



PRESS-RELEASE

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KASE presents stock market performance results for January 2020

Kazakhstan Stock Exchange (KASE, the Exchange) presents stock market performance results for January 2020.

- Total trading volume on KASE amounted to KZT9,137.7 bn and dropped by 2.6 % compared to 2019.
- Trading volume on the equity market rose by 22.7 %.
- A total of 17 issues of corporate bonds of six issuers, two of which have been listed on the Exchange for the first time were included in the Official List of KASE.
- Five issues of corporate bonds for the total amount of KZT44.1 bn were placed in the corporate bond sector.
- The volume of traded corporate debt rose by 6.0 % to KZT12 trillion in January.

EQUITY MARKET

Equity market capitalization decreased by 0.5 % or by KZT80.8 bn in January to KZT17.1 trillion.

There were 139 share titles of 123 issuers as at the end of the month in the KASE trading lists; three issues of these securities were admitted to trading in non-listed securities sector.

Ordinary shares of two titles were removed from the Exchange's Official List in the reporting month: Ferro-Alloy Resources Limited - at the initiative of their issuer, Insurance Company "Standard" due to annulment of bond issue.

Share trading volume grew by 22.7 % or by KZT3.3 bn to KZT17.9 bn in January 2020 compared to December 2019.

The share of individuals among the main categories of investors amounted to 43.1 % of the total volume of transactions with shares. The share of the second-tier banks (STBs) was 0.1 %, broker-dealers accounted for 10.9 %, other institutional investors accounted for 4.7%, the share of other legal entities was 41.3 %. The share of non-residents amounted to 26.1 %.

KASE INDEX

During the first month of 2020, the KASE Index have shown oppositely directed movement influenced by both external (macroeconomic conditions) and internal factors (corporate stories). By mid-January, the indicator had reached its highest value since July 2018, but it started declining after the enhancement of negative sentiments on the global markets. By the end of January, the main indicator of Kazakhstan's stock market decreased by 2.7 % to 2,299.25 points.

Issuer	Trade code	Price change,%		
		as at December 31, 2019	as at January 31, 2020	in January 2020
Bank CenterCredit	CCBN	226.10	237.00	+4.8 %
Halyk Savings Bank of Kazakhstan	HSBK	131.00	137.22	+4.7 %
Kcell	KCEL	2,330.00	2,380.00	+2.1 %
KazTransOil	KZTO	1,035.90	1,029.97	+0.6 %
		1,624.00	1,600.00	
KEGOC	KEGC			-1.5 %
National Atomic Company Kazatomprom	KZAP	5,218.00	5,050.00	-3.2 %
Kazakhtelecom	KZTK	27,100.00	24,801.00	-8.5 %
KAZ Minerals PLC	GB_KZMS	2,630.02	2,329.00	-11.4 %

January was successful for the three components of the index basket. The price of ordinary shares in the banking sector also confidently grew. Ordinary shares of Bank CenterCredit rose by 4.8 % to KZT237.00, which is its local high since July 2019.

Ordinary shares of Halyk Savings Bank of Kazakhstan rose by 4.7 % to KZT137.22. The bank's shares remain highly attractive for investors due to the strong position in the banking sector of Kazakhstan and the forecasted 25-per cent rise in net profit for 2019 announced by the bank's management as well as due to the likely increase in the amount of a dividend for 2019.

The main outsider of the last month was ordinary shares of KAZ Minerals PLC, which dropped 11.4 % in price falling to KZT2,329.00. According to the Bloomberg information terminal, the price of an ordinary share of KAZ Minerals PLC on the London Stock Exchange decreased by 9.9 % in January. The price of copper futures (the main product of the company's operations) on the London Commodity Exchange decreased by 8.5 % during the same period. The share price in January was quite volatile. The upward trend prevailed until January 20 amid updated forecasts of the metals market by large investment houses and amid growing demand from investors. Further news reports on the coronavirus outbreak, and as a consequence, growing risks of economic slowdown in China, falling copper prices have sent stocks down by about 13.5 %. By the end of January, the support factor for the company's shares was the news that essentially neutralizes the risk of increasing interest rates on international loans for the company. On January 29, KAZ Minerals Group announced refinancing of the existing pre-export credit line, which includes an increase in the borrowing limit to US \$1 billion, an increase in the term and reduction of interest margin on the credit line.

CORPORATE BOND MARKET

There were 271 bond issues of 72 issuers in the KASE Official List at the end of January.

A total of 17 issues of bonds of six issuers were included in the KASE Official List, two of them were listed on the Exchange for the first time: ten issues of the Subsidiary Organization VTB Bank (Kazakhstan), two issues of Baspana Mortgage Organization and Mortgage Organization Kazakhstan Mortgage Company, by one issue of FIVE BROKERS' CAPITAL, SevKazEnergO and LLOYDS BANK PLC.

Two issues of corporate bonds were removed from the KASE Official List: the issue of SevKazEnergO was removed due to maturity and the issue of KAZEXPORTASTYK Holding was removed due to the default of the issuer on payment of interest.

The volume of outstanding corporate debt in January rose by 6.0 % or by KZT728.0 bn to KZT12.9 trillion.

KASE_BMY corporate bond yield dropped by 15 basis points to 10.69 % APR.

The volume of trading in corporate bonds on KASE dropped by 43.8 % or by KZT46.0 bn to KZT58.9 bn compared to December.

In January, five issues for the total amount of KZT44.1 bn were placed on the primary market in the corporate bond sector, which is lower by 54.2 % or by KZT52.2 bn than in December:

- Baspana Mortgage Organization raised KZT32.7 bn placing bonds KZ2C00006328 (BASPb5) at weighted average yield of 10.7419 % APR;
- Baspana Mortgage Organization raised KZT3.9 bn placing bonds KZ2C00006336 (BASPb6) at weighted average yield of 10.7300 % APR;
- KazAgroFinance raised KZT2.5 bn offering bonds KZ2C00006385 (KAFIb9) at 13.00 % APR;
- Wholesale and Retail Trade Company raised KZT150.3 mln by placing bonds KZ2C00004539 (ORPTb1) with yield to maturity of 10.4994 % APR;
- SevKazEnergo raised KZT 5.0 bn offering seven-year bonds KZ2C00006500 (SKENb3) at 13.75 % APR.

Main categories of investors on the primary corporate bonds market were as follows: the share of STDs accounted for 68,5%, broker-dealers – 7.2 %, other institutional investors – 18,2 %, other legal entities – 6.2 %, individuals – less than 0.1 %.

Trading volume in the secondary bond market rose by 72.0 % or KZT6.2 bn to KZT14.8 bn.

Main categories of investors on the secondary corporate bonds market were as follows: the share of STDs accounted for 1,4 %, broker-dealers – 3.6 %, other institutional investors – 23,0 %, other legal entities – 69.9 %, individuals – 2.1 %. The share of non-residents amounted to 0.8 %.

GOVERNMENT SECURITIES MARKET (GS)

The nominal value of sovereign debt traded on KASE increased by 4% or by KZT535.4 bn to KZT13.5 trillion in January.

Trading volume in the GS market rose four times or by KZT139.6 bn to KZT182.3 bn in January.

The Ministry of Finance has raised KZT168.1 bn having offered five issues of long-term bonds at 9.47-9.51 % during reporting month.

Trading volume in the secondary market rose by 4.5 % or by KZT0.6 bn to KZT14.2 bn. Over 80 % of the total turnover of the secondary market accounted for the notes of the National Bank. Five transactions amounting to KZT85.2 mln were made with GS of foreign countries.

The structure of investors on the secondary market were as follows: the share of STDs accounted for 39.9 %, broker-dealers – 0,4 %, other institutional investors – 22.1 %, other legal entities – 37.6 %, individuals – 1 %. Non-residents did not participate in the trades.

IFI BONDS

There were 30 bond issues of five international financial institutions in KASE trading lists as at the end of the reporting period: the Eurasian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the International Finance Corporation and the Asian Development Bank.

There were no placements of IFI bonds on KASE during the reporting month.

Trading volume on the secondary market was KZT808.7 mln, which is 2.7 times higher than in December. Main categories of investors were as follows: 50,0 % were represented by brokers-dealers and 50.0 % accounted for other institutional investors.

Investment trust units

As of February 1, there were 11 instruments managed by eight companies in the sector "Securities of investment funds".

Trading volume amounted to KZT103.8 mln and dropped by 20.9 % during reporting month.

Main types of investors were represented by individuals (58,9 %), broker-dealers accounted for 35.3 % and other legal entities accounted for 5.8 %.

Individuals accounts at the securities market

As at February 1, 2020, there were 117,632 personal accounts opened by individuals at the Central Securities Depository, which is by 63 accounts less than a month earlier and by 808 accounts more than at the beginning of 2019.

FOREIGN EXCHANGE MARKET

The trading volume at the foreign exchange market reached KZT905.2 bn, which is 8.0 % or KZT78.9 bn lower than in the previous month.

Despite the pressure of the external macroeconomic situation, the national currency managed to strengthen against all foreign currencies trading on the market. Most external factors have led to the strengthening of the U.S. dollar against currencies of developed and developing countries. The key factor that exerted pressure on financial markets in January was an outbreak of coronavirus in China. Brent crude oil prices dropped by 11.9% to US \$58.16 per barrel amid adverse geopolitical situation in January.

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).

Currency pair	Volume, mln units of currency	Share in trading volume, %	Number of transactions	Min. and max. exchange rates, number of quoted currency for the unit of base currency	Exchange rate at the end of the month (%)
USD/KZT	2,370.90 (-7.10 %)	99.2% (-0.18 %)	6,779 (+201)	376.09 – 382.60	379.05 (-0.93 %)
RUB/KZT	365.4 (-15.52 %)	0.2 (-0.12 %)	% 61 (-2)	6.0168 – 6.2032	6,0168 (-2.89 %)
CNY/KZT	54.55 (x 2.64)	0.3% (+0.22 %)	38 (-3)	54.3700 – 55.1700	54,5840 (-0.61 %)
EUR/KZT	5.69 (-10.81 %)	0.3% (-0.01 %)	29 (-9)	417.79 – 428.20	417.90 (-2.41 %)

MONEY MARKET

By the decision of the National Bank of February 3, 2020, the base rate was maintained at 9.25 % APR with the range +/-1 %. The inflation remains within the target range of 4-6 %.

By the end of January, the TONIA indicator decreased by 91 bps to 9.14 % APR, and the TWINA indicator (weighted average interest rate on seven business days repo opening deals) also declined by 77 bps to 9.24 % APR.

The TONIA money market indicator was mostly relatively stable after New Year's volatility; average value of TONIA was 8.63 %. Later, the volatility increased during periods of tax payments to the budget: January 20 and January 27, 2020.

The yield of one-day dollar swap SWAP-1D (USD) at the end of January reached 8.57% APR having decreased by 159 bps over the month. The yield of two-day swap SWAP-2D (USD) was down 152 bps to 8.55 % APR.

KazPrime-3M (KZT) remained stable throughout January and made up 10.25 % 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 with government securities weighted by the transactions amount, has decreased by 96 bps to 9.11 % APR by the end of January.

Repo transactions market

Trading volume in this segment amounted to KZT6.241.1 bn, which is by 205.2 % or by 3.2 % lower than last month. 98,0 % of the total volume of repo opening transactions accounted for the GS auto repo transactions. One-day repo transaction, which accounts for more than 95.6 % of the total volume of trades in the GS auto repo market, remains the most popular instrument on the GS auto repo market.

Currency swap transactions

Trading volume on the currency swap market grew by KZT59.9 bn to or by 3.6 % to KZT1.731.4 bn. Two-day currency swaps (USDKZT_0_002) accounted for 80.6 % of the total trading volume (KZT1.4 trillion or US \$3.7 bn) in the instrument structure of the currency swap market.

In January, long currency swaps were concluded: five transactions worth KZT18.9 (US \$50 mln) for one month and one transaction worth US KZT3.8 bn (US \$10 bn) for one week.

DERIVATIVES MARKET

Currently, the futures, the underlying assets of which 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 January. There were no open positions held by participants of the derivatives market by the beginning of February.

For reference

Kazakhstan Stock Exchange (KASE) is the leading stock exchange in the Central Asian region. It is a universal trading platform for corporate and government securities, bonds of international financial institutions, foreign currencies, repo and swap transactions of the money market and 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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