



## PRESS RELEASE

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### **KASE presents results of the exchange market's performance in January 2019**

Kazakhstan Stock Exchange JSC (KASE, Exchange) presents results of the exchange market's operations in January 2019.

- The total amount of trades on KASE made up KZT10,534.1 bn in January 2019, increasing by 10.4 %, or KZT993.3 bn on the previous month. The positive dynamics was fuelled by the money market which grew by 16.7 %.
- The equity market's capitalization went up by 0.4 % to KZT15.6 trln.
- KASE Index decreased by 1.2 % to 2,278.33 points.
- The outstanding corporate debt increased by 1.7 %, reaching a mark of KZT11 trln.
- The amount of initial offerings on the corporate bond market was estimated at KZT6 bn.
- Asian Development Bank raised KZT30.5 bn, by selling seven-year and five-year bonds at a margin of 1.3 % and 1 % APR above the inflation rate, respectively.
- As of February 1, 2019 the Central Securities Depository maintained as many as 117,682 personal accounts opened by individuals: by 858 accounts more than at the end of the previous month.

### **EQUITY MARKET**

At the end of the month the Exchange' official lists counted 129 stocks of 113 issuers. Three issuances are admitted to circulation in the unlisted securities sector. As of January 9, preferred shares of Kaspi.kz were delisted on KASE following their exchange for ordinary shares.

The capitalization of KASE's equity market grew by 0.4 %, or KZT64 bn, to KZT15.6 trln.

KASE Index halted its three-month growth, starting the year with a 1.2 % decrease: by 26.6 points to 2,278.33 points. Three stocks from the index universe got into the red, two showed a two-figure price change in percentage terms.

## Prices of shares from KASE Index universe over time

Issuer	Ticker	Price change		
		as of 01.01.2019	as of 01.02.2019	in January
KAZ Minerals PLC	GB_KZMS	2,530.00	2,899.50	14.60%
KazTransOil JSC	KZTO	1,342.00	1,405.50	+4.73%
Bank CenterCredit JSC	CCBN	234.21	241.99	+3.32%
KEGOC JSC	KEGC	1,600.64	1,611.59	+0.68%
Halyk Savings Bank of Kazakhstan JSC	HSBK	100.41	99.91	-0.50%
Kcell JSC	KCEL	1,850.00	1,824.60	-1.37%
Kazakhtelecom JSC	KZTK	33,499.00	25,000.00	-25.37%

KAZ Minerals PLC stock were in the lead rising by 14.6 % to KZT2,899.5 per share. At that the main increase was seen in the last four days of the month, with the shares appreciating by 13.6 %. Such growth was preceded by the release of the company's 2018 production report and a positive economic environment. According to the press release of January 24, KAZ Minerals Group produced 294.7 th. tons of copper in 2018 (14% more YoY), fitting into the planned yearly range of 270-300 th. tons. The copper production growth was fuelled by high performance of Aktogai mining company. At the same time the copper prices on the London Stock Exchange grew since January 25 by 4.4 % to USD6,146 th. per ton by the end of the month under review. On January 22 KAZ Minerals reported the initial completion of the deal on purchase of Bayim field after obtaining permits from the regulator and execution of other delaying conditions in accordance with the agreement announced by the company on August 2, 2018.

Ordinary shares of Kazakhtelecom JSC fell the most losing more than a quarter of the price and causing KASE Index decrease in January. Prices of ordinary shares of the national telecommunication company deviated from their more-than-10-year-maximums, plummeting by 25.4 % to KZT25,000, which is the lowest figure since March 6, 2018. The company shares began to falling in mid-January amidst disputes with its minor shareholders.

The shares trading volume in January 2019 rose by 17%, or KZT1.6 bn, on December 2018, to KZT11.4 bn. The daily average trading volume amounted to KZT568.4 mln. the daily average number of deals made up 389, the average amount of one deal – KZT1.5 mln.

On January 31, 2019 KazMunaiGas Exploration Production completed the repurchase scheme for its preferred shares RDGZp. In the month under review 70,757 shares were repurchased at KZT12,800 in the amount of KZT905.7 mln. Overall, KazMunaiGas Exploration Production repurchased 1,194,462 shares in the amount of KZT15.3 bn on KASE as part of its buyback program.

With regard to main investor categories, individuals were the most active ones accounting for 42.2 % of the total amount of share transactions. Broker-dealers accounted for 31.9 %, other institutional investors – for 7.1 %, other legal entities – for 18.8 %. Second-tier banks (STB) didn't take part in share trading. Non-residents represented 25.4 %.

### CORPORATE BOND MARKET

The amount of outstanding corporate debt increased by 1.7 %, reaching KZT11 trln.

As of February 1, 2019 there were 247 listed bond issuances of 62 issuers on KASE. In January bonds of Nurbank JSC and Problem loans fund were included in KASE official list, two bond issuances were excluded: those of Freedom Finance JSC and Eurasian Bank JSC, due to reaching the maturity date.

The yield index of corporate bonds of the main market KASE\_BMY decreased by 13 b.p. in January making up 11.01 % APR.

The amount of trading in corporate bonds made up KZT220.4 bn in the month under review, decreasing by 33.5 %, or KZT111 bn on the previous month, on account of a 97.9 % decrease in offerings on the primary market, with the trading amount on the secondary market increasing five-fold. The daily average trading amount made up KZT11 bn. The daily average number of deals – 16, the average amount of one deal – KZT678.1 mln.

In the course of the month there were three bond offerings in the total amount of BKZT6 bn:

- Subsidiary Bank Sberbank of Russia raised KZT812 mln by selling bonds with current maturity of 2.9 years at 11 % APR;
- Faeton Company LLP raised KZT130.2 mln by selling bonds with current maturity of 6.5 years at 10.9991 % APR;
- "Baspana" Mortgage organization" raised KZT5 bn by selling bonds with term of up to one year at 9.7499 % APR.

In terms of main investor categories on the corporate bonds primary market, the share of STB made up 45.8 %, that of broker-dealers – 0.5 %, that of other institutional investors – 38.9 %, the share of other legal entities – 14.8 %.

The amount of trading on the secondary market made up KZT214.4 bn, which is significantly more than in the previous month – KZT46.0 bn.

In terms of main investor categories on the corporate bonds secondary market, the share of STB made up 48.3 %, that of broker-dealers – 0.7 %, that of other institutional investors – 4.7 %, the share of other legal entities – 45.4 %, the shares of individuals – 0.8 %. Non-residents' part is estimated at 2.9 %.

### GOVERNMENT SECURITIES (GS) MARKET

The amount of public debt traded on KASE, made up KZT11.6 trln in nominal terms, increasing by KZT285.9 bn, or 2.5 %, since the beginning of the year.

The total amount of GS trading on KASE reached KZT139.6 bn in January: 14.1 %, or KZT17.2 bn, up on the previous month. The daily average amount of trading made up KZT7 bn. The daily average number of deals made up 3, the average amount of one deal is KZT2.5 bn.

The volume of trading on the primary market increased by 26.7 % to KZT115.9 bn. The Ministry of Finance sold on the market four issuances of long-term bonds at 8.6–8.82 % APR.

The volume of the secondary GS market decreased by 23.1 %, or KZT7.1 bn, to KZT23.8 bn. 95.8 % of the trading turnover of the secondary market fell on notes of the National Bank, Eurobonds and bonds of the Ministry of Finance account for 1.1 % and 3.4 %, respectively.

In terms of main investor categories on the secondary GS market, 70.9 % of the gross turnover were accounted for by STB, 2.1 % – by broker-dealers, 22.6 % – by other institutional investors, 3.8 % – by other legal entities and 0.6 % – by individuals. Non-residents accounted for 1.6 %.

### IFI BONDS

At the end of the period under review there were 16 bond issuances of four international financial institutions. In January the total amount of trading in these instruments reached KZT30.6 bn.

In the course of the month Asian Development Bank raised KZT30.5 bn, by selling seven-year and five-year bonds at a margin of 1.3 % and 1 % APR above the inflation rate, respectively.

The secondary market amounted to KZT123.2 mln. In total, In terms of main investor categories, STB accounted for 0.4 %, broker-dealers – for 0.4 %, other institutional investors – for 99.2 %.

### Investment funds' units

As of February 1, 2019 there were seven instruments managed by six companies in the sector of securities of investment funds.

The trading volume made up KZT19.3 mln in the period under review, which is by 77.1 % less than in December 2018. Leaders in terms of growth are the units US\_SPY\_ (KZT13.3 mln; 18 deals) managed by State Street Global Advisors, on the second place – CSECfe (KZT5.1 mln; 5 transactions) managed by Centras Securities, and on the third place – shares IE\_FXBF of sub-fund FinEx FFIN Kazakhstan Equity ETF (ETF on KASE Index; KZT891.2 th.; 22 deals).

In terms of main investor categories, 43.2 % fell on individuals, 35.3 % – on broker-dealers and 21.5 % – on other legal entities.

## Individual accounts on the securities market

As of February 1, 2019 the Central Depository maintained 117,682 personal accounts opened by individuals, which is by 858 accounts more than at the end of the previous month.

## FOREIGN EXCHANGE MARKET

In January 26 member of KASE took part in the trading on KASE's forex market.

The amount of trading on the foreign exchange market reached KZT770.6 bn, which is by 26.8 %, or KZT282.5 bn, down on the previous month. The trading amount decreased by 38.1 %, or KZT474.2 bn YoY. The daily average trading amount made up KZT38.5 bn, the average daily number of transactions – 258, the average amount of one deal is KZT149.4 mln.

The external news ambience was moderately positive for the national currency in January. The Brent price was gradually rising in the first half of the month. The growth reached 14.6 % to USD61.68 per barrel during the first ten days, with the price fitting in a narrow range of USD59–62.7 per barrel afterwards. At the same time the ruble strengthened against the dollar by more than 6 % during the month. At the end of January the Federal Open Market Committee announced it would keep the rate on federal funds at the previous level of 2.25–2.5 % APR. Meanwhile, the tenge weakened against the ruble by 4.8 % by the end of the month under review, and the dollar rate deviated by 1.1 % from its historic peak reached on the last trading day of last year.

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

Pair	Amount, mln units of currency	Share in trading volume, %	Number of deals	Min. and max. rates, qty. of quoted currency per unit of the base currency	Rate at the end of month (chg.%)
USD/KZT	2,020.9 (-28.1 %)	99.1% (-0.27 %)	4,991 (-763)	373.66 – 381.38	380.06 (-1.1 %)
RUB/KZT	475.9 (-26.6 %)	0.4 % (+0.01 %)	85 (-21)	5.6029 – 5.8125	5.8125 (+5.0 %)
CNY/KZT	28.3 (+11.0 %)	0.2 % (+0.07 %)	67 (+16)	54.2815 – 56.5400	56.5400 (+2.3 %)
EUR/KZT	6.4 (+51.2 %)	0.4 % (+0.19 %)	15 (+3)	427.15 – 438.10	438.10 (+2.7 %)

## MONEY MARKET

The National Bank following its meeting on January 14 took a decision to keep the base rate at 9.25 % APR with a symmetrical corridor of +/- 1 p.p. The annual inflation in December 2018 made up 5.3 % APR, which corresponds with the lower limit of the target corridor of 5–7 %. In January of this year it continued decreasing to KZT5.2 % APR, and the new benchmark was fixed at 4 – 6 % as at the end of 2019.

By the end of January the indicator TONIA decreased by 1 b.p. to 8.25 % APR. The indicator TWINA also showed a decrease by 1 b.p. to 8.26 % APR. Short-term borrowing rates the GS repo sector remained stable. So, the indicator TONIA was at 8.25 % APR for nine trading days out of 20, reaching maximum 8.35 %.

The yield of the one-day dollar swap SWAP-1D (USD) at the end of January reached 5.95 % APR, decreasing by 148 b.p. over the month. The yield of the two-day swap SWAP-2D (USD) also demonstrated a decrease by 55 b.p. to 6.84 % APR.

In January the indicator KazPrime-3M (KZT) continued moving along the upper limit of the base rate of the National Bank at 10.25 % APR.

The composite money market indicator MM\_Index, representing the deal-amount-weighted average yield on currency swap transactions USD/KZT and one-day GS auto repo transactions, went down by 11 b.p. to 8.15 % APR by the end of January.

### **Repo transactions market**

The amount of trading in this sector made up KZT6.1 trln, which is 7.7 % up on the previous month, but 11.8 %, or KZT821.5 bn less YoY. The daily average amount of transactions in January made up KZT307 bn, the average daily number of transactions – 373, the average amount of one deal – KZT823 mln.

98.1 % of the total amount of repo opening transactions fell on GS basket autorepo transactions. The most popular instrument on the GS basket auto repo market is still the one-day repo transaction, accounting for 88 % of the total amount of trading on the GS basket auto repo market.

Overall, 43 members of the Exchange took part in transactions on the repo market. Banks accounted for more than 84 % of the total trade turnover in this sector. Non-residents accounted for mere 0.6 %, which is however three times more than usual (0.2 %).

### **Currency swap market**

The amount of trading on the currency swap market increased by 38.8 % to KZT3.2 trln. The average daily transaction amount made up KZT161.1 bn, the average daily number of transactions – 49, the average amount of one transaction – KZT3.3 bn. In the structure of instruments 83.1 % of the total trading amount (KZT2.7 trln, or USD7.1 bn) on the currency swap market originated from transactions in the two-day currency swap (USDKZT\_0\_002).

### **DERIVATIVES MARKET**

Currently, in this sector of the exchange market there are futures with the US dollar, KASE Index and particular stocks as underlying asset. No deals were concluded in futures in January. By the beginning of February there were no open positions of trading participants on the derivatives market.

### **For reference**

Kazakhstan Stock Exchange (KASE) is a 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 a 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 occupies the second place among the CIS exchanges in terms of securities trading volume, as well as the sixth rank in terms of the equity market capitalization among the FEAS exchanges.

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