

PRESS RELEASE

Almaty

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KASE presents results of the exchange market's performance in May 2019

The total amount of trading on KASE in May 2019 made up KZT10,342.5 bn, decreasing by 4.0 %, or KZT425.4 bn, on April 2019.

May highlights:

- positive dynamics was shown by the securities market (+21.0 %, or KZT+60.1 bn) and the forex market (+2.1 %, or KZT+16.9 bn).
- on the securities market, growth was recorded in all market sectors
- shares – by 28.3 %
- GS – by 1.6 %
- corporate bonds – by 10 %
- IFI bonds – by 83.6 %
- investment funds' securities – 3.9 times.
- KASE Index went down by 3.3 %, to 2,256.68 points;
- capitalization of the equity market made up KZT15.6 trln (-2.0%)
- the amount of traded corporate debt decreased by 0.5 %, to KZT11.5 trln.

As of June 1, 2019 there were 119,037 personal accounts opened by individuals at the Central Securities Depository, which is by 238 accounts more than last month, and by 2,213 accounts more than at the beginning of 2019.

EQUITY MARKET

Capitalization of the equity market decreased by 2.0 %, or KZT320.4 bn, to KZT15.6 trln in May. The reason was the negative dynamics of the majority of equity instruments.

As at the end of the month KASE trading lists featured 139 stocks of 124 issuers, with two issuances being admitted to circulation in the unlisted securities sector.

The amount of shares trading in May increased by 28.3 %, or KZT2.4 bn, on April 2019, to KZT10.7 bn. The average daily trading amount made up KZT533.5 mln, the average daily number of transactions made up 385, the average amount of one transaction – KZT1.4 mln.

Among main investor categories individuals were the most active accounting for 55.3 % of the total amount of deals in shares. The share of second-tier banks (STB) made up 0.1 %, that of brokers and dealers – 22.6 %, the share of other institutional investors – 1.3 %, that of other legal entities reached 20.7 %. Non-residents accounted for 36.6 %.

KASE INDEX

KASE Index finished May with a 3.3 % decrease (down 76.49 points) to 2,256.68 points (the lowest close since January 25, 2019, and by 2.1 %, or 48.3 points, lower than at the end of 2018).

Prices of shares from KASE Index universe

Issuer	Ticker	Prices:		Price change in May
		as of 01.05.2019	as of 01.06.2019	
Kazakhtelecom	KZTK	25,749.50	26,790.00	+4.0%
Bank CenterCredit	CCBN	234.02	239.79	+2.5%
Halyk Savings Bank of Kazakhstan	HSBK	105.05	107.41	+2.3%
Kcell	KCEL	1,967.29	1,951.00	-0.8%
KEGOC	KEGC	1,638.00	1,606.99	-1.9%
KazTransOil	KZTO	1,254.30	1,175.00	-6.3%
KAZ Minerals PLC	GB_KZMS	3,229.97	2,560.00	-20.7%

KAZ Minerals PLC stocks drove the index down, depreciating by 20.7 % to KZT2,560.00 over the month. The negative dynamics was related to falling copper prices and investors' anxiety over China's demand for metals amid the escalating trade war. A similar trend is seen with regard to prices of the competitors' stocks, including Boliden AB (-23 %) and Glencore (-16,3 %). Thus, the price of ordinary shares of KAZ Minerals PLC returned to January levels, losing virtually the entire growth attained since the beginning of the year.

A significant decrease of prices was recorded for the second month in a row on ordinary shares of KazTransOil which fell by 6.3 % to KZT1,175.00 in May. On May 28, 2019 the annual general meeting of KazTransOil shareholders took a decision to pay out dividends on its ordinary shares for 2018 at KZT104 per share. All things considered, that didn't meet investors' expectations.

The growth leader in May were ordinary shares of Kazakhtelecom that rose by 4.0 % to KZT26,790.00. On May 21 Kazakhtelecom officially announced the settlement of a corporate dispute with minority shareholders. On May 29 the company reported the completion of dividends payout on its ordinary shares to a total amount of KZT8.4 bn, or KZT781.06 per ordinary share. Also, the company made an additional payment of dividends on preferred shares at KZT481.06 per share.

Positive dynamics is shown by ordinary shares of Halyk Savings Bank of Kazakhstan. Having finished April with a fall due to the looming ex-dividend date, stocks of the country's largest bank continued moving upwards in May. Market participants positively assess the bank's prospects against the background of the continuing sector consolidation.

CORPORATE BOND MARKET

In May the amount of outstanding corporate debt decreased by 0.5 %, or KZT62.8 bn, reaching KZT11.5 trln.

As at the end of May, KASE official list featured bonds of 241 issuances by 63 issuers. In the month under review, KASE official list was supplemented by bonds of AstanaGas KMG. Bonds of the national managing holding KazAgro were removed from KASE official list due to maturity. Namely, these events influenced the value of the corporate debt circulating on KASE.

The value of the index of corporate bond yield KASE_BMY went down by 6 basis points to 10.48 % APR in May.

The amount of corporate bond trading on KASE increased by 10.0 %, or KZT4.3 bn, on April – to KZT47.6 bn. The average daily amount of trading made up KZT2.4 bn, the average daily number of transactions – 9, the average amount of one transaction – KZT256.1 mln.

On the primary market the amount of trading increased by 8.2 %, or KZT1.6 bn following three offerings of two bond issuances:

- Mortgage organization "Baspana" raises KZT17.1 bn, by placing commercial bonds BASPb3 at a weighted average yield of 9.3864 % APR;
- Subsidiary Bank Sberbank of Russia raises KZT4.4 bn, by placing bonds KZ2C00003218 (SBERb10) at 10.47 % APR with current maturity of 2.5 years.

On the primary corporate bond market the share of STB made up 61.4 %. Other institutional investors accounted for 36.2 %, other legal entities – for 2.3 %.

The amount of trading on the secondary bond market increased by 11.6 %, or KZT2.7 bn, to KZT26.2 bn. Participation of investors on the secondary corporate bond market was as follows: STB – 38.6 %, brokers

and dealers – 2.1 %, other institutional investors – 51.5 %, other legal entities – 5.5 %, individuals – 2.3 %. Non-residents accounted for 3.4 %.

GOVERNMENT SECURITIES (GS) MARKET

The face value of the government debt traded on KASE in May increased by 1.2 %, or KZT146.6 bn, to KZT12.4 trln.

In May the amount of trading on the GS market increased by 1.6 %, or KZT2.7 bn, to KZT176.5 bn. The average daily amount of trading totaled KZT8.8 bn, the average daily number of transactions – 4, the average amount of one transaction – KZT2.5 bn.

On the GS primary market the amount of transactions increased by 16.6 %, or KZT20.6 bn, to KZT144.4 bn. In the month under review, as part of implementation of government programs, local executive bodies of six regions, Almaty and Nur-Sultan raised KZT19.3 bn at 0.35 % APR (in April the amount totaled KZT10.4 bn). The remaining volume – KZT125.1 bn, which is by 10.3 %, or KZT11.7 bn more than in April – was raised by the Ministry of finance that placed four long-term bond issuances at 8.56–8.84 % APR.

In the structure of investors on the GS primary market, institutional investors accounted for 86.6 %, other legal entities – for 13.4 %. Non-residents didn't take part in the trading.

The amount of trading on the secondary market decreased by 35.7 %, or KZT17.8 bn, to KZT32.1 bn. 94.1 % of the total amount of trading on the secondary market fell on notes of the National Bank.

In the structure of investors on the secondary market STB accounted for 40.5 %, brokers and dealers – for 2.0 %, other institutional investors – for 33.9 %, other legal entities – for 23.2 %, individuals – for 0.5 %. Non-residents didn't take part in the trading.

IFI BONDS

At the end of the period under review KASE trading lists featured 26 bond issuances of five international financial organizations: Eurasian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation (IFC) and Asian Development Bank.

Overall, three bond issuances were included in the sector "Securities of international financial institutions" in the month under review: six-year international bonds of European Bank for Reconstruction and Development that were offered by way of subscription at a margin to the semi-annual coupon of 0.5 % in the amount of KZT60 bn, and five-year bonds of Eurasian Development Bank of two issues that were offered at 9.5 % APR in the amount of KZT30 bn. Besides, five-year bonds of another issuance of Eurasian Development Bank in the amount of KZT20 bn at 9.5 % were placed in the period under review. These securities were included in KASE official list earlier.

In the structure of investors on the primary market STB accounted for 4.1 %, brokers and dealers – for 0.4 %, other institutional investors – for 94.7 %, other legal entities accounted for 1.5 %, individuals – for less than 0.1 %. Non-residents didn't take part in the trading.

The amount of trading on the IFI bonds secondary market made up KZT151.0 mln. 50 % fell on deals concluded by brokers and dealers, 50 % was the share of institutional investors.

INVESTMENT FUND UNITS

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

The trading amount increased 3.9 times reaching KZT145.4 mln. The largest amount of transactions fell on units CSECfe (KZT111.2 mln) and CSECgm (KZT28.8 mln) managed by Centras Securities, units US_SPY_ (KZT2.7 mln) managed by State Street Global Advisors were on the third place, shares IE_FXBF of the sub-fund FinEx FFIN Kazakhstan Equity ETF (KASE-Index ETF; KZT2.7 mln) were on the fourth place.

In terms of main investor categories, 4.0 % fell on individuals, 1.7 % – on brokers and dealers and 94.3 % – on other legal entities.

FOREIGN CURRENCIES MARKET

In May 28 members of KASE took part in the trading on KASE's foreign currencies market.

The amount of trading on the foreign currencies market reached KZT811.8 bn, which is by 2.1 %, or KZT16.9 bn, higher than the previous month's indicator. The average daily amount of trading made up KZT40.6 bn, the average daily number of transactions – 293, the average amount of one deal – KZT138.6 mln.

The key factor that affected the tenge exchange rate in the period under review was the price of oil on the global market which, judging by Brent, decreased by 11.4 % in May. That was brought about by the escalation of trade conflicts, but not only between the US and China. The majority of analysts are sure about the negative impact of those disputes on developed and emerging economies.

Mainly, under the influence of said factor in May the tenge weakened against the US dollar by 0.4 % in nominal terms, to KZT382.56 per dollar. There was a less significant weakening against the euro. The tenge appreciated against the yuan and the ruble.

The table below provides main characteristics of currency pairs traded on KASE (in the brackets: the change of the indicator on the previous month, the rate change reflects the nominal change of the weighted average exchange rate of the foreign currency against the tenge).

Pair	Amount, mln currency units	Weight in the trading amount, %	Number of deals	Min. and max. rates, qty. of the quoted currency per base currency	Rate at the end of the month (chg.%)
USD/KZT	2,114.5 (+1.9 %)	98.9 % (-0.13 %)	5,667 (+591)	378.01 – 382.56	382.56 (+0.4 %)
RUB/KZT	567.6 (-24.6 %)	0.4 % (-0.15 %)	71 (-26)	5.8094 – 5.9044	5.8617 (-1.0 %)
CNY/KZT	39.1 (+9.5 %)	0.3 % (+0.01 %)	85 (+22)	54.4852 – 56.0930	55.1900 (-2.4 %)
EUR/KZT	7.4 (x3)	0.4 % (+0.26 %)	36 (+19)	421.60 – 427.55	426.83 (+0.1 %)

MONEY MARKET

Over the month the TONIA indicator in its operating mode moved along the lower limit of the National Bank's base rate. However, by the end of the month its value rose by 92 b.p. to 8.92 % APR, which was related to the temporary demand for tenge liquidity from some market participants. The value of the TWINA (weighted average percentage rate on repo opening transactions with a term of seven business days) indicator also demonstrated a growth by 11 b.p. to 8.11 % APR.

The yield of the one-day dollar swap SWAP-1D (USD) at the end of May reached 7.70 % APR, rising by 130 b.p. over the month. The yield of two-day swap SWAP-2D (USD) increased by 108 b.p. to 7.58 % APR.

In May indicator KazPrime-3M (KZT) continued moving along the upper limit of the corridor of the National Bank's base rate at 10.00 % APR.

The composite money market indicator MM_Index, representing the transactions volume weighted yield of one business day USD/KZT currency swap transactions and GS auto repo transactions increased by 75 b.p. to 8.73 % APR by the end of May.

Repo transactions market

The amount of trading in this segment made up KZT6,827.4 bn, which is up 2.3 % on the previous month. The average daily amount of transactions made up KZT341.4 bn, the average daily number of transactions – 382, the average amount of one deal – KZT894.2 mln.

98.0 % of the total amount of opening repo transactions fell on GS basket autorepo transactions. The one-day repo transaction remains the most popular instrument on the GS basket autorepo market, the share of transactions involving it in the total amount of trading in the GS basket autorepo market made up 94.1 %.

A total of 42 members of the Exchange took part in transactions on the repo market in May. More than 88 % of the total trading turnover was generated by banks. Non-residents accounted for mere 0.7 % in the month under review.

Currency swap transactions market

The amount of trading on the currency swap transactions market decreased by 21.8 % to KZT2,357.6 bn. The average daily amount of transactions made up KZT117.9 bn, the average daily number of transactions – 43, the average amount of one transaction – KZT2.8 bn. In terms of instruments, 82.1 % of the total amount of trading (KZT1.9 trln, or USD5.1 bn) on the currency swap market fell on transactions in the two-day currency swap (USDKZT_0_002).

Seven transactions in "long" currency swaps were concluded in May: four transactions in one-week swaps in the amount of USD48.0 mln (KZT18.23 bn) at 6.60 – 7.10 % APR; and three transactions in one-month swaps in the amount of USD20.0 mln (KZT7.6 bn) at 7.00 % 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 May. There were no open positions held by trading participants on the derivatives market by the beginning of June.

For reference

Kazakhstan Stock Exchange (KASE) is a leading stock exchange in the Central Asian region. KASE occupies the second place among the CIS exchanges in terms of securities trading volume, and the sixth rank in terms of the equity market capitalization among the FEAS exchanges.

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 a member of the World Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations, as well as a participant of the UN Sustainable Stock Exchanges initiative.

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