



PRESS-RELEASE

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KASE presents stock market performance results for August 2018

Kazakhstan Stock Exchange JSC (KASE, the Exchange) presents stock market performance results for August 2018.

- The total trading volume on KASE in August 2018 amounted to KZT 9.6 trillion and decreased by 0.5% or KZT 48.8 bn compared to previous month.
- Shares sector and government securities (GS) sector of the securities market grew by 13% and 15.2%, respectively.
- The volume of outstanding corporate debt grew by 14.0% reaching KZT 9.0 trillion.
- A total of 380 titles of securities of 153 issuers were available for trading on KASE as at August 1. Shares of three new issuers – Transnational Company Kazchrome JSC, Life Insurance Company Asia Life and Leasing Group JSC – were included in the Exchange's official list in August.
- The volume of primary corporate bond market grew 13 times and amounted to KZT 9.1 bn; government securities market grew by 7.8% and totaled KZT 178.8 bn.
- As at September 1, 2018, there were 110,603 personal accounts opened by individuals at the Central Securities Depository, which is by 610 accounts more than a month earlier and by 1,358 accounts more than at the beginning of the year.

EQUITY MARKET

As at the end of the month, there were 124 titles of shares issued by 109 issuers in the KASE trade lists including 4 titles of shares issued by 4 companies on the unlisted market.

KASE equity market capitalization decreased in August by 4.8% or KZT 846.2 bn to KZT 16.7 trillion. The main reason for this indicator's decline is a 35.8-per-cent fall in quotations of Kaz Minerals PLC stock and the removal of ordinary shares of Kazkommertsbank and Eximbank Kazakhstan from the official list.

KASE index closed in the red during all three summer months. The last time this indicator fell for three consecutive months in 2015. In August, KASE index lost 130.6 points or 5.5% and reached 271.4 points or 10.8% following three months of declines.

The major defining events in the market were the publication of the financial statements for the first half of 2018 and a number of corporate events.

Changes in prices of shares included in the KASE representative list

Issuer	Trade code	Price change, %		
		as at August 1, 2018	as at September 1, 2018	in August
KEGOC	KEGC	1,431.0.	1,491.6.	4.2 %
Kcell	KCEL	1,626.0	1,635.0	0.6 %
KazTransOil	KZTO	1,360.0	1,355.0	0.4 %
Bank CenterCredit	CCBN	274.0	272.0	-0.7 %
Halyk Bank	HSBK	100.7	98.6	-2.1 %
Kazakhtelecom	KZTK	33,000.0	32,000.00	-3.0%
KAZ Minerals PLC	GB_KZMS	3,792.0	2,440.0	-35.7%

KASE Index decline was driven by stocks of KAZ Minerals PLC. If in July prices of shares of the production company were decreasing due to the falling copper prices, in the reporting month the decline had followed after the company's reports on its intention to acquire the Baimskaya copper project. In August, shares of KAZ Minerals PLC fell by 35.7% or KZT1,352 to KZT2,440.

Equity instruments of KEGOC, the price of which has increased by 4.2% or KZT60.6 to KZT1,491.6 per share, grew the most among shares in the KASE index representative list. On 27 April, the company paid dividends of KZT40.1 per share, which are tangible for cash flows. As a result, stock prices have gone down but by the end of August most fall have been reversed. In the middle of August, the company reported that Moody's rating agency had affirmed long-term issuer rating at "Baa3", outlook stable. The company provided audit report on consolidated financial statements for the first half of 2018, where it reported the increase of profits by 45.6%.

Stock trading volume increased by 13% or KZT18.7 bn to KZT162.4 bn compared to the previous month. Average daily trading volume reached KZT7.7 bn. The entire volume was traded in purchase-and-sale sector. There were no placements in August.

Significant increase of volume is related to the execution of transactions of irregular nature. Buyback of ordinary shares of Kaspi.kz (KSPI) worth KZT14.3 bn and buyback of preferred shares of KazMunaiGas Exploration Production in the amount of KZT3.8 bn has made a considerable impact on trading volumes in August.

Individuals were the most active investors among main investor categories: their share has reached 63.5% of the total stock turnover. Second-tier banks (STBs) did not participate in the trades, the share of broker-dealers accounted for 20.4%, other institutional investors accounted for 4.3%, the share of other legal entities amounted to 11.8%. The share of non-residents is estimated at 7.6%.

CORPORATE BOND MARKET

As at the end of August there were 239 bond issues of 61 issuers were listed in the KASE trading lists. Bonds were not included in the official list during the reporting month. Bonds of Atameken-Agro (KATRb2), Aktobe Oil Refinery (AKNPb1) were delisted due to maturity; bonds of Bank RBK (INBNb6) were removed due to annulment of the issue; bonds of two issues (EXBNb4 и EXBNb5) of Eximbank Kazakhstan were delisted due to non-payment of interest on its obligations on bonds KZP02Y05E986 (KZ2C00003929, EXBNb5).

Despite removal of a number of debt securities in August, the volume of corporate debt traded on KASE rose by 14% or KZT1.1 trillion to KZT9 trillion in nominal terms. This growth was achieved by including international bonds of three issues of National Company KazMunayGas in the calculation of the indicator of the volume of traded debt and by the rise in the dollar exchange rate, which affected the amount of issues of international bonds expressed in tenge.

KASE_BMY corporate bond yield dropped 14 basis points to 10.21% APR in August. The index profitability is still above the upper limit of the current base rate of the National Bank (9 ± 1% APR).

The volume of trading in corporate bonds on KASE totalled KZT18.9 bn having decreased by 45.2% against July. Average daily trading volume reached KZT901.9 mln.

There were three placements on KASE for the total amount of KZT9.1 bn in August:

- Bank CenterCredit raised KZT3.1 bn. offering seven-year bonds (CCBNb26) at 12% APR;
- Faeton Company raised KZT603.9 mln offering seven-year bonds (FATNb2) at 11% APR;
- Mortgage Organization Kazakhstan Mortgage Company raised KZT5.4 bn offering ten-year bonds (KZIKb27) at 9.65% APR.

Main categories of investors on the primary corporate bonds market were as follows: the share of institutional investors accounted for 34.4%, other legal entities – 65.6%.

The volume of trading in the secondary market fell by KZT24.1 bn or by 71% and amounted to KZT9.8 bn. In August, the number of deals decreased by 20% and amounted to 136.

Main categories of investors on the secondary corporate bonds market were as follows: the share of STDs accounted for 42.6%, broker-dealers – 6.6%, other institutional investors – 39.1%, other legal entities – 8.2%, individuals – 3.5%. The share of non-residents is estimated at 3.5%.

GOVERNMENT SECURITIES MARKET (GS)

The nominal value of the sovereign debt traded on KASE amounted to KZT10,449.4 bn, which is by 0.3% or KZT33.6 bn higher than the July indicator.

In August, the volume of trading in government securities market amounted to KZT269.6 bn and grew by 15.2%. Average daily trading volume was KZT12.8 bn.

In the primary government securities market transaction volume grew by 7.8% or KZT13 bn to KZT178.8 bn. Local executive bodies of nine regions and the cities of Astana and Almaty raised KZT17.7 bn at 0.35% APR in the reporting month under governmental programs. The Ministry of Finance has raised KZT161.1 bn having offered four issues of long-term bonds at 8.43-8.47%.

The structure of investors of the primary government securities market is as follows: institutional investors account for 90.1%, other legal entities account for 9.9%.

The volume of trading in the secondary market rose by 33% to KZT90.8 bn. 95.2% of the total turnover of the secondary market accounted for the notes of the National Bank.

Main categories of investors on the secondary market were as follows: the share of STDs accounted for 67.8%, broker-dealers – 0.3%, other institutional investors – 11.4%, other legal entities – 20.4%, individuals – less than 0.1%. Non-residents did not participate in transactions with GS in the reporting month.

Investment trust units

As at September 1, there were six issues of units managed by five companies in the sector "Securities of investment funds". The volume of trading amounted to KZT13.9 mln, which is 81.4% lower than in the previous month. Main categories of investors were as follows: 11.5% were represented by individuals, 8.5% by brokers-dealers and 80% accounted for other legal entities.

Individuals' accounts at the securities market

As at the end of August, there were 110,603 personal accounts registered that were opened for individuals in the accounting system of the Central Securities Depository, which is by 610 accounts more than a month earlier and by 1,358 accounts more than as at the beginning of the year.

FOREIGN EXCHANGE MARKET

In August, 29 KASE members participated in trades on the foreign exchange market of KASE.

The trading volume on foreign exchange market was KZT1,407.9 bn, which is 0.5% or KZT406.2 bn higher than in the previous month. The average daily trading volume amounted to KZT67 mln, average number of transactions was 345, average volume of one transaction was KZT194.2 mln.

In August, the tenge has weakened against main world currencies. For instance, according to the National Bank of the Republic of Kazakhstan, SDR rate increased by 4.9% to KZT509.75 in the course of August. Thus, the tenge continued its movement following common downward dynamics of currencies of developing countries since the beginning of the second quarter of this year. The

exchange rate of USD/KZT currency pair increased by KZT14.63 from 348.59 to KZT363.22 during the period from August 8 to August 13. The tax period served as a supporting factor for the tenge; upon its completion the tenge continued weakening. Thus, USD/KZT, CNY/USD and EUR/KZT exchanged rates have completed August having reached their maximum values of the month.

The following table shows main characteristics of currency pairs traded on KASE (parentheses indicate the change of an indicator to the previous month, the change in the exchange rate reflects nominal change in weighted average exchange rate of a foreign currency to tenge).

Pair	Volume, mln units of currency	Share in trades volume, %	Number of transactions	Min. and max. exchange rates, Number of base currency for the unit of quoted currency	Exchange rate at the end of the month (%)
USD/KZT	3,908.7 (+35.5 %)	99.3% (+0.02 %)	7,012 (+1,580)	348.21 – 363.43	363.43 (+4.8 %)
RUB/KZT	962.6 (+12.0 %)	0.4% (-0.10 %)	163 (+29)	5.2936 – 5.5706	5.3590 (-3.8 %)
CNY/KZT	21.6 (-27.6 %)	0.1% (-0.07 %)	46 (-20)	50.7500 – 53.4200	53.4200 (+5.3 %)
EUR/KZT	7.8 (x2)	0.2% (+0.08 %)	23 (+11)	402.90 – 424.55	424.55 (+4.6 %)
EUR/USD	2.4	0.1 %	7	1.1330 – 1.1375	1.1375

MONEY MARKET

By the end of August TONIA indicator rose by 1.21 p.p. to 9.28% APR. At the same time, TWINA indicator (weighted average interest rate on seven business days repo opening deals) rose 54 b.p. to 8.81% APR.

The increased volatility of tenge on the foreign currency market had relevant impact on indicators of profitability of currency swaps with the US dollar. The yield of one-day dollar swap SWAP-1D (USD) as at the end of August has reached the maximum value from the beginning of June of this year and amounted to 10.81% APR having added 218 b.p. over the month. The yield of two-day swap SWAP-2D (USD) was up 5.13 p.p. to 14.05% APR. The last time similar borrowing rates with US dollars pledged as collateral were observed in May 2016. It should be noted that the sharp rise in the yield of two-day currency swaps at the end of August was due to the fact that trade participants have envisaged currency risk in the price of a swap instrument given the upcoming four-day break in trading due to holidays.

In August, KazPrime-3M (KZT) continued to move to the upper limit of the base rate of National Bank at 10% APR.

MM_Index, a composite indicator of the money market representing the average value of average weighted interest rates (yield) on USD/KZT currency swap transactions and one-business day autorepo transactions in government securities, increased 114 b.p. to 9.28% APR.

Repo market

Trading volume in this segment reached KZT5.5 trillion, which 13.4% lower than last month indicator. The average daily trading volume amounted to KZT263 bn, average daily number of transactions was 440, average volume of one transaction was KZT597.4 mln.

98,6% of the total volume of repo opening transactions accounted for the GS auto repo transactions. One-day repo transaction, which accounts for more than 83,4% of the total volume of trades in the GS auto repo market, remains the most popular instrument on the GS auto repo market.

A total of 43 members of the Exchange participated in repo market transactions in August. More than 83% of the total turnover in this segment was represented by banks. The share of non-residents in the reporting month was negligible and amounted to 0.1%.

Currency swap transactions

Volume of trading in the currency swap market rose by 19.5% to KZT 2.3 trillion amid rising USD/KZT exchange rate volatility. The average daily trading volume amounted to KZT107.9 bn, average daily number of transactions was 45, average volume of one transaction was KZT2.4 bn. Over 62,3% of the total trading volume (KZT1.4 trillion) in the structure of instruments of the currency swap market accounted for two-day currency swaps (USDKZT_0_002).

DERIVATIVES MARKET

Currently, the futures, whose underlying assets are represented by the US dollar, KASE Index and particular stocks are available for trading in this sector of the exchange market. No futures transactions were made in August. There were no open positions held by participants of the derivatives market by the beginning of September.

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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