

# WEEK OF STOCK MARKET OF KAZAKHSTAN

June 26 – July 2

Money market indicators as of July 2 and change for the period

Term	Currency	Rate	Trend
<b>“Overnight” on autorepo at KASE(TONIA)</b>			
1 day	KZT	2.71	-0.49
<b>Repo opening at KASE (WA, % APR)</b>			
1 day	KZT	2.69	-0.45
7 days		5.10	+0.31
14 days	KZT	4.40	-1.49
62 days	KZT	8.51	–
<b>KIBOR (indicative, % APR)</b>			
1 week	KZT	6.50	-1.00
2 weeks	KZT	7.50	-0.75
1 month	KZT	8.00	-1.00
2 months	KZT	9.00	-0.75
3 months	KZT	9.50	-1.00

Stock market indicators as of July 2 and their change for the period

Index	Value	Trend
<b>Shares of “A” listing</b>		
KASE_Shares	106.43	+7.39%
<b>Corporate bonds of “A” listing</b>		
KASE_BP	142.96	+0.34%
KASE_BC	120.02	+0.17%
KASE_BY	7.90	-0.48%
<b>Euronotes of Kazakhstan</b>		
KASE_EP	147.12	+3.94%
KASE_EC	111.18	+5.09%
KASE_EY	4.30	-33.80%

US dollar = 147.55 tenge at official rate for the end of the period.  
 US dollar = 147.59 tenge at weighted average rate of the Exchange for the end of the period.  
 Rate of tenge devaluation for the period at the Exchange's rate – negative 29.5% APR.

## THE CORPORATE SECURITIES MARKET (CS)

In the sector of primary market on June 26 of 2003 specialized trades on primary floatation of **inscribed subordinate bonds of Halyk Bank of Kazakhstan OJSC (Almaty) of the third issue (KZ2CKY06A760; KASE's official "A" listing category, HSBKb3, KZT4,500.0 m., KZT1, June 19, 03 – June 19, 09, semi-annual coupon at 9.0% APR;) were held. The issuer offered during the trades 1.5 bn bonds, that is 30% of the registered issue volume. Total of 5 KASE members, who submitted 6 limited applications for themselves and on behalf of their clients, to purchase 2,225,000,000 bonds amounting to KZT2,031,008,600, took part in the auction. As a result, total demand in the auction totaled 148.3% of authorized offering volume. Net prices in submitted applications varied from 83.7000% (13.0035% APR) to 99.9963% (9.0000% APR). Weighted average price of demand equaled to 91.8129%, which meets the yield of the bonds to retirement for the buyer in amount of 11.081% APR on semiannual basis.**

By the results of the auction the issuer satisfied 4 applications, submitted by four investors for purchasing **950 m bonds** totaling **KZT951,627,350.00** at cut-off price of **99.9963%** of nominal price of the security, which meets the yield of the bonds to retirement for the

Investment attractiveness of stock exchange financial instruments since June 26 till July 2

Financial instrument	Currency of transaction	Yield, % APR Value	trend
<b>Instruments denominated in KZT</b>			
TXBNb1	KZT	14,57	+2,57
UKPFb1	KZT	14,00	-0,20
ARNAb1	KZT	13,80	+0,60
CCBNb3	KZT	9,90	–
HSBKb3	KZT	9,00	–
Repo CS	KZT	*8,43	-1,90
KZIKb1	KZT	8,22	+1,22
MEOKAM,MEAKAM	KZT	6,42	-0,26
MEKKAM, notes	KZT	*4,83	-0,32
Repo GS	KZT	*3,30	-0,19
<b>Instruments indexed on devaluation</b>			
VITAb3	USD	13.97	+4.10
KZNHb1	USD	13.96	–
ASF1b2	USD	11.50	+2.10
RGBRb3	USD	10.50	+0.30
VTBNb1	USD	10.45	0
ORDBb1	USD	10.26	-0.04
KZASb1	USD	10.10	0
HSBKb	USD	9.06	+1.06
BTASb2	USD	9.00	0
TEBNb	USD	8.99	+0.01
ATFBb2	USD	8.94	+2.50
ASBNb1	USD	8.90	-2.57
CCBNb2	USD	8.87	-1.41
NRBNb1	USD	8.69	+1.25
TEBNb3	USD	8.50	0
BTASb1	USD	8.50	0
AST048.006	USD	8.50	–
KKGBb2	USD	8.22	+0.55
CSBNb1	USD	8.20	0
KZAPb1	USD	8.02	+0.90
CCBNb1	USD	8.02	-0.02
TEBNb2	USD	8.00	+0.04
ALKSb2	USD	8.00	-2.05
HSBKb2	USD	7.87	+0.18
LAR1b1	USD	7.75	0
KZPSb1	USD	7.40	-1.10
KZTKb1	USD	7.30	+0.08
BRKZb1	USD	7.30	+0.23
SYRGb1	USD	7.15	-1.22
ALBNb1	USD	7.00	0
TMJLb2	USD	6.70	+0.71
ART060.004	USD	6.50	0
KZTOb	USD	6.30	+2.08
AST048.005	USD	6.13	-0.03
KARMB1	USD	6.01	+1.20
ARU060.003	USD	5.59	0
AST036.004	USD	5.44	+0.12
VKU036.002	USD	5.00	0
ARU024.002	USD	3.00	0
<b>Instruments denominated in foreign currency</b>			
KKGBe2	USD	7.29	+0.29
BTASe2	USD	7.23	+0.33
KKGBe3	USD	6.75	+0.10
BTASe1	USD	6.08	+1.42
KZTOe1	USD	5.55	+0.80
BRKZe1	USD	5.02	-0.90
Euronotes-7	USD	3.35	–
Euronotes-4	USD	2.66	-0.03
IMF bonds	EUR	1.41	-0.03

The yields of bonds at which the deals have been made are calculated as average of the deals, for other bonds – as average of sale quotations. Trends are given relative to previous week. Securities marked by asterisk are the instruments with less than a year circulation term (for them effective weighted average rate is given). On bonds with floating coupon forecasted yield is given.

buyer at **9.0000% APR** on the semiannual basis (9.2025% APR). By results of the auction Halyk Bank of Kazakhstan OJSC offered **63.3%** of the announced floatation volume or 21.1% of registered issue volume. At that, 28.4% of bonds were bought at the expense of cumulative pension funds' assets, 31% - by second tier banks, 40% - broker and dealer companies for their clients.

**In CS purchase-sale sector** a total of 62 deals amounting to **\$10,798.4 th** or KZT1,597.3 m were made during the analyzed period. In comparison with the previous period (59 deals, \$11,053.7 th. or KZT1,641.3 m) volume of the sector decreased 2.3%. Deals were made by 15 KASE's members on 36 instruments 24 of which were bonds. During the previous period 23 brokers were interested in 16 securities 8 of which were bonds.

The data shown is an evidence for minimum change in market volume with significant expanding of trade instruments spectrum. This expanding is the main peculiarity of this period. The number of securities, involved in deals making, started to grow in June, though. However, during the described week the trend appeared to be too evident to ignore it. Reasons, in IRBIS analysts' opinion are in approaches for evaluation of the pension funds portfolio, in its change in particular. It is known that on June 1 of the current year The National Bank recommended subjects of the pension market to evaluate and re-evaluate securities, which are in own (minimum reserve capital) and investments portfolios of APF and PAMC, at current market value. It was recommended that evaluation should be done weekly as of the end of the first working day of the week. Then it follows that at thin Kazakhstan market of CS subjects of the pension market have to register higher amount of low-volume transactions on the wide spectrum of securities each Friday and Monday in order to affect price change to the direction needed. Simple investigation made by IRBIS analysts showed that during June the largest amount of deals in CS purchase and sale sector were made on Friday and Mondays. At that, total volume of transactions almost hasn't changed. It follows that the growth of liquidity in CS market is mostly artificial and is generally caused by PAMC adaptation to new terms.

It would be fair to note that appearance of new securities in the exchange market (see above and below) required restructuring of investors' portfolios, which effected volume and structure of market turnover. However the influence of this factor, in IRBIS analysts' opinion, was insignificant.

In corporate bonds market expanding of the spectrum of traded instruments was felt the most for bonds is the main object of PAMC and APF. According to the behavior of the exchange indexes (table is in the beginning) trend in this sector remains the same – price growth and decline of securities' yield for the buyers. Namely this price change is favorable for pension market subjects. Thus the yield to retirement of the most securities was declining during week: ALKSb2 – from 12.00% APR to 8.00% APR, ASBNb1 – from 11.54% to 8.52% APR, BRKZb1 – from 8.43% to 7.25% APR, BTASe1 – from 6.50% to 6.21% APR, CCBNb2 – from 9.50% to 8.87% APR, HSBKb – from 9.99% to 9.06% APR, KKGBb2 – from 8.50% to 8.22% APR, KKGBe2 – from 10.75% to 7.29% APR, KZAPb1 – from 8.91% to 8.02% APR, KZIKb1 – from 8.30% to 8.22% APR, KZTOb – from 7.01% to 6.30% APR, KZTOe1 – from 6.35% to 5.55% APR, NRBNb1 – from 8.86% to 8.49% APR, SYRGB1 – from 8.37% to 7.15% APR, TMJLb2 – from 6.75% to 6.70% APR, TXBNb1 – from 15.00% to 14.57% APR. The only securities that had growth of the yield were ASFIb2 (from 10,50% to 11,50% APR), ATFBb2 (from 7,80% to 8,94% APR), KZTKb1 (from 7,22% to 7,30% APR) and VITAb3 (from 11,03% to 13,97% APR). Yield of ARNAb1, ORDBb1 and RGBRb3 remained at the same level, but prices, naturally, grew. On CCBNb3 there was the first deal from the moment of inclusion (9.90% APR).

Capitalization of the market of CS grew by \$29.0 m to **\$1,348.9 m** as of July 2 generally due to inclusion subordinated bonds of BANK CASPIAN of second issue and subordinated bonds of Bank CenterCredit of third issue (see below) into KASE lists. Price growth occurred in the same direction.

In shares market main trend, which was described above, is expressed not so vividly. Though, only due to it number of securities, involved in auctions, substantially grew in June. Common stocks of local companies are yet rare in portfolios of pension funds. Thus stocks are used by exchange market participants indirectly in the course of change of portfolio estimations as an instrument of regulation of liquidity of affiliated entities and making offsets. As a result, there was huge amount of direct deals, secured from the interference from the third parties, and also not logic price dynamics regarding the market. Within 7 days ALKS rate grew by 3.7%, CHFM – 4.4 times, ZERD – 2 times. Along with it BTAS rate declined by 19.2%, CCBN – by 6.6%, HSBK – by 33.3%. Price on other securities didn't change (see table).

Capitalization of stock exchange's shares market decreased within seven days by \$33.3 m to **\$1,684.4 m**. Reason of this decrease was decrease of BTAS, CCBN and HSBK rates.

The tables show data on deals, bid and ask in CS purchase and sale sector, including SBS, and also decoding of trade codes.

**Results of the trades in shares during June 26 – July 2**

(KZT per share, unless otherwise specified)

Issuer	Security code	Last price	Volume, shares	Volume, th USD	Purchase	Sale
Almaty Kus OJSC	ALKS	10.37	5,000,000	349.6	10.37	10.37
Almaty Kus OJSC	ALKSp	14.93	0	0	10.00	15.00
Almaty Kus OJSC	ALKSp3	10.00	0	0	10.00	15.00
SNPS – Aktobemunaigaz OJSC	AMGZ	9,100.00	0	0	6,100.00	9,100.00
Astana-Finance OJSC	ASFI	1,014.96	0	0	700.00	1,050.00
ATFBank OJSC	ATFBp	999.00	0	0	1,000.00	1,500.00
ATFBank OJSC	ATFBp8		0	0	1,000.00	1,500.00
Bank TuranAlem OJSC	BTAS	16,500.00	4,000	445.2	16,515.32	16,500.00
Bank CenterCredit OJSC	CCBN	200.11	1,595,575	2,159.7	200.11	170.00
Chimfarm OJSC	CHFM	*815.00	200	1.1	*815.00	*815.00
BANK CASPIAN OJSC	CSBN	171.00	0	0	171.00	256.50
BANK CASPIAN OJSC	CSBNp	185.00	0	0	185.00	256.50
Halyk Bank of Kazakhstan OJSC	HSBK	*120.00	1,167	0.9	150.00	*120.00
Halyk Bank of Kazakhstan OJSC	HSBKp	150.00	50	0.1	150.00	150.00
Halyk Bank of Kazakhstan OJSC	HSBKp7	150.00	50	0.1	150.00	150.00
KAZKOMMERTSBANK OJSC	KKGB	120.00	0	0	74.16	110.66
KAZKOMMERTSBANK OJSC	KKGBp	44.38	0	0	69.00	103.50
Corporation Kazakhmys OJSC	KZMS	4,200.00	0	0	3,200.00	4,200.00
Kazakhtelecom`	KZTK	3,566.88	0	0	3,300.00	3,541.20
Kazakhtelecom	KZTKp	2,675.16	0	0	2,000.00	2,655.90
TEMIRBANK OJSC	TEBN	1,000.00	52,034	350.8	1,000.00	680.00
TEMIRBANK OJSC	TEBNp		0	0	680.00	1,015.00
TEXAKABANK OJSC	TXBN		0	0	9,086.00	13,629.00
UKTMC OJSC	UTMK	4,490.01	0	0	4,152.68	6,197.10
UKTMC OJSC	UTMKp	4,500.00	0	0	3,000.00	4,500.00
VALUT-TRANZIT BANK OJSC	VTBN	*350.00	85,256	194.9	*350.00	326.50
VALUT-TRANZIT BANK OJSC	VTBNp	*450.00	4,900	12.7	*450.00	337.00
VALUT-TRANZIT GOLD OJSC	VTZL	200.00	190,000	257.3	200.00	200.00
Zerde OJSC	ZERD	*2.00	45,000,000	608.1	*2.00	*2.00
<b>TOTAL</b>	<b>29</b>		<b>51,933,232</b>	<b>4,380.5</b>		

**Results of the trades in bonds within June 26 – July 2**

(% APR, unless otherwise specified)

Issuer	Bond code	On the last deal	Volume, th, USD	Purchase	Sale
DB Alfa-Bank OJSC	ALBNb1		0	10.0032	7.0044
Almaty Kus OJSC	ALKSb2	*7.9996	335.2	*7.9996	10.0546
ARNA OJSC	ARNAb1	13.8000	93.2	13.8000	13.8000
Alliance-Bank OJSC	ASBNb1	8.5200	55.6	8.4897	8.9997
Astana-finance OJSC	ASFib2	11.4999	400.0	11.0000	11.4999
ATFBank OJSC	ATFBb2	*8.9423	12.0	*8.9423	*8.9423
Development Bank of Kazakhstan OJSC	BRKZb1	7.2519	1,653.3	7.2519	7.3140
Development Bank of Kazakhstan OJSC	BRKZe1	5.9230	0	6.3092	5.0254
Bank TuranAlem OJSC	BTASb1	9.0985	0	10.0000	8.5000
Bank TuranAlem OJSC	BTASb2	8.9641	0	10.5000	9.0000
TuranAlem Finance B.V.	BTASe1	6.2070	210.5	5.6993	6.2070
TuranAlem Finance B.V.	BTASe2	7.7439	0	7.3155	7.4523
Bank CenterCredit OJSC	CCBNb1	12.2713	0	10.6215	8.0423
Bank CenterCredit OJSC	CCBNb2	*8.8669	1,371.4	*8.8669	*8.8669
Bank CenterCredit OJSC	CCBNb3	*9.9033	1,007.6	*9.9033	*9.9033
BANK CASPIAN OJSC	CSBNb1	9.1016	0	10.4956	8.2028
Halyk Bank of Kazakhstan OJSC	HSBKb	*9.0553	13.1	*9.0553	*9.0553
Halyk Bank of Kazakhstan OJSC	HSBKb2	*9.3049	0	9.5605	8.4287
Halyk Bank of Kazakhstan OJSC	HSBKb3		0	9.0000	8.9985
Karazhanbasmunai OJSC	KARMB1	*9.0028	0	8.9969	6.0232
KAZKOMMERTSBANK OJSC	KKGBb2	*8.2217	9.6	*8.2217	*8.2217
KAZKOMMERTSBANK OJSC	KKGBe2	7.2868	22.8	7.2868	7.2868
Kazkommerts International B.V.	KKGBe3	6.9340	0	7.2509	7.1068
NAC Kazatomprom	KZAPb1	*8.0236	10.9	*8.0236	*8.0236
DAGOK Kustanaiasbest JSC	KZASb1	*7.0116	0	13.1000	10.1001
Kazakhstan Mortgage Company CJSC	KZIKb1	8.2193	294.5	8.2193	8.2193
Kazpost OJSC		8.4965	0	8.8970	7.5006
Kazakhtelecom	KZTKb1	7.3008	57.6	7.3008	7.3008
KazTransOil CJSC	KZTOb	6.3045	102.4	6.3045	6.3066
KazTransOil CJSC	KZTOe1	5.5532	228.8	5.5532	5.8957
JB LARIBA-BANK OJSC	LARib1		0	10.7515	7.7507
Nurbank OJSC	NRBNb1	*8.4920	151.2	*8.4920	8.7015

Issuer	Bond code	On the last deal	Volume, th, USD	Purchase	Sale
Corporation "Ordabasy" OJSC	ORDBb1	10.2870	51.7	10.1812	10.2870
RG BRANDS OJSC	RGBRb3	10.4970	31.1	10.5000	10.5000
PetroKazakhstan Oil Products OJSC	SMGZb1	7.1453	21.0	7.1453	7.1453
TEMIRBANK OJSC	TEBNb	10.4876	0	10.4851	8.9915
TEMIRBANK OJSC	TEBNb2	10.6945	0	11.0000	8.0000
TEMIRBANK OJSC	TEBNb3		0	9.0000	8.5000
NC KTZh CJSC	TMJLb2	6.6968	10.1	6.6968	6.6968
TEXAKABANK OJSC	TXBNb1	*14.5712	11.4	*14.5712	*14.5712
UKBF CJSC	UKPFb1		0	16.0000	14.0000
VITA OJSC	VITAb3	13.9743	263.1	13.9743	13.9743
VALUT-TRANZIT BANK OJSC	VTBNb1	*10.2600	0	11.5517	10.4498
<b>TOTAL</b>	<b>43</b>		<b>6,418.0</b>		

Notes: bid and offer prices for the period are given; if no deals were made during reporting period (volume =0), the last price of successful trades is given; marked by the star are indicative quotations in Quotation trade system of KASE unlike the bids submitted in regular trade mode, or the price of direct deals and indicators received with its using.

In the repo sector of CS 72 deals were made in the total amount of **\$12,375.9 th.** (KZT1,828.8 m) during the described period. 43 deals of them (in the amount of \$6,578.3 th.) repo opening and 29 deals (in the amount of \$5,797.6 th.) – repo closing. Last period volume of deals in this sector amounted to \$9,080.0 th. (KZT1,348.3 m).

In all CS trade floors of KASE (including primary floatation and repo sector) a total of 138 deals amounting to **\$29,590.8 th.** (KZT4,377.70 m) were concluded within the analyzed period. Last period volume of 117 deals equaled to \$20,133.7 th. (KZT2,989.6 m).

### Changes in trading lists at KASE

By the decision of Kazakhstan stock exchange's (KASE) Council dated June 27 of 2002 **inscribed subordinate bonds of BANK CASPIAN OJSC of the second issue** (KZ2CKY07A743, KZT3,100.0 m., KZT20,000, May 28, 03 – May 28, 10, semi-annual coupon 9.5% APR, 30/360) have been included into KASE's official "A" listing category. At KASE the bonds were assigned trade code CSBNb2. The decision took effect **from July 1, 2003**. Date of opening of trades in the bonds at KASE will be announced later. Status of the market-maker of the mentioned bonds at KASE will be fulfilled by RG Securities LLP (Almaty). Minimal volume of compulsory quotation for the market-maker is 85 bonds.

By the decision of Kazakhstan stock exchange's (KASE) Council dated June 27 of 2002 **inscribed subordinate indexed to inflation bonds of Bank CenterCredit OJSC of the third issue** (KZ2CRY07A750, KZT2,000.0 m.; KZT1; semi-annual coupon with floating rate: 12.1% APR of the face value for the first half-year of circulation, afterwards – depending on inflation level, 30/360) have been included into KASE's official "A" listing category. The decision came into force **from June 27, 2003**. At KASE the bonds were assigned trade code CCBNb3. Status of the market-maker of CCBNb3 at KASE has been assigned to KIB ASSET MANAGEMENT Ltd LLP (Almaty). Minimal volume of compulsory quotation for the market-maker is 1,700,000 bonds.

More detailed information on included securities and their issuer is available on KASE site ([www.kase.kz](http://www.kase.kz)).

### SECTOR OF GOVERNMENT SECURITIES (GS)

In primary market sector on June 27 of 2003 in KASE's trade system there were specialized trades on primary additional floatation of **inscribed indexed to tenge devaluation rate municipal bonds Astana city of the sixth issue** (KZZ4KY040062, AST048.006; KZT100, KZT1.3 bn, June 25, 03 – June 24, 07, semiannual coupon at 8.50%APR, act/365). The subject to auction was net price of the bonds (without accrued coupon), expressed as a percentage of indexed nominal price. The issuer intended to offer additionally securities totaling KZT345.0 m in nominal expression of debt. Only limited (competitive) bids were admitted to the specialized trades. The ask during the additional floatation reached KZT1,094,556,797.62 m or 317.4% of bided volume at weighted average yield to maturity in submitted applications at 8.4979% APR at semiannual basis. By results of the auction the issuer float additionally 3,449,783 bonds at **KZT344,978,300.00** at par. Weighted average yield of securities to maturity equaled to **8.4941% APR** on semiannual basis. From the total volume of additionally floated bonds share of banks accounted for 17.4%, 82.6% - for their clients.

By results of the specialized exchange auctions (the first one was held on June 25) Astana akimat offered 12,999,783 bonds or KZT1,299,978,300.00 at par having registered issue volume of KZT1,300.0 m. Thus issue was offered completely. Weighted average yield of bonds for the buyers according to all auctions totaled 8.4984% APR on semiannual basis.

In GS purchase and sale sector of KASE (including euronotes of Kazakhstan) a total volume of 80 deals reached **KZT4,121.3 m** (\$12,049.7 th.) during the analyzed period. Corresponding figure of the previous period – KZT1,789.8 m (\$12,049.7 th.). Such the significant growth of GS turnover, in the opinion of IRBIS analysts, has been caused by high issue activity of the national Bank, and also offering of the next issues of MEOKAM – 24 and MEOKAM-36 by the Ministry of finance. Also deals that correct market value of the pension portfolios at the end of the month had positive effect on volume of deals. How it can be seen from the table, prices of most GS at KASE grew by results of the week, which was accompanied with according decline in bonds' yield.

Behavior of indexes KASE\_E needs special attention. They are characterized with high volatility (table at the beginning0. This is related to maximum narrowing of market of Kazakhstan sovereign debt euronotes, where deals are concluded rarely. In the case of deals' absence indexes are calculated according to quotations, and sometimes their change can be significant.

#### Parameters of Exchange's transactions in GS within June 26 – July 2

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals
	min	max	last deal	weighted average		
<b>Discounted (KZT): MEKKAM, National Bank's notes</b>				<b>75.9% (76.8%) of purchase and sale sector's turnover</b>		
less than 8	2.43	5.40	3.00	3.00 (3.02)	196.9	4
8 - 14	3.64	3.93	3.64	3.80 ( -)	339.7	4
15 - 28	4.10	6.43	4.19	4.63 (5.05)	884.5	20
29 - 36	4.26	5.43	4.26	4.72 (5.16)	172.6	5
64 - 91	5.11	5.41	5.11	5.35 (5.35)	178.4	5
92 - 181	4.25	5.44	5.43	5.24 (5.35)	1,306.1	17
182 - 364	5.38	5.38	5.38	5.38 ( -)	48.3	1
Total					3,126.3 (1,374.5)	56 (22)
<b>Coupon (KZT): MEOKAM-24, 36, 48, MEAKAM</b>				<b>17.8% (8.7%) of purchase and sale sector's turnover</b>		
less than 730	5.80	6.70	5.90	6.21 (6.56)	308.2	14
731 - 1095	6.18	6.18	6.18	6.18 ( -)	107.9	2
1096 - 1460	6.13	6.13	6.13	6.13 ( -)	109.1	2
1461 - 1825	5.67	7.11	6.86	6.63 ( -)	208.7	3
Total					733.8 (155.9)	21 (12)
<b>Euronotes of Kazakhstan (USD)</b>				<b>6.3% (14.5%) of purchase and sale sector's turnover</b>		
*471	2.66	2.66	2.66	2.66 (2.69)	50.4	1
**1394	3.11	3.59	3.59	3.35 ( -)	210.7	2
Total					261.1 (259.5)	3 (3)
<b>GRANDTOTAL</b>					<b>4,121.3 (1,789.8)</b>	<b>80 (37)</b>

Notes: for euronotes (\* – third issue, \*\* – fourth issue) volume of the deals has been calculated at weighted average USD/KZT rate of the Exchange.

In GS repo-transactions sector 547 deals were made for a total of **KZT69,748.6 m** (including automatic repo sector) during the period. Of this number 259 deals (for KZT33,501.4 m) were repo opening deals and 288 (KZT36,247.2 m) were repo closing deals. Last period transactions volume of this type reached KZT59,847.1 m. After closing of the trades on July 2 total amount of opened at KASE repo reached KZT14,360.5 m. Parameters of automatic repo market are given in the table.

#### Major parameters of automatic repo market on opening deals within June 26 – July 2

(in parentheses – comparable figures of previous period)

Instrument (currency, term or repo)	Yield, % APR				Volume, m KZT	Number of deals	Portion, %
	on first deal	min	max	at last deal			
KZT_001	3.86	1.20	5.50	1.30	3.10,(3.34)	25,520.0	167 86.0,(82.3)
KZT_002	4.00	2.00	7.00	4.00	4.34,(3.26)	1,002.0	16 3.4,(0.9)
KZT_003	5.00	3.00	5.00	3.30	3.43,(3.00)	514.0	7 1.7,(0.2)
KZT_007	5.00	3.60	5.00	3.90	4.33,(3.99)	1,377.0	17 4.6,(8.1)
KZT_014	4.20	4.20	5.60	4.40	4.72,(4.44)	1,113.0	18 3.8,(4.3)
KZT_028	5.60	5.20	5.60	5.20	5.28,(5.10)	152.0	3 0.5,(4.2)
<b>TOTAL</b>					<b>29,678.0,(30,230.0)</b>	<b>228,(203)</b>	<b>100.0</b>

Total of 627 deals were made at trade floors of KASE amounting to **KZT73,869.8 m** in GS on trade floors of KASE during the analyzed period (purchase-sale and repo sector). The previous period volume of 454 deals didn't exceed KZT61,637.0 m. The proportion of the Exchange's turnover in total volume of deals on Kazakhstan secondary market for GS for comparable operations equaled to **91.1%**, for last week it was equal to 96.4%.

## KASE'S NEWS

By the decision of Kazakhstan stock exchange's (KASE) Board, on the basis of statement of Halyk Bank of Kazakhstan OJSC (Almaty), **since July 1 of 2003** auction on inscribed subordinate bank's bonds of the third

issue (KZ2CKY06A760; KASE's official "A" listing category, HSBKb3; KZT4,500.0 m; KZT1; June 19, 03 – June 19, 09; semiannual coupon 9.0% APR) are opened at KASE. Quotation accuracy in the KASE's trade system is four decimal figures of bonds' net price, which is expressed as percentage of indexed face value. Obligations of the market-maker of the mentioned bonds at KASE, on the basis of submitted application, is fulfilled by KIB ASSET MANAGEMENT Ltd. Minimal volume of compulsory quotation for the market-maker is 1,700,000 bonds.

By decision of Kazakhstan stock exchange (KASE) Board **starting from July 1 of 2003** common subscribed shares of SNPS - Aktobemunaigaz OJSC (Aktobe) (KZ1C15990118, trade code AMGZ) and preferred subscribed shares of ATFBank OJSC (Almaty) (KZ1P35970816, trade code ATFBp8) of the eighth issue have been included into the list for KASE\_Shares index calculation. As a result 26 shares of "A" category official securities list that were issued by 15 companies are currently included into representative list for the index calculation.

During the first half year of 2003 total volume of transactions made in all sectors of the Kazakhstan Stock Exchange (KASE) reached an equivalent of **\$14,501.7m, or KZT2,201.1bn**. Compared to similar period of last year, turnover **increased 1.5 times** measured in dollars and tenge. Compared to previous half-year (July – December 2002) the turnover at the Exchange decreased by 3.7% in dollars, and 5.5% in tenge.

Following is the table of volumes of deals made at KASE during those periods, as well as dynamics of the turnover structure of the Exchange (in millions USD unless otherwise indicated). The calculation was made in terms of dollars.

Market's sector of KASE	To I half year of 2002				To previous period		
	I HALF		trend				trend
year 2003	I half year 2002	m USD	%	II half year 2002	M USD	%	
<b>Foreign currency</b>	<b>2,629.9</b> 18.1%	1,101.3 11.5%	+1,528.7 +138.8	1,879.5 12.5%	+750.5	+39.9	
<b>Futures</b>	<b>1,052.030</b> 7.3%	385.8 4.0%	+666.3 +172.7	448.0 3.0%	604.0	+134.8	
<b>GS</b>	<b>913.7</b> 6.3%	713.2 7.4%	+200.4 +28.1	1,237.8 8.2%	-324.1	-26.2	
<b>CS</b>	<b>474.8</b> 3.3%	166.2 1.7%	+308.7 +185.7	437.4 2.9%	37.4	+8.6	
<b>Repo (CS and GS) total</b>	<b>9,431.1</b> 65.0%	<b>7,217.4</b> 75.3%	+2,213.7 +30.7	11,056.8 73.4%	-1,625.6	-14.7	
inc. repo on GS, direct	1,154.8 8.0%	1,112.2 11.6%	+42.6 +3.8	1,827.8 12.1%	-673.1	-36.8	
inc. auto- repo on GS	8,048.5 55.5%	6,064.6 63.3%	+1,983.9 +32.7	9,105.6 60.5%	-1,057.1	-11.6	
inc. repo on CS, direct	178.3 1.23%	40.7 0.4%	+137.6 +338.3	119.6 0.8%	58.7	+49.0	
inc. auto- repo on CS	49.6 0.339%	0 0%	+49.6 X	3.7 0.02%	+45.9	+1,228.9	
<b>Promissory Notes</b>	<b>0.096</b> 0.001%	0.023 0.0002%	+0.073 +309.7	0 0%	+0.096	X	
<b>TOTAL</b>	<b>14,501.7</b> 100%	<b>9,583.9</b> 100%	<b>+4,917.9</b> <b>+51.3</b>	<b>15,059.5</b> 100%	<b>-557.7</b>	<b>-3.7</b>	

Following is the table with the dynamics of the turnover of the Exchange in last 7 months, which is grouped by months and market sectors (both in KZT and USD).

Market sector	Indi- cator							
		XII-2002	I-2003	II-2003	III-2003	IV-2003	V-2003	VI-2003
<b>In million US dollars</b>								
<b>Foreign currency</b>	volume	430.3	306.6	607.6	356.6	398.6	393.0	567.5
	%	12.3	14.4	26.5	18.9	16.5	17.5	16.1
<b>Futures</b>	volume	187.0	0	0.500	1.505	0.005	0	1,050.0
	%	5.3	0	0.022	0.080	0.0002	0	29.8
<b>GS</b>	volume	432.6	218.5	200.9	160.8	87.8	137.0	108.7
	%	12.3	10.2	8.8	8.5	3.6	6.1	3.1
<b>CS</b>	volume	282.7	78.5	27.9	41.6	82.7	198.2	45.9
	%	8.1	3.7	1.2	2.2	3.4	8.8	1.3
<b>REPO</b>	volume	2,176.8	1,528.9	1,456.5	1,323.9	1,846.6	1,518.3	1,757.0
	%	62.0	71.7	63.5	70.3	76.4	67.6	49.8
<b>Promiss. notes</b>	volume	0	0	0.096	0	0	0	0
	%	0	0	0.004	0	0	0	0
<b>TOTAL</b>		<b>3,509.4</b>	<b>2,132.4</b>	<b>2,293.5</b>	<b>1,884.5</b>	<b>2,415.7</b>	<b>2,246.5</b>	<b>3,529.2</b>

Market sector	Indicator	Period						
		XII-2002	I-2003	II-2003	III-2003	IV-2003	V-2003	VI-2003
<b>In billion tenge</b>								
Foreign currency	volume	67.0	47.6	93.2	54.0	60.6	59.3	84.5
	%	12.3	14.4	26.5	18.9	16.5	17.5	16.1
Futures	volume	29.3	0	0.076	0.229	0.001	0	157.2
	%	5.4	0	0.022	0.080	0.0002	0	29.9
GS	volume	67.4	33.9	30.8	24.4	13.3	20.7	16.2
	%	12.3	10.2	8.8	8.5	3.6	6.1	3.1
CS	volume	44.0	12.2	4.3	6.3	12.6	29.9	6.8
	%	8.1	3.7	1.2	2.2	3.4	8.8	1.3
REPO	volume	338.8	237.6	223.3	200.5	280.7	229.2	261.5
	%	62.0	71.7	63.5	70.2	76.4	67.6	49.7
Promiss. notes	volume	0	0	0.015	0	0	0	0
	%	0	0	0.004	0	0	0	0
<b>TOTAL</b>		<b>546.4</b>	<b>331.4</b>	<b>351.7</b>	<b>285.5</b>	<b>367.2</b>	<b>339.1</b>	<b>526.2</b>

**Note to the tables:** in sector of government securities (GS) only deals from primary market and purchase and sale in the secondary are considered, in sector of corporate securities (CS) only deals from primary market and purchase and sale in the secondary (including SBS) are considered, in repo sector only repo transactions with CS and GS, including automatic repo.

As IRBIS analysts suggested it, the first summer month appeared to be hot at KASE. Suffice it to note that the total volume of exchange transactions, which reached \$3,528.7 m in June, is **record high exchange turnover for the whole KASE history**. Previous similar record was held in December 2002, when dollar equivalent of the exchange turnover totaled 3,509.4

As it can be seen from the presented information, such a high figure was reached in June generally due to sharp expanding of the futures market, whose volume exceeded one billion dollars at cost of purchased and sold contracts on \$1,000. However it is not evidence for futures market revival, as at the beginning of July there were no open positions at the Exchange. It seems KASE members and their clients periodically use the futures market for realization of their financing schemes, no more than.

As it was expected, the volume of exchange currency transactions substantially grew (by \$174.5 m or 44%). During the whole month exporters were selling their currency proceeds, which led to tenge strengthening by 1.82% in nominal expression. There are still same reasons for large dollar inflows to the domestic market: high prices for major articles of Kazakhstan export and great currency volume, borrowed by Kazakhstan banks abroad. Also, the sale of state block of shares of SNPS-Aktobemunaigaz OJSC had special role in growth of the currency market in June.

In addition forecasts of IRBIS analysts regarding repo market were justified too. Higher (than in May) short-term liquidity of the banking sector, caused by purchasing large volumes of currency in the domestic market by the National Bank, led to increase of the size of repo transaction by \$238.4 m or 15.7%.

The market of government securities, however, was contrary to the expectations. After intended expansion in May it converged again (volume of transactions decreased by May by \$28.4 m or by 20.6%). Appearance of "long" notes of the NBK caused activation of the secondary market due to counter restructuring of portfolios by investors. However this effect was brief. Further funds from secondary market of GS went to the primary and repo sector. In June Volume of primary floatation of municipal GS at KASE also was less significant than in May.

Decline of deals volume in sector of purchase and sale of CS can be explained by the sale of SBS of SNPS-Aktobemunaigaz OJSC for \$150.2m in May. As it was expected SBS realization, made due to geo political reasons, didn't have an effect on the stock exchange market of Kazakhstan. If we put away statistics, in June the volume of exchange operations with CS at KASE remained at the level of May, rather high for the current year.

According to the results of the half-year, development of the exchange market in Kazakhstan goes (besides increase of turnover) to increasing share of transactions related to foreign currency and corporate securities, in other words at the expense of the sectors that are concerned with actual sector of economy.

Forecast of the exchange activity for July looks clear. Most likely, KASE market will not able to come up June volume, as it is difficult to imagine such high activity of exchange members in futures contracts. Also IRBIS specialists expect decline of volume of currency operations for the absence of the influence of large SBS sale on the market. The decline won't be large for payments of income tax for the quarter-end would force exporters to increase realization volumes of currency proceeds in the domestic market. Lower short-term liquidity of the banking sector, caused by the budget payments for the quarter ended, can negatively influence repo market. GS market doesn't inspire for the same reasons. The only sector of the exchange market, where the high possibility of growth in transactions volume exists, is the market of corporate securities. Its activation is possible as a result of offering new bonds that passed the listing procedures at KASE in the second half of June, and also due to increasing shares turnover.

**Prepared by Information agency of financial markets “IRBIS”**  
67, Aiteke bi str., Almaty, Kazakhstan; info@kase.kz; tel.: 638892, fax: 622656