

KASE WEEKLY

17–21 July, 2017

KASE NEWS

- ▲ Kazakhstan's Ministry of Finance on July 17 raised KZT 13.1 BN on KASE after selling 50th issue of MEOKAM-48 at yield to maturity of 9.10 % APR. Circulation term of security is 4 years and it the coupon payment occurs twice a year.
- ▲ On July 19 KASE organized a business breakfast in Shymkent with the potential issuers being the representatives of the largest South-Kazakhstan companies, investors and partners of the Exchange. Within the framework of the meeting, KASE representatives discussed the Company's business, ongoing projects and plans.
- ▲ Units of IUIT ORKEN managed by ASYL-INVEST underwent listing on KASE in Sector Securities of Investment Funds of Mixed Market. The Listing Commission decision's effective date will be announced additionally after said issuer fulfills terms set in item 1 of chapter 5 of appendix 2.2 to KASE internal document "Listing Rules". Opening of KASE trading in these units will also be announced.

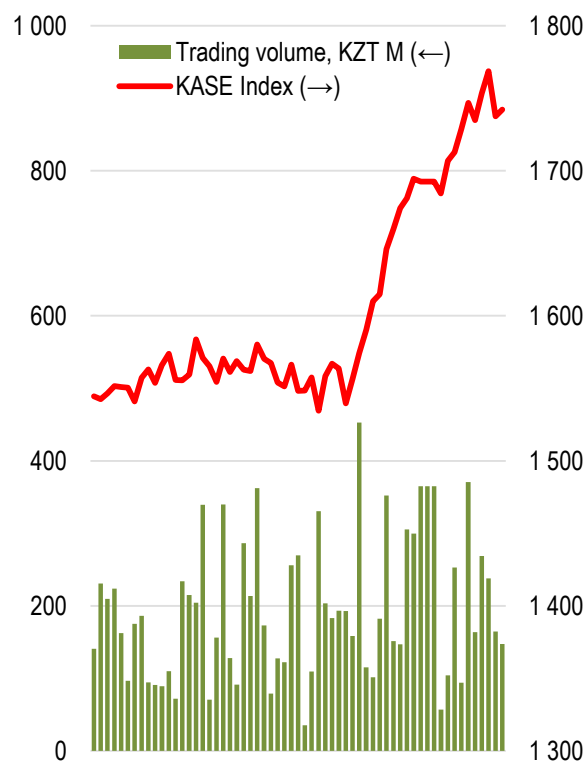
ISSUER NEWS AND ANNOUNCEMENTS

- ▲ The subscription to 3-year USDKZT indexed bonds of Freedom Finance with a fixed coupon of 8% per annum was completed. The total bid made KZT1.1 bln and exceeded the offer by 7.8 %. The company raised KZT976.9 m, having placed the planned number of bonds. A notable feature of this placement was the high activity of individuals with 13.7% of the executed orders.
- ▲ Subscription to common shares of Ferro-Alloy Resources Limited was cancelled. The underwriter of company shares – Tengri Capital MB informed KASE that the volume and distribution of orders received during the subscription period for the retail tranche on the Kazakhstan Stock Exchange (KASE) were insufficient to ensure adequate liquidity of shares on the secondary market. Therefore, the Issuer decided not to satisfy the orders received. The issuer will continue discussions with potential strategic / financial investors to raise financing for its investment program, and plans to list shares on the London Stock Exchange (LSE) by the end of this year. In accordance with the legislation of the Republic of Kazakhstan, a parallel offering of shares on KASE and LSE will be conducted, and the double listing is expected to provide the needed liquidity to the Issuer's shares.

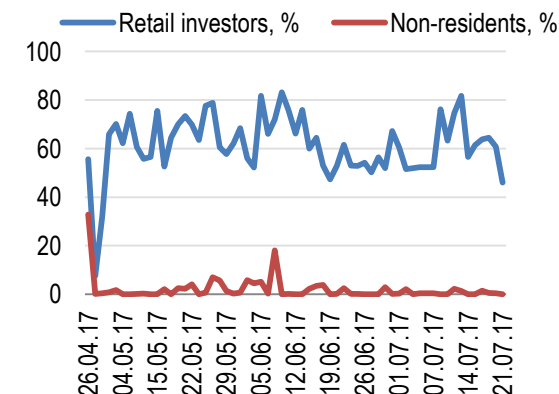
Over the last week KASE index lost 0.3% dropping to 1,742 points. The shares of the index showed mixed results depending on the companies' H1 2017 statements published.

The largest gain was demonstrated by KAZ Minerals shares, which within a week reached the maximum values for the last 5 years due to the company's successful performance, as well as the positive copper price dynamics.

KASE Index shares



Retail investors & non-residents, %



21.07.2017

		Trends (%)	
KASE Index	1 742,1	-0,3	13,2
First class of liquidity	Price, KZT	Δ 7d	Δ 1m
Bank of Astana	1 164,9	0,1	-88,4
Aktobe Metalware Plant	14 142,6	-1,0	2,9
CenterCredit Bank	162,5	0,9	4,2
Estate Management Company (pref.)	84 975,0	0,0	0,0
KAZ Minerals	2 637,0	6,4	42,4
Halyk Bank	78,5	-1,5	17,1
Kcell	1 295,0	-2,3	6,1
KEGOC	1 334,1	0,5	7,0
QAZKOM	138,5	0,0	184,4
QAZKOM (pref.)	69,5	0,0	15,7
Kazakhtelecom	16 800,0	0,0	7,0
Kazakhtelecom (pref.)	6 904,0	7,9	5,6
KazTransOil	1 185,0	-0,4	6,3
KazMunayGas EP	19 000,0	0,0	5,6
KazMunayGas EP (pref.)	7 100,0	-1,4	2,9
Aeroflot (Russia)	1 175,1	1,9	15,9
Gazprom (Russia)	676,8	-1,9	5,7
Sberbank (Russia)	900,3	2,6	14,5
Bank of America	7 850,0	-3,3	2,1

This week the price was up by 9.9%, reaching a level of KZT2,637. It should be noted that the investors started closing positions ahead of the reporting period.

Halyk Bank's common shares could not reach anything above 80 KZT. The most cautious investors are moving to the profit-taking, bringing the price down by 3.83% at the end of the week to KZT78.49 a share.

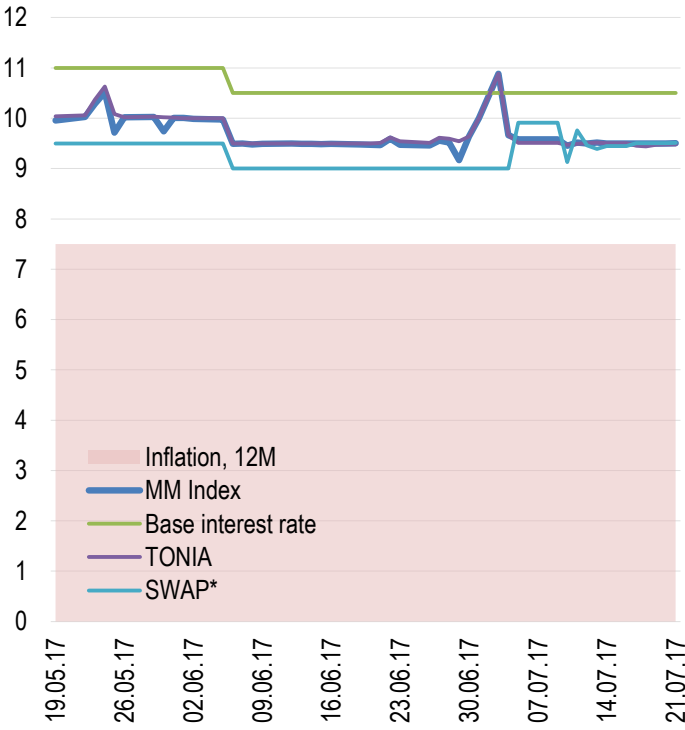
The government securities market brought KZT13.1 bln to the Ministry of Finance. On Monday having placed the four-year treasury bonds at 9.10% per annum.



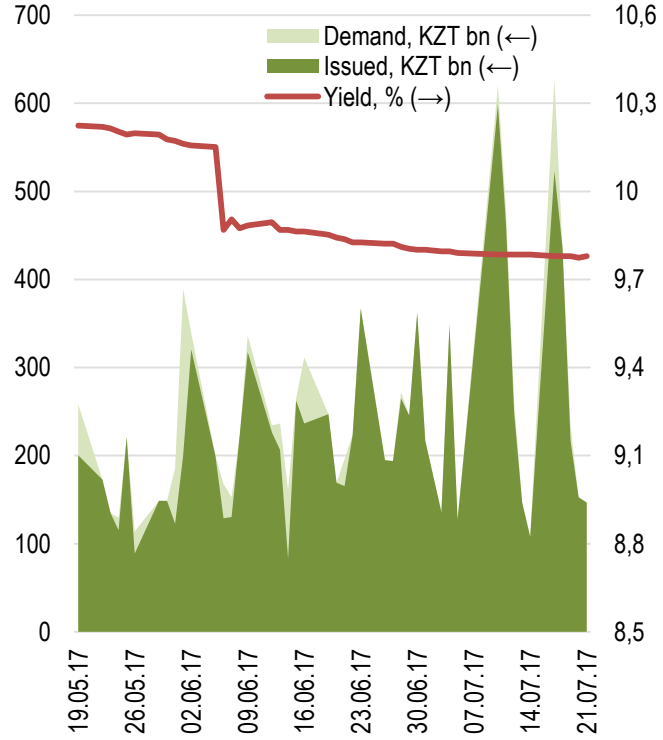
During the week, the money market rates have closely approached the lower threshold of the base rate collar. The repo yield practically not changed and made 9.51% per annum and in the FX swap segment it was 9.45% per annum.

The money market steady rates were expected given the Monday decision of the National Bank to keep the base rate at 10.5% +/- 1%. This decision of the National Bank is motivated by the inflation indicators, which in annual terms at the end of June was 7.5% and continues to be 6-8% within the forecast of the National Bank. In June 2017, the quantitative estimate of the inflation expected in a year was 6.4% based on the results of the poll. The next decision on the base rate will be taken by the National Bank on August 21, 2017.

Inflation and interest rates

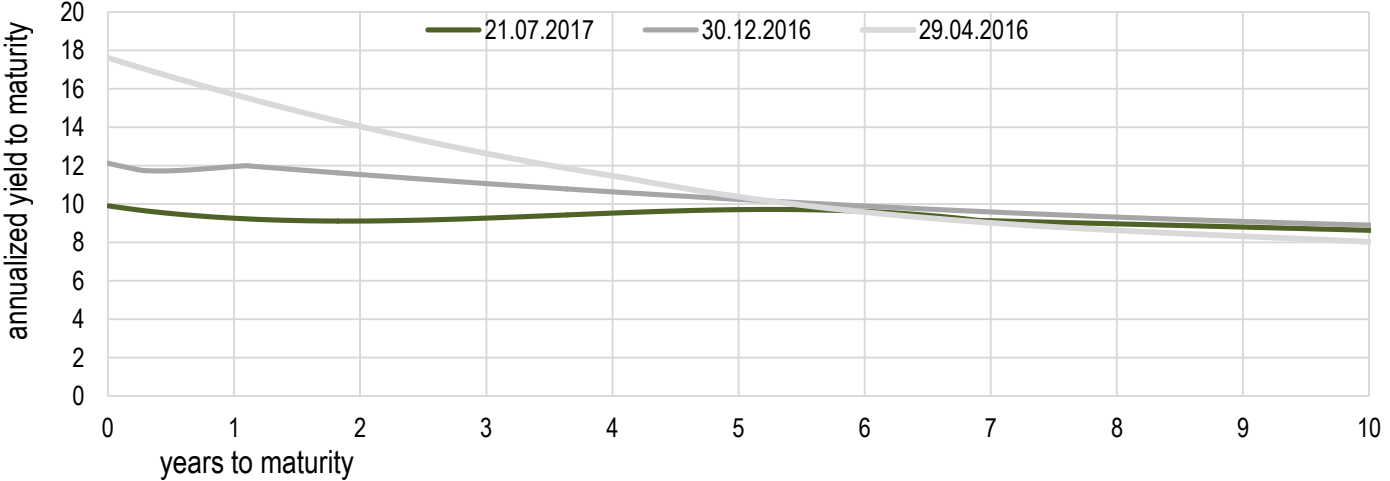


Issuance of weekly NBK notes



* Weighted average yield on all currency swap transactions with the US dollar.

Risk-free yield curve (non-indexed GS)

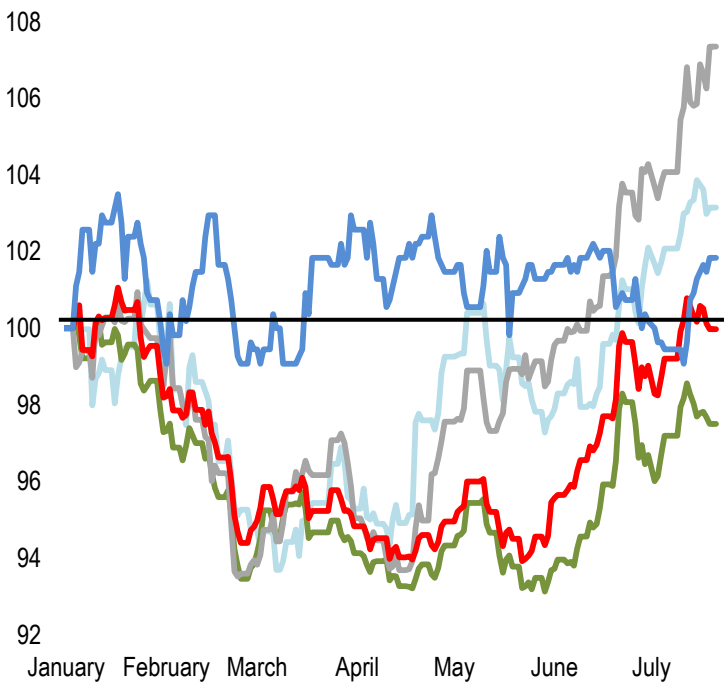




The dollar exchange rate increased by 0.5% to KZT324.98 with a certain support of oil quotes. The Brent growth since the beginning of the week was 1.3%, having reached \$ 48 per barrel by the end of the week. Next week, the investors' attention will be focused on the July 24 meeting of the OPEC+ Monitoring Committee. The willingness of Libya and Nigeria to participate in this meeting inspires the investors' optimism. According to a weekly analyst poll by Bloomberg, 64.4% of respondents believe in the oil prices increase, whereas 11.1% predict a fall in the price of oil. In addition the national currency was supported by the USD weakening in the global market, as well as the beginning of the tax payment period in Kazakhstan. As a result, KZT recovered its positions lost since the beginning of the week.

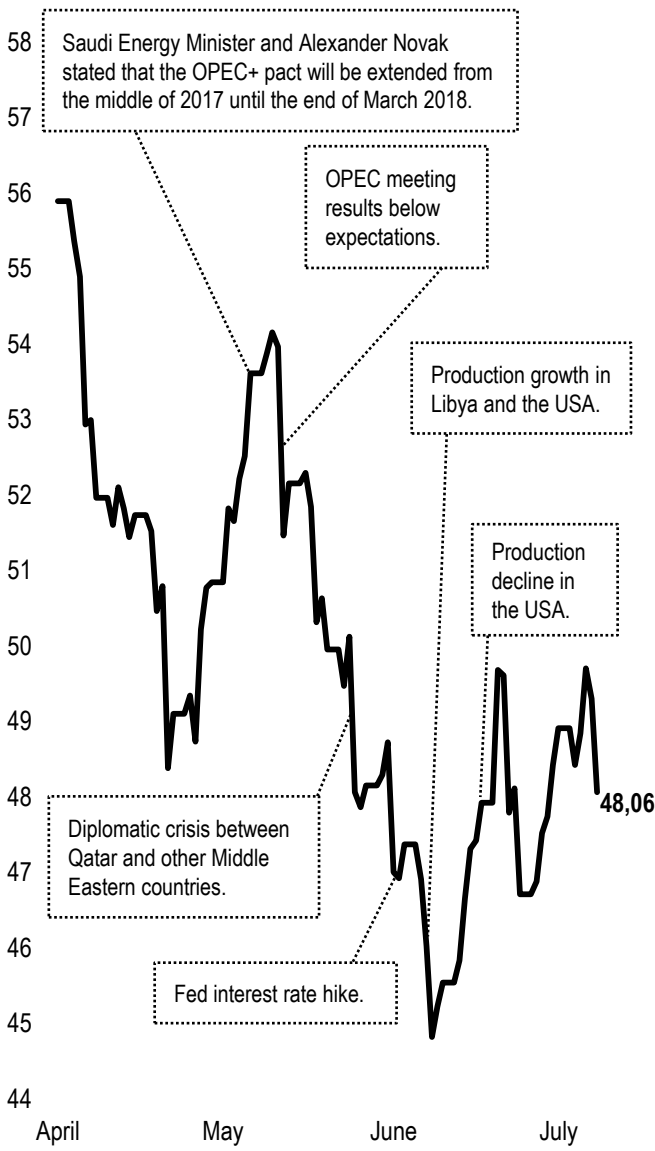
This week the ruble exchange rate on KASE continued to strengthen, rising by 0.9% to KZT5.5241. Some extra demand for the ruble is on the exporters.

FX rates
Δ %, base (01.01.17)



	Price	Δ 7d, %	Δ 30d, %	Δ 2017, %
— GBPKZT	422.02	-0.3	+3.3	+3.0
— USDKZT	325.56	-0.6	+1.2	-2.3
— EURKZT	374.46	+0.3	+4.3	+6.3
— CNYKZT	48.08	-0.5	+2.0	+0.1
— RUBKZT	5.51	+0.7	+0.9	+1.5

Brent oil
USD/barrel



Note: The chart and the table are based on the official market rates of the NBK. NBK rates may differ from KASE rates.



Global indices

Name	Value	Trend			Futures
		7d	1m	1y	7d
S&P 500	2 472,54	0,5	1,5	14,2	0,5
Dow Jones	21 580,07	-0,3	0,8	16,5	-0,4
RTS	1 024,89	-1,9	5,3	8,2	-1,0
MICEX	1 925,13	-1,8	4,0	-0,1	-1,0
Hang Seng	26 706,09	1,2	3,9	21,4	1,5
SS CSI 300	3 728,60	0,7	3,9	14,6	1,2
Euro Stoxx 50	3 451,71	-2,1	-2,9	16,3	-2,0
FTSEuroFirst	4 181,50	-2,0	-2,2	11,6	-1,9
FTSE 100	7 452,91	1,0	0,1	11,2	1,2
KASE	1 742,10	-0,3	13,2	68,8	0,0

Commodities market

21.07.2017

Name	Price	Trend	
		7d	1m
Oil	47,37	-1,6	-9,3
	44,74	-2,4	-8,8
Natural gas	3,04	-0,1	-4,9
Copper	256,40	-3,2	0,8
Iron	426,00	-3,7	-9,9
Gold	1 253,73	-1,0	-0,2
Silver	16,66	-3,3	-1,1
Wheat	1 253,73	-1,0	-0,2

Economic calendar

		Country	Forecast	Previous
24.07	Existing Home Sales (Jun)	USA	5.58M	5.62M
25.07	CB Consumer Confidence (Jul)	USA	116.5	117.3
25.07	API Weekly Crude Oil Stock	USA	-3.0M	+1.6M
26.07	Fed Interest Rate Decision	USA	1.25%	1.25%
26.07	FOMC Statement	USA		
28.07	Interest Rate Decision (Jul)	Russia	9.00%	9.00%
28.07	GDP (QoQ) (Q2)	USA	2.6%	1.4%

Note: The calendar contains the economic events of the upcoming week, deemed by KASE as most significant

B – billions
M – millions
K – thousands

Kazakhstan statistics

	Value	As of	Beginning year
Annual inflation	7.5 %	01.07.17	8.5 %
Gross international reserves of NBK, USD bn	30 302	01.07.17	29 530
Reserve money, KZT bn	5 173.9	01.07.17	5 162.2
Money supply, KZT bn	19 690.7	01.07.17	19 912.6

Kazakhstan credit ratings

	Rating	Date	Previous
S&P Global	BBB- negative	10.03.17	BBB- negative
MOODY'S	Baa3 negative	11.05.17	Baa3 negative
FitchRatings	BBB stable	21.04.17	BBB stable

Kazakhstan Stock Exchange JSC

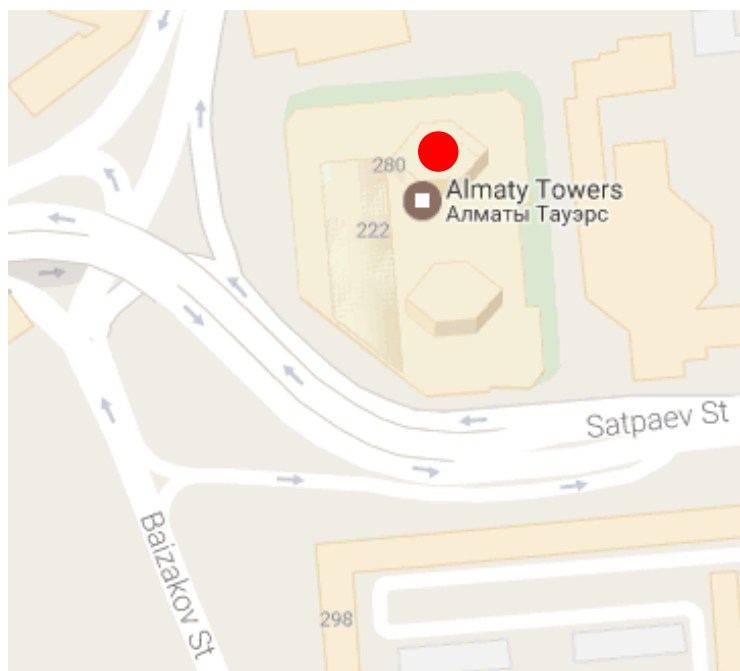


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2. previous results do not necessarily affect the future results with the future estimations based on the assumptions that may not materialize. The value of any investment or income may go down and up, as a result the investors might not receive the entire invested amount back. For the investments in non-universally recognized markets, the investors may experience various difficulties, including selling them or obtaining the reliable information about their value or the risks involved;
3. report does not take into account the individual financial characteristics and aims of those receiving it.

KASE recommends that the investors independently evaluate the feasibility of certain investments and strategies and encourages the investors to use the services of financial consultants.

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