



Қазақстан қор биржасы  
Казахстанская фондовая биржа  
Kazakhstan Stock Exchange

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## PRESS-RELEASE

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### KASE presents stock exchange market performance results in July 2018

Kazakhstan Stock Exchange JSC (KASE) informs about main results of activities in July 2018.

- The total trading volume on KASE in July 2018 amounted to KZT 9.7 trillion and decreased by 4.2% or KZT 427.8 bn., compared to the previous month.
- In contrast to the general trend, the stock market and the sector "Securities of investment funds" demonstrated a positive trend, an increase of 9.3 times and 27.6 %, respectively.
- Based on July results KASE Index decreased by 2.1% to 2,362.41
- As of August 01, securities of 383 names of 151 issuers were available for trading on KASE. In July, securities of five issuers were excluded from the KASE official list. The new issues of securities were not included in the official list of the Exchange in the reporting month.
- The volume in the primary GS market reached KZT165.8 bn: more than one billion tenge was raised by the regional executive bodies as part of state programs and KZT164.8 bn was raised by the Ministry of Finance by placing five issues of long-term bonds at 8.43-8.48% per annum.
- As of August 01, the Central Depository registered 109,993 personal accounts opened by individuals, which is 277 accounts more than a month earlier and 748 accounts more than at the beginning of the year.

### EQUITY MARKET

As of the end of the month, there were 123 titles of 108 issuers on the Exchange's trade lists, including shares of three companies admitted to trading on a non-listed site.

Capitalization of the share market of KASE increased in July by 4.6% or KZT 773.4 billion to KZT 17.53 trillion. The reason for this growth is the expansion of the list of companies whose shares are included in the calculation of capitalization.

KASE index closed for the second consecutive month in loss, having dropped by 49.6 points in July or by 2.1% to 2,362.41 points. Following the results of two months, the Index's decline reached 140.1 points or 5.6%. The main determining factors for the negative dynamics were the publication of a number of reports on the operating performance of companies for the first half of 2018, market changes in the raw materials market and corporate events in the activities of certain companies.

## Change in prices of shares included in the representative list of KASE

Issuer	Ticker	Change of price		
		July 1, 2018	August 1, 2018	In July
Kcell	KCEL	1,600.0	1,626.0	1.6%
KEGOC (KEGC)	KEGC	1,450.0	1,431.0	-1.3%
Halyk Bank	HSBK	102.1	100.7	-1.3%
Kazakhtelecom	KZTK	33,890.0	33,000.0	-2.6%
Bank CenterCredit	CCBN	282.0	274.0	-2.8%
KazTransOil	KZTO	1,400.0	1,360.0	-2.9%
KAZ Minerals PLC	GB_KZMS	4 000,0	3 792,0	-5,2%

The largest decrease - by 5.2% was demonstrated by shares of KAZ Minerals PLC. The pressure on the company's shares in July was influenced by the price of copper, which fell by 5.2% to \$ 6,287.8 per ton, the figure is the lowest for the last 12 months.

On July 11, 2018, five months after filing an application with the antimonopoly committee, Kazakhtelecom received permission to purchase a 75% stake in Kcell. According to the estimates of the antimonopoly committee, the share of the national telecommunications operator in the market will be 37.5%. The Antimonopoly Committee has established a number of requirements and conditions in the interests of consumers and the development of the industry as a whole. Thus, on the application of the antimonopoly authority, the transaction should not affect the cost of cellular communication services. Against the backdrop of this news, the shares of companies representing the telecommunications sector in price did not change much, continuing to bargain within their usual price ranges. Kcell shares increased 1.6% to KZT1,626 by the end of the month, Kazakhtelecom's equity instruments fell 2.6% to KZT 33,000.

The volume of trading in shares increased 9 times or KZT128.3 bn., relative to the previous month to KZT143.7 bn., The entire volume was held in the purchase and sale sector. The average daily trading volume reached KZT6.8 bn., which is 9.3 times higher than the previous month. The average daily number of transactions was 488, the average volume of the deal was KZT14 mln. A significant increase in volume is due to irregular transactions.

In the context of the main categories of investors, the most active in this segment are individuals, whose accounts accounted for 43.9 of the total turnover of shares. Second-tier banks (BOM) did not participate in the trades, the share of broker-dealers was 41.9%, other institutional investors accounted for 10.8%, the share of other legal entities was 3.4%. Participation of non-residents is estimated at 1.6%.

## CORPORATE BOND MARKET IN KAZAKHSTAN

As of the end of July, 244 bond issues issued by 64 issuers were on KASE trade lists. In the reporting month, the bonds were not included in the official list of the Exchange. Due to the expiry of the circulation period, five issues of bonds of four issuers were excluded.

As a result of the mentioned changes, the volume of corporate bonds traded on KASE decreased by 3.5% or KZT289.9 bn. to KZT7.879 trillion in nominal terms.

The value of the yield index of corporate bonds KASE\_BMY fell in July by 3 basis points to 10.35% per annum. The yield of the index continues to be above the upper limit of the corridor of the National Bank's current base rate at the end of the month ( $9 \pm 1\%$  per annum).

The volume of trades in corporate bonds at KASE formed at KZT34.6 bn, having decreased relative to June by 74.7%. The average daily volume of trades made up KZT1.647 bn., Negative dynamics in this segment of the market is associated with a decrease in activity in the primary market, where the volume of placements was only KZT678.9 mln., which is 99.4% lower than in June. The average daily number of deals is 8, the average volume of the deal is KZT101.1 mln.

In July, two offering of seven-year bonds of **Faeton Company** for a total of KZT678.9 mln. were held in KASE:

- FATNb1 – KZT272.9mln at 13.49 % APR;
- FATNb2 – KZT406mln at 11 % APR.

The entire volume of transactions in ordering was on the accounts of legal entities.

The volume of trading on the secondary bond market increased twice or KZT17.9 bn., and reached KZT33.9 bn.,. The number of transactions increased by 47.8% to 170.

In the context of the main categories of investors in the secondary market, the share of STB was 0.3%, broker-dealers – 46.7%, other institutional investors – 24%, other legal entities – 9.8%, individuals accounted for 19.1%. Participation of non-residents is estimated at 17.5%.

## **GOVERNMENT SECURITIES MARKET (GS)**

The nominal value of the public debt traded at KASE has reached KZT10.416 trillion, which is 1.7% or KZT 181.9 billion lower than the results of June.

In July, the volume of trading in the government securities market amounted to KZT234.1 bn and decreased by 12.3%. The average daily trading volume was formed at the level of KZT11.1 bn.

In the primary GS market, the volume of transactions increased by 34.6% or KZT 42.7 billion to KZT 165.8 billion. In the reporting month, as a part of the implementation of state programs, local executive authorities of the two regions raised KZT1.1 billion at 0.35%. The Ministry of Finance raised KZT164.8 bn, placing five issues of long-term bonds at 8.43-8.48%.

In the structure of investors in the primary GS market, brokerage and dealer companies accounted for 0.3%, for other legal entities – 2.5%, for other institutional investors – 97.2%.

The volume of trading on the secondary market decreased by 52.5% to KZT68.3 bn. 96.4% of the total turnover of secondary market trades fell on notes of the National Bank.

In the structure of investors in the secondary market, the share of STB accounted for 66.9%, for brokers-dealers – 1.9%, for other institutional investors – 10.1%, for other legal entities – 21.0%, for individuals less than 0.1%. The share of non-residents was less than 1.0%.

## **Securities of international financial organizations**

In July, the International Finance Corporation (IFC) raised through subscription KZT8.6 bn., placing global amortized notes of unsecured debt at 8.3% per annum for 7.5 years. The largest share – 99.9% of the total volume of placement, institutional investors acquired, the remaining 0.1% belong to individuals. These securities are included in the sector "Securities of International Financial Organizations" of the official list of KASE since August 2, 2018.

## **Units of investment funds (UIF)**

In the sector of "Securities of investment funds" as of August 1 there were six instruments managed by five companies. The volume of trades amounted to KZT74.6 mln, which is higher than the results of June by 27.6%. In the context of the main categories of investors, the share of individuals was 21%, brokers-dealers – 0.8%, other legal entities – 78.2%.

## **Accounts of individuals in the securities market**

At the end of July, the Central Securities Depository registered 109,993 personal accounts opened by individuals, which is 277 accounts more than a month earlier and 748 accounts more than at the beginning of the year.

## **FOREIGN EXCHANGE MARKET**

In July, 31 members of the Exchange took part in trading in foreign currencies on KASE.

The volume of trading on the foreign exchange market formed at the level of KZT1,002 bn., which is lower by 2.6% or KZT27 bn. compared to the previous month. The average daily trading volume was KZT47.7 bn., the average daily number of transactions – 269, the average volume of one transaction – KZT177.5 mln.

The weighted average US dollar rate increased by 1.6% in July, and made up KZT346.7 per currency, coming close to a two-year high. The tightening of monetary policy by central banks of developed countries, primarily the US Federal Reserve, leads to a gradual outflow of capital from emerging markets.

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 KZT per unit of currency	Rate at the end of the month (% change)
USD/KZT	2,885.3 (-4.8%)	99.2% (+0.001%)	5,432 (-363)	341.62 – 347.06	346.70 (+1.7%)
RUB/KZT	859.8 (+6.1%)	0.5% (+0.05%)	134 (-3)	5.4226 – 5.5704	5.5704 (+2.4%)
CNY/KZT	29.9 (+26.5%)	0.2% (+0.03%)	66 (+2)	50.4793 – 51.9400	50.7100 (-1.6%)
EUR/KZT	3.7 (-38.3%)	0.1% (-0.08%)	12 (-12)	401.20 – 405.90	405.90 (+2.3%)

## MONEY MARKET

On July 09, 2018, the National Bank decided to keep the base rate at 9% per annum, thereby suspending the cycle of monetary policy easing. Since the beginning of the year, the base rate has been consistently reduced four times: in general, 125 bp

By the end of July, the TONIA indicator grew by 5 bpts. up to 8.08% per annum. At the same time, the TWINA indicator (weighted average interest rate on repo opening deals for a period of seven working days) showed a decrease of 4 bp. up to 8.26% per annum.

The yield of a one-day SWAP-1D (USD) dollar swap at the end of July was 8.62% per annum and rose by 195 bp a month. The yield of the two-day swap SWAP-2D (USD) increased by 203 bp. up to 8.92% per annum.

In July, the indicator KazPrime-3M (KZT) continued to move at the upper limit of the National Bank's base rate at 10% per annum.

Composite Money Market Indicator MM\_Index, which is the weighted value of the yield on USD / KZT currency swaps and automatic repo operations with GS opened for one business day, increased by 32 bp by the end of July, up to 8.14% per annum.

## Repo transactions market

The volume of trading in this segment reached KZT6.4 trillion, which is 0.5% higher than last month. The average daily volume of transactions in July was KZT303.7 bn., the average daily number of transactions - 444, the average volume of one transaction - KZT683.2 mln..

98.2% of the total volume of trades on repo opening deals was due to autorepo transactions with GS. The most popular tool on the autorepo market with GS is the repo operation for one day, the share of transactions with it in the total volume of trading on the autorepo market with GS amounted to 84.8%.

In total 45 members of the Exchange took part in transactions in the repo market in July 2018. More than 85% of the total turnover of trades in this segment was taken by banks. Share of non-residents

In the reporting month, it was insignificant and amounted to 0.1%.

## Currency swap market

The volume of trading on the currency swap market decreased by 16.7% to KZT1.9 trillion. The average daily trading volume reached KZT90.3 bn, the average daily number of deals – 33, the average volume of one transaction – KZT2.7 bn. In the instrumental structure, more than 65% of the total trading volume (KZT1.2 trillion or USD3.6 bn.) in the currency swap market occurred in deals with a two-day currency swap (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 July. There were no open positions held by participants of the derivatives market by the beginning of August.

### 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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