



PRESS-RELEASE

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KASE presents stock exchange market performance results in April 2018

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

- The total trading volume on KASE in April 2018 amounted to KZT 9.9 trillion and decreased by 2.1 % or KZT 212 bn compared to the previous month. The securities and money markets were down 12 % and 9.5 %, respectively, whereas the volume of trading in foreign currencies has increased by 89.2 %.
- As at May 01, 2018, there were shares of 123 titles of 108 issuers in the trading lists of KASE. Shares of four titles were admitted to trading in non-listed securities sector.
- In April, bonds of AgroFinance, ARLAN WAGONS and three international bonds of NC KazMunayGas were included in the KASE official list. As a result, there were 257 bond issues of 66 issuers as at May 01, 2018 in the KASE official list and the volume of outstanding corporate debt grew 5.5 % reaching KZT 9.1 trillion.
- The volume of the primary government securities market rose 7.3 %. The Ministry of Finance raised KZT 39.5 bn having placed three issues of long-term bonds with yield within the range from 8.45 % to 8.66 % APR.

EQUITY MARKET

At the end of the month, there were shares of 123 titles of 108 issuers in the Exchange's trading lists, including shares of four titles of four companies in the unlisted market. Common shares of Uralkali and ASYL-INVEST were excluded from the official list in the reporting month at the initiative of their issuers.

In April, equity market capitalization has decreased 0.7 % or KZT 135.4 bn to KZT 18.4 trillion influenced by the price correction.

Common shares of the Bank Astana were excluded from the representative list of KASE Index as of May 01. These shares were included in the KASE Index calculation on February 01, 2018.

KASE Index has broken a sequence of five successive months of growth and closed in April with a 0.02 % slight decline to 2,436.66 points. The main factors of influence in April were the situation with a number of Kazakh banks including the Bank of Astana and announcements of dividend payouts, which generally coincided with market expectations. Kazakhtelecom's shares rose most of all having increased 8.9 % to KZT 29,300.00. Stocks of the telecom company are growing in anticipation of the Antimonopoly Committee's decision regarding purchase of 75 % of Kcell shares by Kazakhtelecom.

The greatest faller for obvious reasons were shares of the Bank of Astana, which fell by 22.3 % to KZT 910.21. Capitalization significantly decreased in the end of April and was accompanied by simultaneous lowering of the Bank's ratings by S&P. According to S&P, currently, Bank of Astana is facing substantial liquidity pressures due to loss of clients' confidence.

Change in prices of shares included into the KASE representative list

| Issuer | Trade code | Price per share, KZT | | Price change,% |
|-----------------------|------------|----------------------|--------------------|----------------|
| | | as at April 01, 2018 | as at May 01, 2018 | in April |
| Kazakhtelecom JSC | KZTK | 26,900.00 | 29,300.00 | + 8.9 % |
| KAZ Minerals PLC | GB_KZMS | 3,903.03 | 4,110.00 | + 5.3 % |
| KEGOC JSC | KEGC | 1,414.00 | 1,481.98 | + 4.8 % |
| Kcell JSC | KCEL | 1,674.00 | 1,699.00 | + 1.5 % |
| Kaztransoil JSC | KZTO | 1,552.16 | 1,564.99 | + 0.8 % |
| Bank CenterCredit JSC | CCBN | 303.85 | 286.88 | -5.6 % |
| Halyk Bank | HSBK | 113.18 | 102.12 | -9.8 % |
| Bank of Astana | ABBN | 1,171.00 | 910.21 | -22.3 % |

Stock trading volume decreased 44.3 % or KZT 8.6 bn to KZT 10.8 bn compared to the previous month. The average daily trading volume has not exceeded KZT 512.4 mln and fell 52.2 % compared to the previous month. The entire volume was attributed to the purchase-and-sales sector. There were no placements in April.

The second stage of the buyback of common shares and global depositary receipts (GDRs) of Exploration Production KazMunaiGaz JSC ended on April 5. A total of 15,896 common shares at the price of USD 84.0 per share were bought back as part of this stage. A total of 45 orders for the total amount of USD 1.3 mln (equivalent to KZT 427.1 mln) were executed. The Company also bought back 722,485 GDRs at the price of USD 14.0 for the total amount of USD 10.1 mln. (KZT 3.2 bn). As of May 10, 2018, these securities were excluded from the KASE official list at the issuer's initiative.

According to the company's statement, NC KMG and KMG EP together now hold a total of 56,210,435 common shares and 82,165,972 GDRs, which is approximately 99.5 % of the common shares (including common shares represented by GDRs) in issue <http://kase.kz/ru/news/show/1366048/>.

Individuals are the most active investors; their share has reached 60.4 % of the total volume of transactions. The share of broker-dealers accounted for 27.6 %, second-tier banks (STB) – 0.2 %, other institutional investors – 5.4 % and the share of other legal entities came to 6.3 %. The share of non-residents amounted to 3.9 %.

CORPORATE BOND MARKET

At the end of April, there were bonds of 257 titles issued by 66 issuers in KASE trade lists. Bonds of AgroFinance (AGFNb1), ARLAN WAGONS (ARWAb2) and three issues of international bonds of NC KazMunayGas (KMGZe13, KMGZe14 и KMGZe15) were listed in the reporting month. The bonds of Tsesnabank (TSBNb8) were delisted due to maturity and bonds (ASYLb1) of ASYL-INVEST were delisted at the issuer's initiative.

As a result of the mentioned changes, the volume of outstanding corporate debt grew 5.5 % reaching KZT 9.1 trillion in nominal terms in April.

KASE_BMY corporate bond yield index dropped 5 basis points to 10.19 % APR in April. The index profitability was within the upper limit of the base rate of the National Bank (9.25 ± 1.0 % APR).

The volume of trading in corporate bonds amounted to KZT10.8 bn during the reporting month and increased 3.4 % or KZT0.4 bn compared to the previous month. There were no transactions in the offering sector.

Main categories of investors in the corporate bond market were as follows: the share of broker-dealers accounted for 27.1 %, second-tier banks – 27.0 %, other institutional investors – 13.4 %, other legal entities – 29.0% and the share of individuals came to 3.5 %. The share of non-residents is estimated at 3.2 %.

GOVERNMENT SECURITIES MARKET (GS)

Nominal value of the public debt traded on KASE reached KZT 11.0 trillion, which is 0.6 % or KZT 63.5 mln more than in March.

In April, the total volume of trades in government securities market amounted to KZT 73.5 bn having dropped 10.6 % from KZT 82.2 bn in March. The average daily trading volume amounted to KZT 3,500.1 mln against KZT 4,566.5 mln in the previous month.

The volume of transaction on the primary government securities market grew 7.3 % or KZT 3.0 bn to KZT 43.5 bn. Administrations of four regions have placed their two-year bonds for the amount of KZT 4.0 bn at 0.35 % APR as part of the implementation of government programmes in the reporting month. The Ministry of Finance has placed three issues of long-term bonds worth KZT 39.5 bn. at 8.45 %, 8.46 % and 8.66 % APR, respectively.

The structure of investors in primary market was as follows: the share of STBs accounted for 4.6 %, other institutional investors – 86.1 %, other legal entities – 9.3 %.

The trading volume in the secondary market fell 28 % to KZT 30 bn from KZT 41.6 a month earlier. A total of 89.2% of the total turnover of the secondary market was represented by transactions with the notes of the National Bank.

In April 2018, the structure of investors in the secondary market was as follows: the share of STBs accounted for 51.2 %, broker-dealers – 1.1 %, other institutional investors – 16.5 %, other legal entities – 31.2 %, individuals accounted for less than 0.1 %. Non-residents did not participate in the trades.

UNITS OF INVESTMENT FUNDS (UIF)

As at the end of the reporting period, there were six tools managed by five companies in the sector "Securities of investment funds". Trading volume amounted to KZT 35.1 mln, which is 9.8 times higher than in March. Main categories of investors were as follows: the share of individuals accounted for 42.0 %, broker-dealers – 0.5 %, other legal entities – 57.5 %.

Accounts of individuals in the securities market

As at the end of April, there were 110,547 personal accounts registered that were opened for individuals in the accounting system of the Central Securities Depository, which is by 346 accounts more than as at the end of the previous month and by 1,302 accounts more than at the beginning of 2018.

FOREIGN EXCHANGE MARKET

In April, 32 members of KASE participated in the trading on foreign exchange market.

The volume of trading in the foreign exchange market was KZT 1,447.5 bn, which is 89.2 % (2 times) or KZT 682.3 bn higher than in previous month.

Such external shocks as new US sanctions against Russia have caused high volatility of the USD/RUB exchange rate and weakening of ruble against tenge. Weakening of major trading partner-country's currency was seen by market participants as a signal to the weakening of tenge against dollar. For instance, trading volume on 10 April amounted to USD 807.5 mln, which is the maximum value since December 2014, and the dollar exchange rate for the period from April 09 to April 11 rose more than 10 tenge. High quotes of Brent crude oil benchmark, which was confidently traded above USD 70 per barrel in the second half of April, had been ignored by the market participants.

The following table shows main characteristics of currency pairs traded on KASE (in-between parentheses the change of an indicator compared to the previous month is indicated; the change in the exchange rate reflects the nominal change of 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,KZT per unit of currency | Rate as at the end of the month (var. %) |
|---------------|-------------------------------|--------------------------|------------------------|---|--|
| USD/KZT | 4,367.3 (+84.8 %) | 73.3 % (+5.3 %) | 7,688 (+1,978) | 319.24 – 330.88 | 327.25 (+2.8 %) |
| RUB/KZT | 1,539.5 (+40.5 %) | 25.9 % (-5.7 %) | 170 (+83) | 5.2100 – 5.5791 | 5.2850 (-5.1 %) |
| CNY/KZT | 15.0 (+46.3 %) | 0.3 % (-0.04 %) | 32 (+5) | 50.8131 – 52.6800 | 51.6667 (+1.7 %) |
| EUR/KZT | 7.8 (x4) | 0.1 % (+0.1 %) | 21 (+15) | 392.39 – 409.40 | 398.12 (+0.2 %) |
| EUR/USD | 26.0 | 0.4 % | 6 | 1.2073 | 1.2073 |

MONEY MARKET

The National Bank of Kazakhstan decided to reduce the base rate by 25 b.p. to 9.25 % APR on April 16, 2018. This represents the third decision in succession aimed at easing monetary policy since the beginning of the year (-100 b.p. since the beginning of 2018).

By the end of April, TONIA indicator showed a decline by 25 b.p. to 8.26 % APR, similar to the base rate reduction, which is the minimum value of the month. At the same time, TWINA indicator (weighted average interest rate on seven business days repo opening deals) rose 10 b.p. to 8.62 % APR.

In order to increase the efficiency of the monetary policy transmission mechanism and to develop the derivatives market, the National Bank decided to start one-day currency swap transactions on KASE markets both to provide and withdraw liquidity. Liquidity withdrawal is done using one-day LIBOR rate; liquidity is provided at the base rate of the National Bank plus 2 % APR.

The yield of one-day dollar swap SWAP-1D (USD) as at the end of April made up 8.62 % APR and increased 1 b.p. over the month. The yield of two-day swap SWAP-2D (USD) was up 6 b.p. to 8.76 % APR. The maximum value of SWAP-1D indicator (USD) was fixed at 11.25 %, which is an upper limit of the rate at which the National Bank provides liquidity in local currency through currency swap.

In April, KazPrime-3M (KZT) continued to move to the upper limit of the base rate of the National Bank having closed the month by similar decline at 25 b.p. to 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, declined 25 b.p. to 8.26 % APR by the end of April.

Repo transactions market

Trading volume in this segment reached KZT 5.5 trillion, which is 12.1% lower than in last month. Average daily trading volume in April amounted to KZT 260.7 bn (24.7 % less than the similar indicator of March 2018).

96.7 % of the total trading volume of repo transactions accounted for the GS auto repo transactions. One-day repo transactions remain the most popular instrument on the GS auto repo market. Its share in the total volume of trading in the GS auto repo market came to 86.1 %.

46 members of the Exchange participated in transactions on the repo market in April 2018. Over 86 % of the total trading in this segment was attributed to the second-tier banks. Non-residents' share was insignificant and amounted to 0.2% in the reporting month.

Currency swap market

Trading volume on currency swap market fell 4.1 % to KZT 2.9 trillion. The average daily trading volume amounted to KZT 139.0 bn, which is 17.8 % lower than the similar indicator of March. Over 78 % of the total trading volume (KZT2.2 trillion or US \$7.1 bn) in the structure of instruments of the currency swap market accounted for two-day currency swaps (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 April. There were no open positions held by participants of the derivatives market by the beginning of May.

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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