

# KAZAKHSTAN STOCK EXCHANGE

## PRESS RELEASE

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### KASE presents the exchange market's performance in January 2018

Kazakhstan Stock Exchange (KASE or Exchange) informs you about highlights of the exchange market's performance in October 2017.

- Total volume of trading on KASE in January of this year reached KZT12.4 trln increasing by 9.8 %, or KZT1.1 trln on the previous month.
- The equity market's capitalization rose by 8 % to KZT18.5 trln since the beginning of the year
- KASE Index reached 2,329.23 points, which is 8 % higher than at the beginning of the year.
- There was one offering on the primary market – by Kcell, which raised KZT4.95 bn for three years at 11.50 % per annum.
- As of February 01, 2018 the Central Depository maintained 9,611 personal accounts, opened for individuals, which is by 366 accounts more than at the end of the previous month.

### SECURITIES MARKET

The total amount of trading in securities in January made KZT34.6 bn. The sectors of shares and securities of investment funds showed a growth: by 25 % and 69 %, accordingly. In sectors of government securities (GS) and corporate bonds there was a decrease by 78.4 % and 92.1 %, respectively. There were no deals in the sector of international financial institutions' bonds.

#### Shares market

At the end of the month the Exchange's trading lists featured stocks of 127 titles of 111 issuers, including in the unlisted market – shares of four titles of four companies.

Over the month ordinary shares of five issuers were included in the official list: Mining-Metallurgy Concern KAZAKHALTYN JSC, Kazakhmys Copper JSC, Crystal Management JSC, Investment house Fincraft JSC and Joint Resources JSC. Ordinary shares of Insurance company Kazakhmys and preferred shares of ASYL-INVEST, as well as three issues out of securities admitted to circulation in sector "Unlisted securities": KazTranGas JSC, L-CAPITAL JSC, Rating agency of regional financial center of Almaty JSC – were removed from the official list.

The capitalization of KASE's shares market rose by 8.05 %, or KZT1,378.8 bn, to KZT18.5 trln in January.

**KASE Index**, represented by shares of seven titles, continued rising for a third month in a row, thus updating its maximums for over 9.5 years. KASE Index rose by 7.7 % to 2,329.23 points.

| Issuer                                 | Ticker  | Price, KZT per share |                | Price change, %<br>(over month) |
|--|---------|----------------------|----------------|---------------------------------|
|  |         | as of 01.01.18       | as of 01.02.18 |                                 |
| Halyk Savings Bank of Kazakhstan JSC   | HSBK    | 82.59                | 104.53         | +26.6                           |
| Kazakhtelecom JSC                      | KZTK    | 20,505.00            | 23,700.00      | +15.6                           |
| KazTransOil JSC                        | KZTO    | 1,337.00             | 1,477.93       | +10.5                           |
| KAZ Minerals PLC                       | GB_KZMS | 3,800.00             | 3,937.92       | +3.6                            |
| KazMunaiGas Exploration Production JSC | RDGZ    | 25,800.00            | 26,250.00      | +1.7                            |
| KEGOC JSC                              | KEGC    | 1,389.00             | 1,407.03       | +1.3                            |
| Kcell JSC                              | KCEL    | 1,784.00             | 1,660.00       | -7.0                            |

Stocks of Halyk Savings Bank of Kazakhstan rose most of all: by 26.6 % to KZT104.53. The significant growth of shares followed Sberbank CIB analysts' increasing the target price of GDR of Halyk Bank to \$16, which at the closing price as of January 31, 2018 makes up KZT129.2 per share. Later Freedom Finance's analysts also increased the share's target price to KZT115.

Kcell stocks fell the most: by 7.0 % to KZT1,660.00. It should be noted that on the last trading day of last year (29 December), there was much activity leading to a jump of prices of that issuer's shares by 6.4 %. Overall, the mobile operator's securities are traded within the channel, the decrease is explained by the price returning to initial values after the surge in demand which was not based on any fundamental factors.

The volume of shares trading rose by 25.4 %, or KZT2.1 bn, to KZT10.5 bn in January 2018 upon previous month. The daily average trading amount made up KZT501.3 mln, which is by 7.5 % more than in December.

Among main investor categories the most active ones were individuals, whose accounts accounted for 58.5 % of the total amount of shares transactions. The share of second-tier banks (STB) made up 1 %, the share of brokers and dealers – 22.0 %, that of other legal entities reached 13.5 %, the share of accounts of other institutional investors was 5.0 %. Non-residents accounted for 7.7 %.

### **Corporate bonds**

As of the end of January KASE trading lists featured bonds of 256 titles, issued by 67 issuers. In the month under review three bond issues of Halyk Finance, a subsidiary of Halyk Bank of Kazakhstan, Kcell and Development Bank of Kazakhstan – were included in official lists.

The amount of outstanding corporate debt decreased by KZT157.6 bn, or 2 %, to KZT8.7 trln, following the removal from KASE's official list of redeemed bonds of Subsidiary organization Bank VTB (Kazakhstan) and Credit Association Credit ORDA LLP, as well as due to the annulment of six bond issues by Almaty Power Plants JSC.

The yield index of corporate bonds of the main market KASE\_BMY didn't change in January and made 10.35 % per annum. From January 26 the calculation of indicators of the alternative market (series KASE\_BA\*) was suspended due to absence of the representative selection.

The amount of corporate bond trading reached KZT8.3 bn in the month under review, decreasing by 92.1 %, or KZT96.4 bn on the previous month. The average daily trading volume made up KZT394.5 mln, decreasing by more than 90 %. A decrease in the bonds trading amount was seen both in the primary and secondary markets. Within one month only Kcell made an offering, having raised KZT4.95 bn, after selling three-year bonds with yield to maturity of 11.50 % per annum. Four participants took part in the trading, the demand made up 16.5 % of the supply. A slowdown on the corporate debt market is a usual sign of the beginning of year on the market.

Among main investor categories on the primary corporate bonds market, the share of STBs made up 20.2 %, that of other institutional investors – 75.8 %, other legal entities – 4.0 %.

The amount of trading on the secondary market made up KZT3.3 bn, which is 86 %, or KZT20.5 bn, less than last month.

Among main investor categories on the secondary corporate bonds market, the share of STBs made up 13.6 %, that of brokers and dealers – 18.0 %, that of other institutional investors – 39.4 %, that of other legal entities – 19.3 %, the share of individuals – 9.8 %. Non-residents accounted for 1.8 %.

### **Government securities (GS)**

The face value of the state debt traded on KASE made up KZT10.7 trln, which by 7.7 %, or KZT770.3 mln more than in December 2017.

The total amount of GS trading on KASE decreased by 78.4 % to KZT15.8 bn. The amount of trading on the primary market fell by 89 % to KZT5.2 bn. In January Kazakhstan's Ministry of Finance sold 10-year bonds (MEUKAM-120) with a yield to maturity of 8.55 % per annum.

The structure of buyers looks as follows: STBs – 35.7 %, other institutional investors – 46.4 %, other legal entities – 17.9 %. Non-residents didn't take part in the offering.

The volume of the GS secondary market decreased by 59.3 %, or KZT15.4 bn, to KZT10.5 bn. The daily average trading amount decreased by 65.1 % to KZT501.4 mln. 80.5 % of the trading turnover on the secondary market fell on notes of the National Bank, Eurobonds and bonds of the Ministry of Finance accounted for 16.1 % and 3.4 % accordingly.

In terms of main investor categories on the secondary GS market, STBs accounted for 44.7 %, brokers and dealers – for 8.2 %, other institutional investors – for 21.8 % and other legal entities – for 15.3 %. Individuals and non-residents concluded no deals in GS on KASE in January.

### Investment funds' units

Over the expired period the trading amount made up KZT19 mln, which is 68.7 % higher than in December 2017. In terms of main investor categories, individuals accounted for 37.5 %, brokers and dealers – for 36.6 %, other legal entities – for 25.9 %.

As of the end of January Central Securities Depository maintained 109,611 personal accounts of individuals, which is by 366 accounts more than last month.

### Foreign currency market

The amount of trades on the foreign currency market reached KZT1,244.8 bn, which is 5.1 %, or KZT60.4 bn more than last month.

The table below features main characteristics of currency pairs traded on KASE (in brackets – change of the indicator on the previous month, change of the exchange rate reflects the nominal change of the weighted average market rate of the foreign currency against the tenge).

| Pair    | Volume, mln units of currency | Share in trading amount, % | Number of deals | Min. and max. exchange rates, KZT per currency unit | Exchange rate at the end of the month (chg.%) |
|---------|-------------------------------|----------------------------|-----------------|---|---|
| USD/KZT | 3,798.9 (+7.4 %)              | 86.1% (-0.9 %)             | 7,438 (+812)    | 319.83–333.29                                       | 322.90 (-2.8 %)                               |
| RUB/KZT | 586.8 (+13.8 %)               | 13.3% (+0.6 %)             | 93 (-20)        | 5.6944–5.8466                                       | 5.7459 (-0.7 %)                               |
| CNY/KZT | 26.4 (+100.0 %)               | 0.6% (+0.3 %)              | 47 (+5)         | 50.2850–51.2820                                     | 51.0000 (+0.2 %)                              |
| EUR/KZT | 2.9 (-24.7 %)                 | 0.1% (+0.0 %)              | 21 (+2)         | 395.50–402.50                                       | 402.00 (+1.4 %)                               |

### Money market (repo and currency swap transactions)

The most important event on the money market since the beginning of the year is the reduction of the base rate by the National Bank on January 16 by 50 b.p. to 9.75 % p.a., which was a surprise for market participants, who had forecasted it remaining at previous levels. Last time the National Bank decreased the base rate on August 22, 2017 by 25 b.p. to 10.25 % p.a. and left it unchanged twice. The value of the composite indicator of the money market MM\_Index as of the end of month made 8.81 % per annum (-0.59 %). Indicators TONIA (8.75 %, -0.58 %) and TWINA (8.76 %, -1.09 %) continued moving along the lower border of the base rate corridor, which witnesses of the continuing surplus of the tenge liquidity.

The yield of the one-day dollar swap as of the end of January made up 9.17 % per annum decreasing by 72 b.p. over the month, the yield of the two-day swap fell by 210 b.p. to 8.94 % per annum. Notable was the decrease of the yield on one-day swaps to 7.24% per annum in the middle of the month, which was related to the trend of the tenge strengthening against the US dollar. Indicator KazPrime-3M (KZT) showed a 50 b.p. decrease, identical to that of the base rate, and by the end of the month reached 10.75% per annum. The total amount of trading in January on the money market increased by 12.1 % reaching KZT11.1 trln. The repo transactions market accounted for 62.5 %.

### Repo

The trading amount made up KZT7.0 trln, which is by 3.5 % more than last month. The average daily amount of transactions is equal to KZT331.5 bn.

More than 98 % of the total trading amount on repo opening deals fell on GS auto repo deals. The most popular instrument is the one-day repo, its share in the total trading amount on the GS auto repo market makes up 92.1 %.

Overall, 43 members of the Exchange took part in deals on the repo market. Over 50 % of the total trading turnover falls on second-tier banks. Residents account for only 0.4 % in this sector.

### **Swap**

The trading amount on the currency swap market rose by 30.0 % to KZT4.2 trln. Currency swap transactions' underlying assets was represented only by the US dollar. More than 70 % of the total trading amount fell on transactions in instrument USDKZT\_0\_002. The average daily amount of transactions is KZT199.0 bn.

### **For reference**

Kazakhstan Stock Exchange (KASE) is the leading stock exchange in the Central Asian region and the only exchange in Kazakhstan carrying out its activities in the financial market. It is a universal trading platform for repo market instruments, foreign currencies, government and corporate securities, bonds of international financial institutions as well as derivatives.

KASE is the member of the World Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations. In 2015, KASE joined the UN Sustainable Stock Exchanges initiative. KASE ranks second among the CIS exchanges on the volume of trading in securities, and it also ranks sixth on equity market capitalization among FEAS stock exchanges.

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