



PRESS-RELEASE

city of Almaty

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KASE presents stock market performance results for February 2019

Kazakhstan Stock Exchange (KASE, the Exchange) presents stock market performance results for February 2019.

- Total trading volume on KASE in February 2019 amounted to KZT11,454.2 bn and increased by 8.7 % or KZT920.1 bn compared to the previous month. Securities market and foreign exchange market have shown positive dynamics: the former grew three-fold and the latter rose by 30.8 %.
- Trading volume grew in almost all sectors of the securities market: by 4.3 times in corporate bonds sector, by 13.8 % in government bonds sector, two-fold in IFI bonds sector, by 59.8 % in the securities of investment funds sector quadrupled in derivative securities sector.
- The volume of initial offerings on the corporate bond market reached KZT641.9 bn.
- In February, KASE Index rose by 3.8 % to 2,365.55 points.
- A total of 126 share titles of 111 issuers and 245 corporate bond issues of 63 issuers were traded on KASE markets as at March 1, 2019. Ordinary shares of North Caspian Petroleum and bonds of Wholesale and Retail Trade Venture were included in the Exchange's Official List.
- Equity market capitalization increased by 1.5 % and came to KZT15.8 trillion.
- The volume of outstanding corporate debt grew by 4.3 % reaching KZT11.4 trillion.
- First transactions with "long" currency swaps were made in February for the amount of KZT4.6 bn; yield on transactions amounted to p 7.5 % APR.
- As at March 1, 2019, there were 118,184 accounts opened for individuals in the Central Depository, which is by 1,360 accounts more than as at the beginning of 2018.

EQUITY MARKET

There were 126,111 share titles of 111 issuers as at the end of the month in the KASE trading lists; two of them were admitted to non-listed securities sector. In February, the following four share names have been excluded from the Exchange's trading lists: Kaspi Bank's ordinary and preferred shares, Scipio's ordinary shares and GLOTUR DS MULTIMEDIA's ordinary shares (non-listed securities sector). Ordinary shares of North Caspian Petroleum were included.

Equity market capitalization increased by 1.5% or by KZT234.3 bn to KZT15.8 trillion.

Stock trading volume in February dropped by 13.6 % or KZT1.5 bn to KZT9.8 bn compared to January 2019. The average daily trading volume amounted to KZT491 mln, average number of transactions was 482, average volume of one transaction was KZT1 mln.

There were no placements in the reporting month. FREEDOM HOLDING CORP. sold 493,335 ordinary shares (US_FRHC) at the price of KZT3,047.31 per share for the amount of KZT1.5 bn as part of the subscription in the KASE trading system. A total of 112.4 th. shares for the amount of KZT2.3 bn were purchased during special trading sessions for purchase of ordinary shares of Rakhat held on KASE from January 21 to February 26.

Also, additional special trading session was held on February 22, 2019 for final settlements with shareholders in order to fully execute client orders taken by the broker during KazMunaiGas Exploration Production's buyback programme. Buyback volume of these shares amounted to KZT571.2 mln in February. A total of 1,239,087 pieces of preferred shares for the total amount of KZT15,860,313,600 have been bought back during buyback programme on KASE.

Individuals were the most active investors among main investor categories: their share has reached 53.5 % of the total volume of transactions with shares. The share of broker-dealers amounted to 15.8 %, the share of other institutional investors was 0.7 %, other legal entities – 30.1 %. Second-tier banks (STBs) have not participated in share trading. The share of non-residents is estimated at 30.5 %.

KASE INDEX

KASE Index rose by 3.8 % or 87.2 points to 2,365.55 points in February. This growth rate is the highest for the month since January 2018.

Changes in prices of shares included in the KASE representative list

Issuer	Trade code	Price change,%		
		as at February 1, 2019	as at March 1, 2019	in January
Kazakhtelecom	KZTK	25,000.00	28,398.99	(+13.60 %)
KAZ Minerals PLC	GB_KZMS	2,899.50.	3,187.00.	(+9.92 %)
Halyk Savings Bank of Kazakhstan	HSBK	99.91	104.50	(+4.59 %)
Kcell	KCEL	1,824.60.	1,854.00.	(+1.61 %)
KazTransOil	KZTO	1,405.50.	1,400.00.	-0.39%
Bank CenterCredit	CCBN	241.99	237.00	-2.06%
KEGOC	KEGC	1,611.59.	1,572.45.	-2.43%

Ordinary shares of Kazakhtelecom that rose by 13.6 % to KZT28,398.99 per share became main KASE Index growth drivers during reporting month. The nature of such growth is regarded as recovery. We remind that last month the company lost over a quarter of its market capitalisation amid lawsuits filed by minority shareholders. After reaching its 11-month low in late January, the company's share price recovered having reversed in February almost half of the January lows.

Equity instruments of KAZ Minerals PLC show impressive growth for the second month in a row. In February, quotation of the manufacturing company's stocks grew by almost 10 % to KZT3,187 per share reaching maximum values since the beginning of August 2018. As before, positive dynamics was achieved owing to rising copper prices, which grew by almost 7 % in February. The company presented the 2018 financial results on 21 February. According to the company's press release, gross sales revenues in 2018 amounted to US \$2.162 bn (+12 %), operating income was US \$851 mln (+19 %) and free cash flow was US \$585 mln (+29 %).

Equity instruments of Halyk Savings Bank of Kazakhstan that grew by 4.59 % to KZT104.50 per one ordinary share ranked third among top three instruments. The bank's share prices moved to the stage of a bull market in early February after surpassing 10-day moving average from bottom-up. Investor demand for shares of the Bank has increased in the run-up to the publication of financial statements and dividend payouts season.

There were no clear fallers in the reporting month. The greatest faller was ordinary shares of KEGOC that fell by 2.43 % to KZT1,572.45. The company's share price continued to move slowly in a downward trend formed in the end of last month.

CORPORATE BOND MARKET

There were 245 bond issues of 63 issuers in the KASE Official List at the end of February. One bond issue of the Wholesale and Retail Trade Venture was included in the KASE Official List in the accounting month. Two bond issues have been delisted from the KASE Official List due to their maturity: Tsesnabank and Subsidiary Bank of Home Credit and Finance Bank and one issue of international bonds of KazAgro National Management Holding due to their early redemption.

The volume of outstanding corporate debt grew by 4.3 % or KZT475.7 trillion reaching KZT11.4 trillion.

The value of corporate bond yield index KASE_BMY decreased slightly in February by one basis point to 11 % APR.

The volume of trading in corporate bonds on KASE grew 4.3 times or by KZT727.7 bn to KZT948.1 bn compared to January. The average daily trading volume amounted to KZT47.4 bn, average number of transactions was 12, average volume of one transaction was KZT4.1 bn.

Trading volume on primary market rose from 6 bn to KZT641.9 bn in January owing to a number of major placements. KASE conducted a total of six placements of corporate bonds in February:

- The Fund of Problem Loans raised KZT604.0 bn placing 15-year bonds FPKRb2 at 9 % APR.
- Mortgage Organization Baspana raised KZT5 bn selling short-term bonds (301 days) BASPb2 at 9.7499 %.
- KazAgroFinance raised KZT4.2 bn offering bonds at 12% APR with the maturity of 4.8 years;
- Faeton Company raised KZT1.7 bn offering seven-year bonds at 10.5 % APR;
- Nurbank raised KZT10 bn offering seven-year bonds at 10.95 % APR;
- Kcell raised KZT17 bn offering bonds at 11.5 % APR with the maturity of 1.9 years;

Main categories of investors on the primary corporate bonds market were as follows: the share of STDs accounted for 1.3 %, broker-dealers – 0.1 %, other institutional investors – 97.2 %, other legal entities – 1.4 %, individuals – less than 0.1 %. The share of non-residents amounted to 0.2 %.

Trading volume in the secondary bond market rose by 42.8 % or KZT91.8 bn to KZT306.3 bn.

Main categories of investors on the secondary corporate bonds market were as follows: the share of STDs accounted for 49 %, broker-dealers – 0.8 %, other institutional investors – 50 %, other legal entities – 0.1 %, individuals – 0.1 %. The share of non-residents amounted to 0.2 %.

GOVERNMENT SECURITIES MARKET (GS)

The nominal value of sovereign debt traded on KASE decreased by 1 % or by KZT113.9 bn to KZT11.5 bn in February.

Trading volume in the government securities market rose by 13.8 % or KZT19.2 bn to KZT158.9 bn in February. The average daily trading volume amounted to KZT7.9 bn, average number of transactions was 4, average volume of one transaction was KZT1.9 bn.

Volume of transactions in the primary government securities market grew by 6.9 % or KZT8 bn to KZT123.9 bn. Local executive authorities of the city of Astana and four regions – Zhambyl, West Kazakhstan, Kostanay and Pavlodar – have raised KZT22.7 bn at 0.35 % APR as part of the implementation of government programmes in the reporting month. The Ministry of Finance has raised remaining volume – KZT101.2 bn – having placed four issues of long-term bonds at 8.66-8.74 % APR. The volume of funds raised by the Ministry of Finance has decreased by 12.6 % or by KZT14.6 bn compared to January.

The structure of investors on the primary government securities market is as follows: institutional investors accounted for 81.7 %, legal entities accounted for 18.3 %. Non-residents did not participate in the trades.

Trading volume in the secondary market rose by 47.2 % or by KZT11.2 bn to KZT35 bn. 99,3 % 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 41 %, broker-dealers – 4,7 %, other institutional investors – 17.2 %, other legal entities – 36.8 %, individuals – 0.4 %. Non-residents did not participate in the trades.

IFI bonds

There were 19 bond issues of four international financial institutions in KASE trading lists as at the end of the reporting period: In February, KASE trading list was supplemented with three bond issues: The Eurasian Development Bank, the European Bank for Reconstruction and Development and the International Finance Corporation.

Trading volume in the MFI sector has doubled and increased by KZT32.3 bn to KZT62.9 bn. All transactions were made on the primary market:

- IFC raised KZT22.9 bn through subscription by placing two-year Eurobonds at 8.95 % APR;
- The Eurasian Development Bank raised KZT20 bn by offering three-year bonds at 9.7 % APR.
- The European Bank for Reconstruction and Development raised KZT20.0 bn through subscription by placing seven-year Eurobonds with a margin of 1 % APR.

Investors structure was as follows: the share of STDs accounted for 6,6 %, broker-dealers – 0,05 %, other institutional investors – 52.6 %, other legal entities – 40.7 %.

Investment trust units

As at March 1, there were seven instruments managed by six companies in the sector "Securities of investment funds".

Trading volume grew by 59.8 % and reached KZT30.8 mln. Units US_SPY_ (KZT11.2 mln; 7 transactions) managed by the State Street Global Advisors ranked first by volume; units CSECgm (KZT8 mln; 1 transaction) and CSECfe (KZT6.9 mln; 8 transactions) managed by Centras Securities ranked second and third; shares IE_FXBF of FinEx FFIN Kazakhstan Equity ETF (KASE Index ETF; KZT4.7 mln; 23 transactions) ranked fourth.

Main types of investors were represented by individuals (60,4 %), 24.5 % accounted for broker-dealers and 15.2 % for other legal entities.

Individuals accounts at the securities market

As at March 1, 2019, there were 118,184 personal accounts opened by individuals at the Central Securities Depository, which is by 502 accounts more than a month earlier and by 1,306 accounts more than at the beginning of the year.

FOREIGN EXCHANGE MARKET

In February, 26 KASE members participated in trades on the foreign exchange market of KASE.

The trading volume on foreign exchange market reached KZT1,007.9 bn, which is by 30.8 % or KZT237.3 bn higher than in the previous month. The average daily trading volume amounted to KZT50.4 bn, average number of transactions was 306, average volume of one transaction was KZT164.8 mln.

In the absence of external shocks for the economy, the national currency has traditionally strengthened against currency pairs traded on KASE. The effect of the tax period when exporters paid taxes on the activity results for Q4 2018, translated into increased trading volume in US dollars and strengthening of the tenge to US dollar by 1.3 %.

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 trades volume, %	Number of transactions	Min. and max. exchange rates, Number of quote currency for the unit of base currency	Exchange rate at the end of the month (%)
USD/KZT	2,659.8. (+31.6 %)	99.4% (+0.33 %)	5,959 (+968)	373.56-382.74	374.96 (-1.3 %)
RUB/KZT	531.6 (+11.7 %)	0.3% (-0.05 %)	96 (+11)	5.6680-5.8308	5.7100 (-1.8 %)
CNY/KZT	21.2 (-25.1 %)	0.1 % (-0.09 %)	49 (-18)	55.1617-56.5789	56,2100 (-0.6 %)
EUR/KZT	3.7 (-41.7 %)	0.2 % (-0.20 %)	13 (-2)	423.13-431.50	426.70 (-2.6 %)

MONEY MARKET

By the end of February, TONIA indicator remained unchanged at 8.25 % APR: 13 trading days out of 20 days in February TONIA indicator closed at this level. TWINA indicator (weighted average interest rate on seven business days repo opening deals) declined by 1 b.p. to 8.25% APR.

The yield of one-day dollar swap SWAP-1D (USD) at the end of November reached 7.5 % APR having increased by 155 b.p. over the month. The yield of two-day swap SWAP-2D (USD) was up 77 b.p. to 7.61 % APR.

In February, KazPrime-3M (KZT) continued to move along the upper limit of the base rate of National Bank at 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 in government securities, increased by 9 b.p. to 8.24 % APR by the end of February.

Repo market

Trading volume in this segment amounted to KZT6.3 trillion, which is by 2.9 % higher than last month indicator. The average daily volume of transactions amounted to KZT 315.8 bn, average daily number of transactions was 358, average volume of one transaction was KZT882.9 mln.

98,1 % of the total volume of repo opening transactions accounted for the GS auto repo transactions. One-day repo transaction, which accounts for more than 91.5 % 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 February. More than 87 % of the total trading volume in this segment was represented by banks. The share of non-residents in the reporting month was negligible and amounted to 0.5 %.

Currency swap transactions

Trading volume on the currency swap market dropped by 8.4 % to KZT3 trillion. The average daily trading volume amounted to KZT147.5 bn, average daily number of transactions was 50, average volume of one transaction was KZT3 bn. Over 79,9 % of the total trading volume (KZT2.4 trillion or US \$6.2 bn) in the structure of instruments of the currency swap market accounted for two-day currency swaps (USDKZT_0_002).

Trading in currency swap transactions with execution terms of one week, one month and three months with regard to the currency pair USD/KZT is opened on KASE as of February 18, 2019. First transactions with "long" currency swaps were made on February 26: one transaction with one-week swap for the amount of US \$5 mln (KZT1.9 bn) and two transactions with weekly swaps for the amount of US \$7 mln (KZT2.6 bn). All transactions were made at the rate of 7.5 % APR.

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 February. There were no open positions held by participants of the derivatives market as at the beginning of March.

For reference

Kazakhstan Stock Exchange (KASE) is the leading stock exchange in the Central Asian region. 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.

It is a universal trading platform for corporate and government securities, bonds of international financial institutions, foreign currencies, money market transactions (repo and swap as well as derivative instruments). 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. It also participates in the UN Sustainable Stock Exchanges Initiative.

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