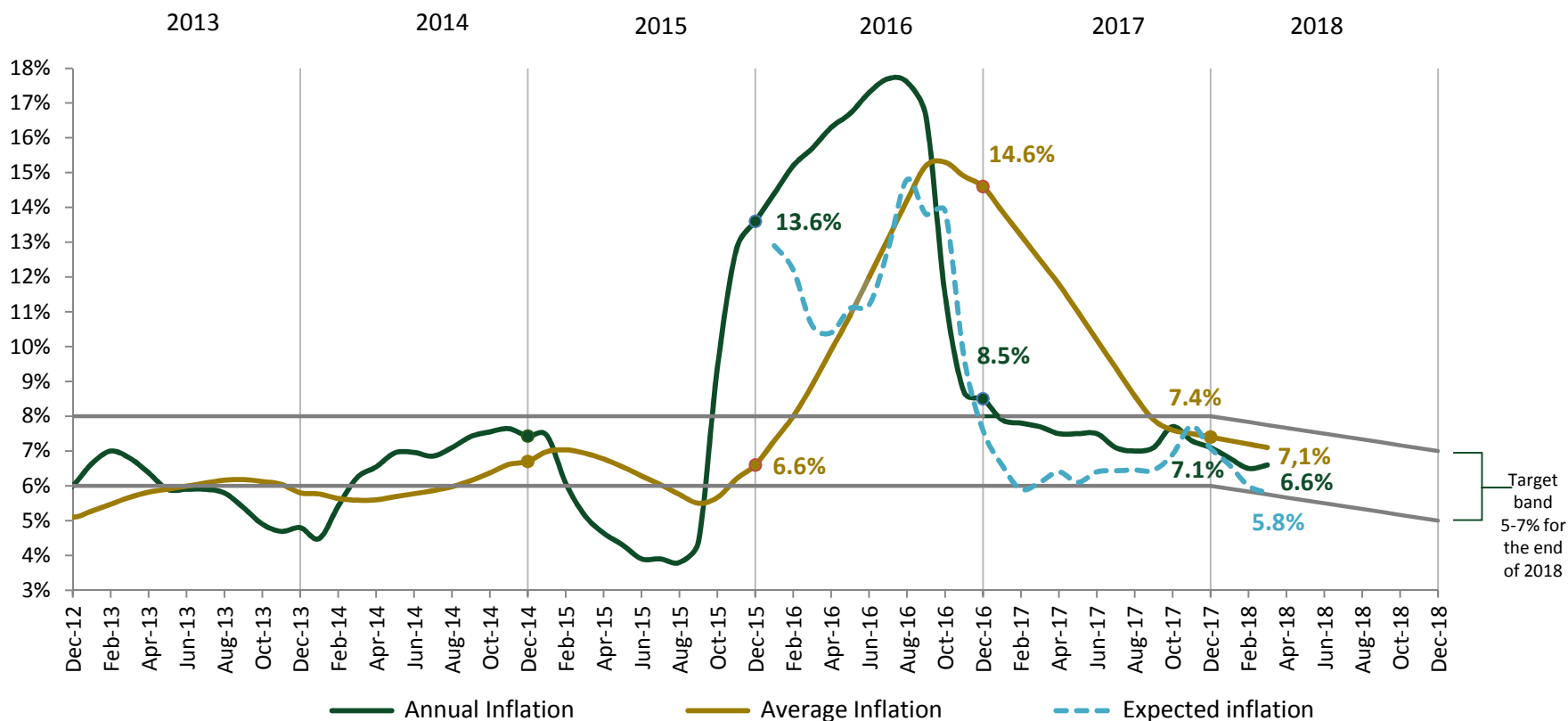
- Investment grade rating since 2002
- Current ratings: "Baa3" (Moody's)/"BBB-" (S&P)/"BBB" (Fitch)
- Stable outlook: Moody's since July 2017/S&P since September 2017/Fitch since April 2016



INFLATION

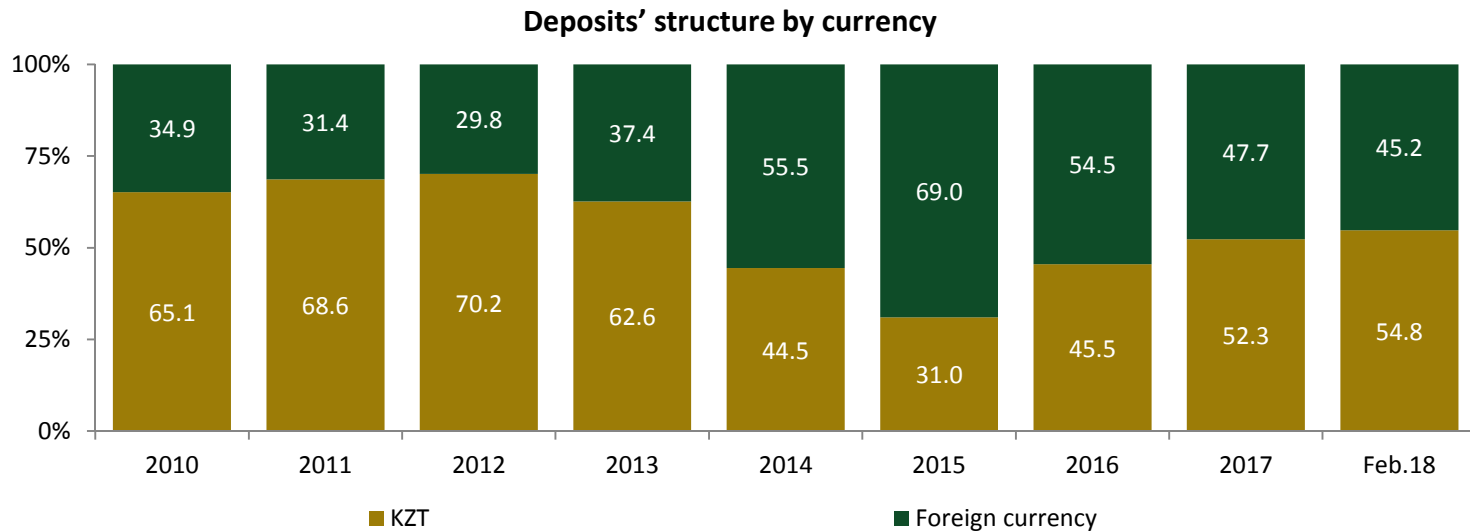
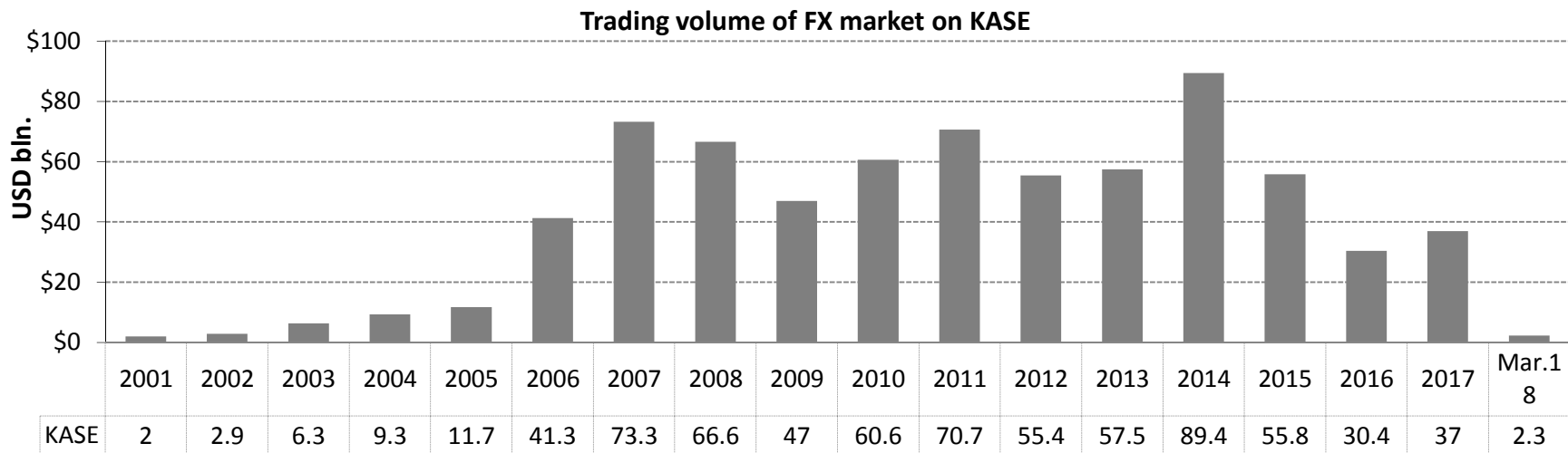
- ❑ In March 2018 monthly inflation amounted to **0.5%**, the annual inflation rate was **6.6%** (in December 2017 – 7.1%).
- ❑ For January-March 2018 prices increased by 1,8% (January-March 2017 – 2.3%)

Annual inflation



Source: CS MNE RK, GfK Kazakhstan, NBRK calculations

VOLUME OF TRADING ON CURRENCY MARKET

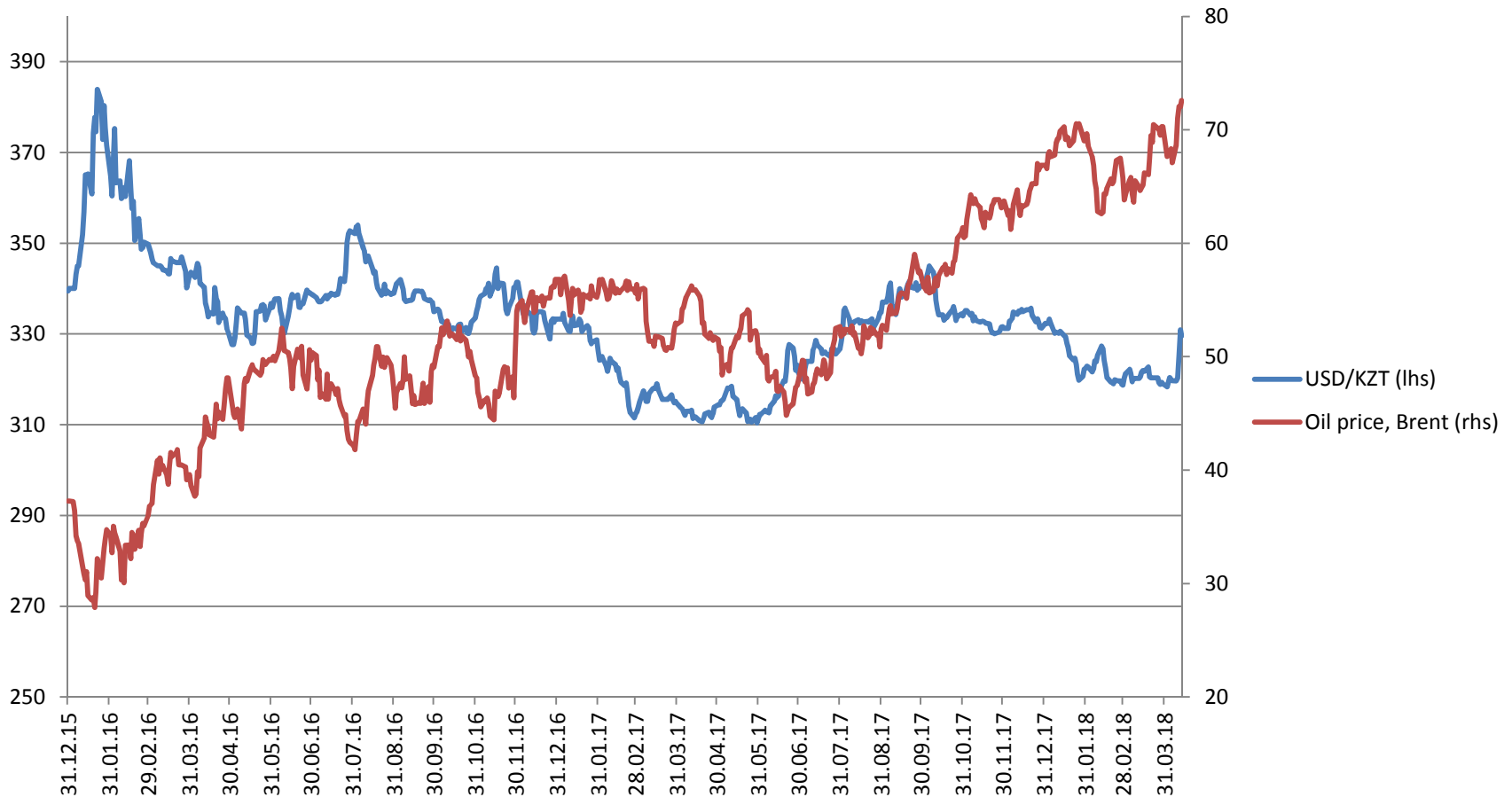


Source: NBK



EXCHANGE RATE

- **August 20, 2015** – transition to floating exchange rate regime.



Source: NBK, Bloomberg



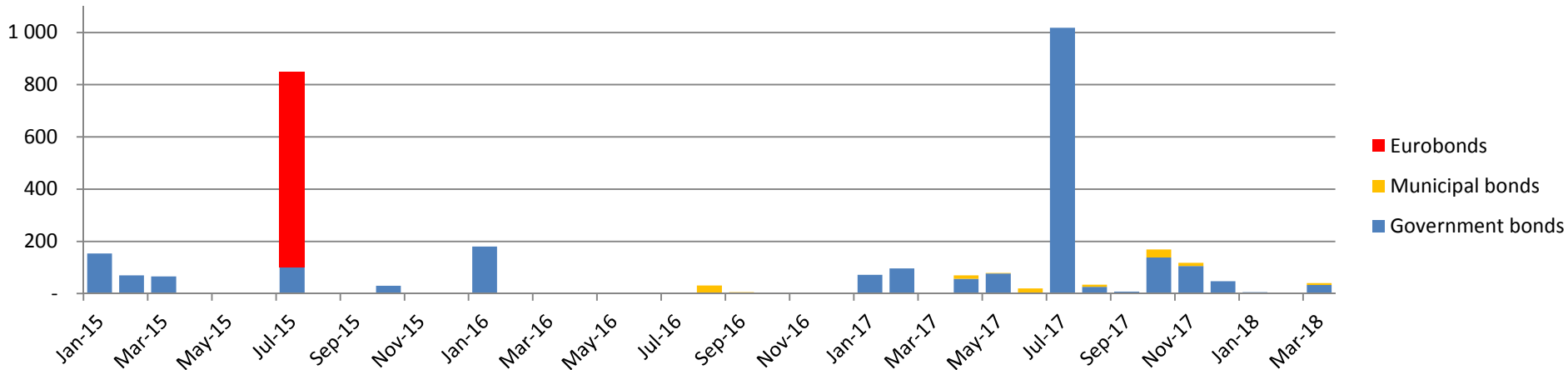
INTERNATIONAL RESERVES AND NATIONAL FUND



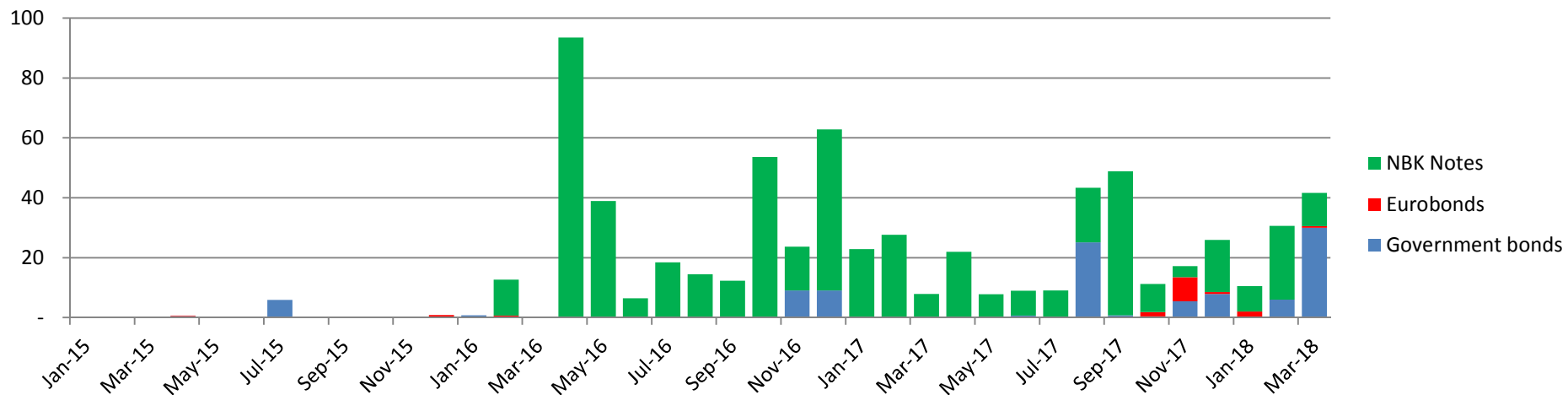
Source: NBK

GOVERNMENT BONDS' MARKET

Trade Volumes of the Primary Market, bln. tenge



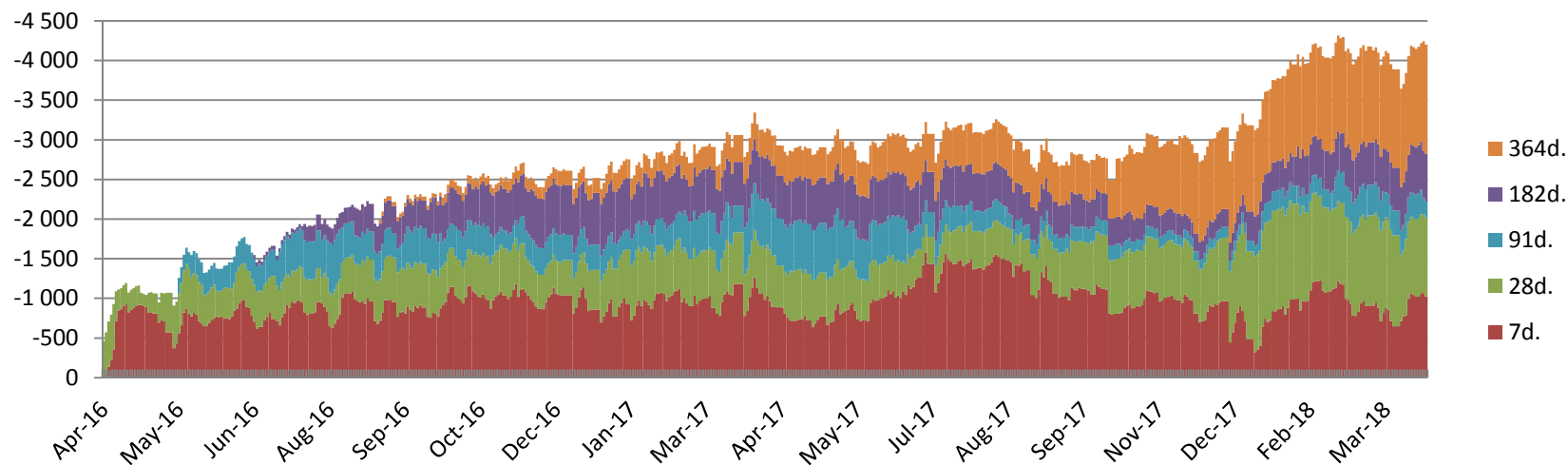
Trade Volumes of the Secondary Market, bln. tenge



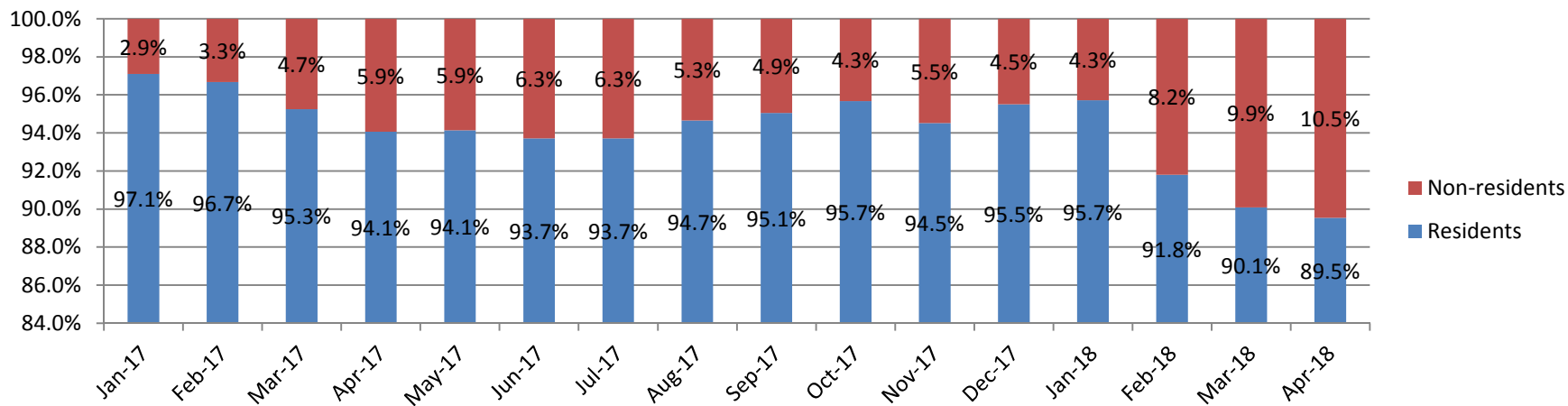
Source: NBK, KASE, Bloomberg

NBK NOTES OUTSTANDING

Distribution by Maturity, bln. tenge

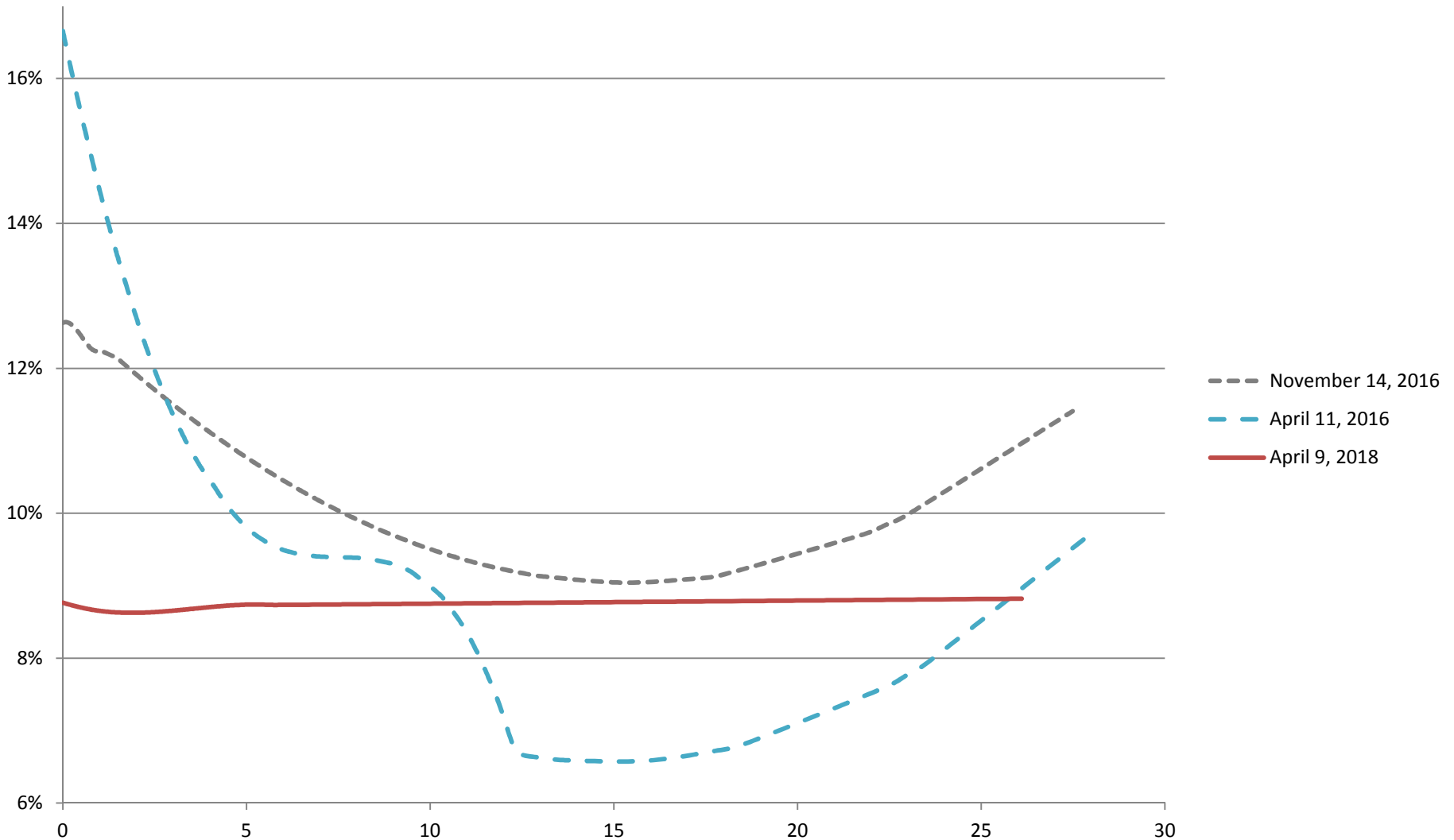


Distribution by Residence



Source: NBK

SHIFTS IN YIELD CURVE



Source: KASE

YIELDS ON NBK NOTES AND MINISTRY OF FINANCE BONDS

NBK Notes:

Date of Issuance	Maturity (days)	Demand (bln.KZT)	Satisfied demand (bln.KZT)	Auction yield (%)
13.04.2018	7	110	110	8.57
11.04.2018	29	300	278	8.64
16.02.2018	91	251	205	8.94
30.03.2018	182	101	96.5	8.56
06.04.2018	364	179	194	8.47

Government Bonds:

Date of Issuance	Maturity (years)	Demand (bln.KZT)	Satisfied demand (bln.KZT)	Auction yield (%)
30.11.2017	10	8.5	5	8.90
20.12.2017	10	16	17	8.87
22.12.2017	9	17	18	8.89
25.12.2017	7	21.5	15	8.85
29.01.2018	10	20	6	8.55
20.03.2018	15	33	33	8.60
04.04.2018	15	11	7.5	8.66



Source: NBK, KASE