

WEEK OF STOCK MARKET OF KAZAKHSTAN

August 27 – September 2, 2011

Date	Index KASE	USDKZT	TONIA	TWINA	KazPrime
26.08.11	1,236.40	146.43	0.8185	1.59	1.7500
27.08.11	1,241.03	146.41	0.2329	0.42	1.7500
31.08.11	1,249.16	146.46	0.4077	0.52	1.7500
01.09.11	1,287.58	146.64	0.4072	0.50	1.7500
02.09.11	1,270.20	146.71	0.1194	0.34	1.7500
Trend	33.80	0.28	-0.70	-1.25	0
%	+2.73	+0.19	-85.41	-78.47	0

MAIN NEWS OF KAZAKHSTANI STOCK MARKET

August 27 it became known that during the visit of the delegation to Kazakhstan Korea Stock Exchange (KRX), headed by the President of the Exchange, Mr. Kim Bong-soo (Kim, Bong Soo) Kazakhstan Stock Exchange (KASE) and KRX signed a Memorandum of Cooperation on stock market development in Kazakhstan. The parties intend to establish a working group comprising representatives of both exchanges, the activities of which will be used to study the current situation in the securities market of Kazakhstan and the development of specific recommendations for its development, including the improvement of the regulatory framework of securities market and its regulation, as well as Development of information technologies used KASE.

August 27 the head of the Ministry of Economic Development and Trade of the Republic of Kazakhstan Kairat Kelimbetov in his report mentioned that the deficit of both the public and the national budget to be reduced relative to projected GDP, from 2.6% in 2012 to 1.3% in 2014, or 758.5 bn to 460.2 bn in absolute terms, respectively, thus bringing it closer to pre-crisis levels. He also said that Kazakhstan's National Fund's assets in 2015 should increase to 72.5 billion U.S. dollars, or at least 30.4% of GDP. As noted in this connection, the guaranteed transfer from the National Fund is expected to be 1 200.0 bln in 2012-2014. The minister said that limiting the use of the National Fund in the amount of the guaranteed transfer to the background of increasing non-oil revenue the state will help reduce non-oil deficit to 4.7% of GDP in 2014, which by 2020 should amount to no more than 3% of GDP. We also learned that the Ministry of Economic Development calls for an increase in state budget expenditures to 6.9 trillion KZT in 2014. In addition, he said, planned in 2012-2014 the growth in public spending (by 15.9% to the estimate in 2011) does not exceed the growth rate of nominal GDP, which provides a condition of counter-cyclicity of fiscal policy. In this case, the cost of the national budget for projected income, scheduled transfers and options identified deficiency in the amount of 5.5 trillion KZT in 2012 and 2013 and 5.9 trillion KZT in 2014.

August 31 it became known that the International Finance Corporation (IFC), a member of the World Bank Group, signed an agreement with National Bank of Kazakhstan that will allow IFC to extend credit in local currency to reduce exchange rate risks and to support the development of the private sector. However, as noted, for development lending in local currencies, IFC hopes to extend this initiative to other Central Asian countries, in which there is no market for currency swaps. According to Shanker Krishnan, Deputy Treasurer and Head of IFC derivatives, local currency financing is critical for companies operating in sectors of the economy of Kazakhstan, is not related to mining. With the support of the National Bank of Kazakhstan, IFC will be able to offer its customers long-term financing in the country without the encumbrance of their currency risk.

September 1 Republic of Kazakhstan Agency on Statistics reported that:

- **subsistence minimum in August 2011 amounted to 17,335 tenge.** The subsistence minimum in the average per capita, calculated on the basis of the minimum standards of consumption of basic foodstuffs, in August 2011 compared to the previous month increased by 4.4%, August 2010. - 18.9%;
- **inflation in Kazakhstan in August 2011 was 0.3%;**
- **food prices in Kazakhstan in August 2011 compared with August 2010 increased by 12.8%;**
- **prices of manufacturers of industrial products in August 2011** increased by 2.7%.

September 2 report of the Vice-Chairman of Customs Control of Ministry of Finance of the Republic of Kazakhstan Dinara Mamasheva stated that that into the budget of Kazakhstan up to 7

months in 2011 import duties were enrolled in the CU framework in the amount of 153.2 billion tenge. As noted, according to a study of Customs Control Committee, Kazakhstan today demonstrates the positive results on the distribution of import duties. Thus, in the last 7 months of 2011 Kazakhstan produced listing the distribution of 89 billion tenge. Return receipt was 153 bln. Thus, the transfer to the budget of Kazakhstan amounted to 7.33%: of the Russian Federation - 140 billion 479 million tenge from the Republic of Belarus - 5 billion 591 million tenge from the Republic of Kazakhstan - 7 billion 086 million tenge. Increase of customs duties and taxes on the basis of seven months of 2011 amounted to 87.1% over the same period in 2010. As indicated, the following seven months of 2011 intake of customs duties and taxes (ICDT) totaled 644 billion 283 million tenge. Performance targets for the prediction of ICDT were 103.9%. The growth rate as compared to 7 months of 2010 amounted to 299 billion 847 million tenge or 87.1%. Share of the proceeds of customs duties and taxes in tax revenues of the republican budget amounted to 37.8%.

Stock exchange market

During the study period at KASE on the secondary market sale 170 deals were concluded

	current	change for	
	week	1 week	2 weeks
Average daily volume. USD th.	472.4	+3.4%	+45.6%
Average daily volume. KZT m.	69.2	+3.5%	+46.5%
Stake of nego deals. number (%)	0.01	+0.001 pp	+0.006 pp
Stake of nego deals. volume (%)	0	-0.06 pp	+0.03 pp
KASE members	28	+7.7%	+7.7%
Number of shares denominations*	17	0	+21.4%
Stake of pension funds. gross (%)	0	0	0
on purchase	0	0	0
on sale	0	+0.02 pp	+0.02 pp
Stake of individuals. gross (%)	64.4	+16.6 pp	-5.8 pp
on purchase	54.2	-1.0 pp	-5.6 pp
on sale	74.7	+34.12 pp	-6.0 pp
Stake of nonresidents. gross (%)	0.4	-8.4 pp	+0.4 pp
on purchase	0.8	-2.6 pp	+0.8 pp
on sale	0.1	-14.3 pp	+0.1 pp

*on which the deals on KASE have been conducted

In the described period falling of average daily prices was detected for five instruments, growth showed nine instruments involved in the transaction, prices of the two tools have not changed. Adverse change in shares prices was in the range of 0.58% (KZTK) to 16.12% (ZERDp), positive - from 2.23% (RDGZp) to 7.14% (GB_ENRC).

Over the short past week, KASE index increased by almost 3%, despite the fact that the last day of the week was marked by negative dynamics in virtually all sectors of the local stock market.

Significant support for the indicator had securities of the commodity sector. Stock quotes of Kazakhmys and ENRC rose by 7.1% and 2% respectively. Ordinary shares of JSC "EP "KMG" added 5.5%. The positive trend was associated with weakening of fears of investors in international commodity markets with respect to recurrence of a global recession.

5% and 2% was the increase of quotations of common shares of the "Halyk Bank of Kazakhstan" JSC and "Kazkommertsbank", despite the fact that at the end of the week reinforced the negative sentiment surrounding the financial sector to foreign exchanges. Quotes of ordinary shares of JSC "Bank CenterCredit" fell by 5%. During the week, investors in the Kazakhstan stock market did not show much interest in the mentioned securities.

More detailed information on share trades at KASE is given in the table below:

Results of share trades on KASE, including STF of RFCA within August 27 – September 2, 2011, only by data on deals made on the secondary market of KASE by the methods of opened trades):

Share code on KASE	Last deal:		Price, KZT per share:		Volume of deals Th. USD	Num. of deals	Demand	Best for The period: Supply,
	min	max	price	trend,%				
BSUL	630	630	630	0	10.23	1	630	630
BTAS	1.65	1.9	1.65	-5.71	24.51	7	1.9	1.65
CCBN	385	385	385	-4.94	5.32	1	390	385

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Results of share trades on KASE, including STF of RFCA within August 27 – September 2, 2011, only by data on deals made on the secondary market of KASE by the methods of opened trades):

Share code on KASE	min		max		Last deal: price trend,%		Price, KZT per share: for last 365 days: min max		Volume of deals	Num. of deals	Best for The period: Demand Supply,	
	GB_ENRC	1650	1650	1650	+7.14	1425	2600	10.15	4	1650	1605	
GB_KZMS	2500	2650	2550	+2.00	2226	3800	37.52	17	2680	2500		
HSBK	242	263.99	259	+4.86	200	445	143.37	19	265	242		
KAZI	200	215	215		200	220	43.84	2	215	200		
KAZIp	300	315	315		300	390	120.22	2	315	300		
KKGB	295	310.3	300	+2.04	246.1	616	55.32	16	310.3	295		
KKGBp	152.9	158.4	158.4	+5.60	144	230	92.82	4	158.4	152.9		
KZTK	17000	17100	17100	0	13500	20850	157.52	7	17100	17000		
KZTKp	7850	8346	7851	+0.01	6300	9990	15.99	5	8346	7850		
MREK	1251	1251	1251	-8.26	1100	3000	30.98	1	1251	1251		
RDGZ	13800	14899	14500	+5.45	13411.21	21000	134.90	16	14900	13800		
RDGZp	13650	14100	14000	+2.15	13500	20510	842.55	55	14410	13099		
SATC	71.08	71.08	71.08	0	71	72	48.06	2	71.08	71.08		
ZERDp	5.4	5.4	5.4		4.6	5.72	61.65	10	5.4	5.4		
17							1,835.0	169				

Notes: Trends are given relative to the last deal of the previous 30 days period (August 1 – September 1, 2011). If deals were not made in the previous month the trend is not calculated.

Corporate bonds market

In this sector of KASE during the analyzed period 12 deals were made.

	current week	Change for	
		1 week	2 weeks
Average daily volume. USD th.	765.7	6.0 times	6.9 times
Average daily volume. KZT m.	112.2	6.0 times	6.8 times
Stake of nego deals. number (%)	0	-0.03 pp	0
Stake of nego deals. volume (%)	0	-0.04 pp	0
KASE members	8	-52.9%	-18.0 pp
Number of bonds denominations*	9	-47.1%	-57.1%
Stake of pension funds. gross (%)	15	+14.7 pp	+14.7 pp
on purchase	7	+5.5 pp	+6.8 pp
on sale	23	+22.6 pp	+22.6 pp
Stake of individuals. gross (%)	1.2	+0.3 pp	-16.6 pp
on purchase	1.8	+0.1 pp	-0.4 pp
on sale	0.6	+0.4 pp	-32.7 pp
Stake of nonresidents. gross (%)	0	-41.4 pp	-16.5 pp
on purchase	0	-4.08 pp	-22.1 pp
on sale	62.8	-15.9 pp	+51.9 pp

* on which deals were made at KASE

Following the period growth of average net prices on the open market of bonds characterized five items, fall - 2, prices of the two tools have not changed, one tool was trading for the first time. Yield to maturity on deals rose in the week for two bonds, declined - for 3, the yield of the three instruments has not changed. Positive change in bond yield to maturity was in the range from 0.03% (HSBKe2) to 0.50% (CSBNb6), negative - from 0.06% (KKGBe19) to 2.04% (TSBNb6).

More detailed data on corporate bonds on KASE is shown in the table below:

Results of bond trades on KASE including STF of RFCA within August 27 – September 2, 2011 (only on data of deals . made on secondary market of KASE by the methods of opened deals):

Bond code on KASE	Yield to maturity for a buyer. % APR:						Amount		best for the period:	
	min.	max.	on the last deal: yield	min.	for last, 365 days,; min, max,		Of deaks, Th. USD	Number Of deals	demand	supply,
CCBNb7	10.00	10.00	10.00	0	8.10	10.00	207.08	1	10.00	10.00
CSBNb6	12.50	12.50	12.50		10.00	14.95	13.69	1	12.50	12.50
HSBKe2	5.10	5.10	5.10		4.34	5.13	1,065.75	1	5.10	5.10
KKGBe19	7.34	7.34	7.34		6.81	10.80	14.20	1	7.34	7.56
KMGZe3	-5.40	-5.40	-5.40	+0.21	-5.61	-5.23	857.20	1	4.89	4.89
ORDKb2	12.00	12.00	12.00	0	12.00	16.02	193.77	3	12.00	12.10
RGBRb6	15.00	15.00	15.00		10.00	16.00	691.79	1	15.00	15.00
TSBNb5	8.00	8.00	8.00		8.00	14.00	1.43	2	8.00	8.00
TSBNb6	8.50	8.50	8.50		8.50	15.00	17.94	1	8.50	8.50
9							3,062.8	12		

Notes: Trends are given relative to the last deal of the previous 30 days period (August 1 – September 1, 2011). If deals were not made in the previous month the trend is not calculated.

GOVERNMENT SECURITIES (GS) SECTOR

Primary market sector

August 27 in the KASE trading system, the trades on placement of long-term treasury bills of the Ministry of Finance of the Republic of Kazakhstan MEUJKAM-216 release of the fourth (KZKAKY180040, MUJ216_0004; 1000 KZT, 27.8.11, 27.08.19, semiannual coupon, 30/360) were held, which the Ministry of Finance planned to borrow 12.0 billion tenge. Subject of bargaining was fixed coupon. The auction was attended by 14 primary dealers, which are members of KASE category "K". Through these subjects, investors filed 107 applications, of which the expiration time applications were active 20 orders. Total volume of active bids (demand volume) was 93,101.0 million tenge and exceeded the suggested volume by 7.8 times. As a result of trade, the issuer granted the application to purchase 12 million of bonds worth KZT 12,000,000,000.00.

Secondary market sector)

During the study period, the total volume of 36 deals concluded on KASE was 12,658.9 million tenge (\$86.4 million). In the previous period (22 - 26 August 2011) the figure was 7,970.9 million tenge (\$ 54.4 million), with 36 transactions. Share exchange turnover in the overall volume of Kazakhstan secondary market for government securities of comparable sales and purchases in the analyzed period amounted to 100.0% (previous period - 88.8%).

Parameters of Exchange's transactions in GS within August 27 – September 2, 2011

Days till maturity	Yield to maturity for a buyer. % APR.		last deal	average	Volume, mln. KZT on discount	Number of deals
	min	max				
Discount (KZT) National Bank notes					55.2% (0%) sales sector turnover	
43 - 56	1.40	1.40	1.40	1.40	3,992.34	2.00
57 - 63	1.40	1.40	1.40	1.40	2,993.45	2.00
Total					6,985.8(0)	4 (0)
Coupon (KZT) MEUKAM, MIUKAM, MAOKAM					44.8% (100.0%) of sales sector tu	
1461 - 1825	3.60	3.75	3.75	3.64	2,146.18	5
more than 2191	5.00	5.26	5.26	5.15 (4.99)	1,883.57	7
less than 730	2.08	7.49	2.08	2.08	1,643.32	9
Total					5,673.1 (7,970.9)	21 (36)
TOTAL					12,658.9 (7,970.9)	25 (36)

WORLD MARKETS

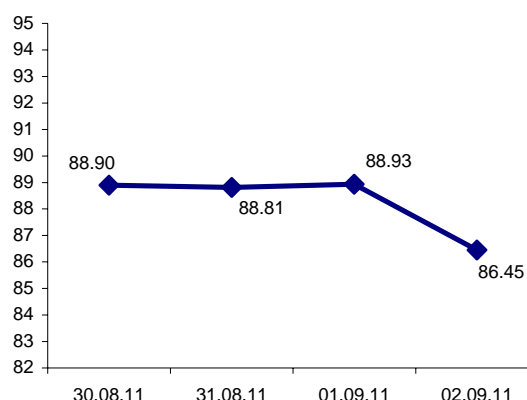
Main news of the world markets

August 27 speech of Fed chairman Ben Bernanke in Jackson Hole has informed that the U.S. economic recovery was slower than expected. But he was not told about the immediate adoption of the third round of quantitative easing (QE3), so what analysts had expected. As pointed out by Bernanke, the discussion of this issue will be postponed until the next meeting of Federal Open Market Committee, which will take place in advanced mode, for two days instead of one, 20-21 September. He reiterated that the Fed has the tools to stimulate the economy, which can be used if necessary.

August 27 it became known that the index of consumer confidence in the U.S. in August 2011, calculated by Conference Board, fell to 44.5 points from 59.2 points in July. The specified index value was the lowest since April 2009. Analysts had expected value of the index in August 2011 at the level of 52 points.

August 27 it became known that the Italian government has placed the ten-year bonds worth 3.75 billion euros at 5.22% per annum against the rate of 5.77% per annum for the previous auction. The demand exceeded supply by 1.27 times. In addition, government bonds of Italy with maturities of Italy amounting to 2.99 billion euros have been placed.

NYMEX Light Sweet Crude Oil

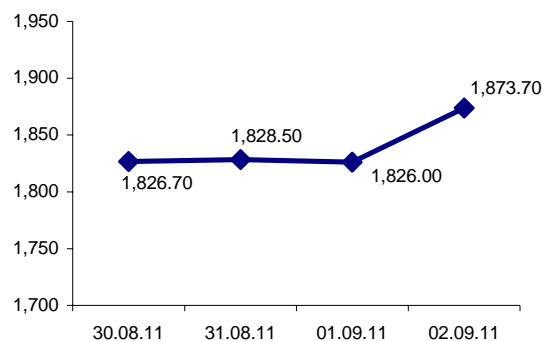


September 1 it became known that the business activity index (PMI) Chicago in August 2011 fell to 56.5 points from 58.8 points in July. Analysts had expected value of the index in August to be 53.5 points. The volume of industrial orders in the U.S. in July 2011 increased by 2.4% to \$ 453.2 million, analysts had expected growth rate of 1.8%. The number of jobs in private companies in the USA in August 2011, according to Automatic Data Processing, Inc. (ADP) has increased by 91 thousand compared to July.

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COMEX gold price
\$ per ounce



Copper (three months supplement)
on London Metal Exchange

