

# KAZAKHSTAN STOCK EXCHANGE

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## PRESS RELEASE

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### **KASE sums up April 2017 performance**

Kazakhstan Stock Exchange (KASE) announces the main performance highlights for April 2017.

The total trading volume on KASE reached KZT14,395.6 bn in April. Relative to the previous month, the growth was 4.1% or KZT571.3 bn. The growth was mainly in the money market (KZT+520.8 bn), including the repo and FX swap transactions, and in the securities market (KZT+95.7 bn).

#### **Securities market**

49 KASE members were active in this stock market sector in April. The total securities trading volume reached KZT120.4 bn, which is higher than the result of the previous month by 387.5% or KZT95.7 bn.

#### **Shares**

At the end of the month there were 120 shares of 102 issuers on the Exchange's trading lists, including four shares of four companies on the non-listed basis.

KASE index, the representative list of which contained nine shares in April, has been showing a sideways trend for the third month in a row, and its value decreased by 0.5% over a month. The main drivers were the announcements of dividend payments, which were generally lower than the market expectations. The shares of KAZ Minerals PLC were the index's growth leader, whose value increased by 11.8% to KZT2,015. The company published strong first quarter results, which supported the stock quotes. The largest decrease was demonstrated by shares of Kazakhtelecom, which fell by 9.2% to KZT15,615. The decrease in the value of shares occurred as a result of the publication of the draft AGM decision. The dividend amount turned out to be significantly below the shareholders' expectations as it was formed net of the profit from the discontinued operations.

Under the price correction, the KASE share market capitalization decreased in April by 0.9% or KZT129.9 bn to KZT14.6 trln.

The volume of trading in stocks rose relative to the previous month by 59.4% or KZT6.8 bn to KZT18.3 bn. The average daily trading volume reached KZT916.8 m, which is a 51.4% growth relative to the previous month. The whole volume concentrated in the purchase and sale sector. There was no placement or subscription in April.

In the context of the main investor categories, the individuals were the most active investors with 49.7% of the stocks turnover in their accounts. The broker-dealers amounted to 21.4%, accounts of commercial banks made 0.7%, other institutional investors 1.0%, other legal entities reached 27.2%.

## **Corporate bonds**

At the end of April, there were 262 bonds of 67 issuers on the KASE's trading lists. In the reporting month, three issues of international bonds of NC KazMunayGas and bonds of Faeton Company were added to the lists; due to the expiry of the circulation period bonds of Almaty Power Stations and Tsesnabank and two bond issues each of Kazakhstan Mortgage Company and Bank CenterCredit were delisted. The result of the described changes was a decrease in April of the volume of corporate debt traded on KASE by 0.8% or KZT60 bn to KZT7.7 trln in nominal terms.

The KASE\_BY corporate bonds yield index increased in April by 40 basis points to 10.28% per annum, returning to the corridor of the current base rate of the National Bank ( $11.0 \pm 1.0\%$  per annum). The index gradually approached this level from below throughout the year. The spread between the KASE\_BY value and the risk-free yield of non-indexed three-year MEKAMs (weighted average duration of bonds included in the representative list KASE\_BY is 1,120 days) increased from -64 at the end of the previous month to +88 basis points at the end of the reporting period.

The volume of trading in corporate bonds made KZT10.0 bn in the reporting month and increased against the previous month 4.74 times or by KZT7.9 bn. The average daily trading volume was KZT499.2 m or increased 4.5 times.

Such a significant increase in the volume of bond trading was mainly due to the additional placement on April 3 of bonds of Kazakhstan Mortgage Company with three years left to maturity for KZT5.9 bn. The placement yield was 10.75% per annum, six participants traded, bid exceeded ask 2.35 times.

The secondary market trading volume amounted to KZT 4.1 bn, which is higher than the result of the previous month by 94.5% or KZT 2.0 bn.

In the corporate bond market the main categories of investors were represented by broker-dealers 40.7%, commercial banks 12.1%, other institutional investors 8.6%, other legal entities 24.0%, while the individuals did not exceed 14.5 %.

## **Government securities (GS)**

The events in this stock market sector significantly influenced the configuration of the risk-free yield curve for the non-indexed GS. As the primary and secondary market transactions were concluded in April and old transactions were removed from the representative sample used by the Exchange to build the curve, the latter for zero to five years of maturity decreased by 50-170 basis points. The strongest decline in yields was demonstrated by securities maturing in 1-3 years, while the market valuation of bonds maturing in 5-15 years remained practically the same.

The total volume of GS trading on KASE reached KZT91.8 bn in April, which is 8.32 times or by KZT80.8 bn higher than the result of the previous month.

The primary market trading grew almost 21 times to KZT69.9 bn. It includes KZT56.1 bn raised by the Ministry of Finance of Kazakhstan with two-, three- and four-year MEKAM placement at 9.1-9.5% per annum. The remaining KZT13.7 bn was raised by the local administration of 10 regions under the state housing construction funding program.

56.1% of buyers in the GS primary market were commercial banks, less than one percent of securities were bought by broker-dealers, 8.3% was other institutional investors. The remaining 35.6% are other legal entities, which indicates a high interest of corporate investors in the GS sector.

The GS secondary market grew by KZT14.1 bn or 2.8 times, reaching KZT22 bn. The average daily trading volume increased by KZT684.9 m to KZT1,098.6 m, which is more than 2.7 times higher than the result of the previous month.

The National Bank's notes contributed to almost 100% of the secondary market turnover.

The main categories of investors in the GS secondary market were commercial banks with 62.1% of gross turnover, broker-dealers with 0.3%, other institutional investors with 22.4% and other legal entities with 15.2%. No individuals were interested in GS on KASE.

### **Securities of investment funds**

Four securities are still traded in this sector, which intensified last year. The total trading volume here reached KZT228.6 m in April, whereas in March there were no deals. The largest trading volume KZT176.4 m or 77.2% of the sector's turnover was demonstrated by the interval investment fund "Eurobond Fund" managed by Centras Securities.

### **FX Market**

In April, 34 members of KASE were entitled for the foreign currency deals on KASE.

The spot market trading was KZT852.3 bn, which is lower by 5.0% or KZT45.2 bn than in the previous month.

The following table shows the main characteristics of the currency pairs traded on KASE (change in the indicator compared to the previous month is indicated in parentheses, change in the exchange rate shows the nominal change in the weighted average exchange rate of foreign currency to tenge).

Pair	Volume, m units of currency	Trading volume share, %	Number of transactions	Number of banks	Min. and max. rates, tenge per unit of currency	Rate change
USD/KZT	2,709.0 (-4.0%)	99.3% (-0.14 p.p.)	5,677 (-539)	33 (0)	310.66–314.40	314.40 (+0.2%)
RUB/KZT	722.5 (+5.7%)	0.5% (+0.05 p.p.)	144 (-10)	14 (-1)	5.4503–5.5885	5.5194 (+1.0%)
EUR/KZT	5.6 (+70.8%)	0.2% (+0.09 p.p.)	26 (+9)	6 (+2)	330.00–342.40	342.30 (-1.5%)
CNY/KZT	10.5 (-20.5%)	0.1% (-0.01 p.p.)	94 (-38)	5 (-3)	45.1863–45.6500	45.6500 (+0.1%)

### **Money market (repo and swap)**

The price indicators of the stock money market in April practically did not change. KazPrime-3M (KZT) remained at 12% per annum. The value of MM\_Index decreased by 10 basis points to 10.12% per annum. TONIA showed the same change, and at the end of the month the value of this indicator was 10.14% per annum, TWINA declined by 50 basis points to 10.31% per annum. Only the dollar swap market demonstrated the movement towards the cost of the shortest tenge and closed the month by 200 basis points higher or by 9.50% per annum.

The total trading volume in the money market reached KZT13,422.9 bn, having increased by 4.0% or KZT520.8 bn compared to the previous month.

### **Repo**

The trading in this segment of the money market of KASE did not exceed KZT5,730.4 bn in April, showing a decrease by 4.8% or KZT291 bn compared to March. 86.7% was autorepo with GS, 13.1% was autorepo with CSs, and direct repo with CSs was the rest. The turnover structure here has changed insignificantly relative to March.

The average daily repo volume amounted to KZT286.5 bn, which is lower than the result of the previous month by 9.6% or KZT30.4 bn.

46 Exchange members were engaged in repo transactions on KASE. 82.5% of GS autorepo turnover was commercial banks, for CS autorepo 46.6% was brokers' accounts and 53.4% was their clients' accounts.

### **FX swap transactions**

As in the previous month, in April these transactions on KASE were one-day and two-day USD/KZT swaps, with 0.99% and 99.01% of the turnover. The corresponding March figures were 10.2% and 89.8%. In other words, the trend towards replacing the short-term swap with the longer one, that emerged earlier this year, strengthened.

The FX swap trading volume reached KZT7,692.5 bn in March, having increased by 11.8% or KZT811.8 bn relative to the previous month.

The average daily volume of transactions amounted to KZT384.6 bn, which is higher than the result of the previous month by 6.2% or KZT22.5 bn.

22 Exchange members made FX swap transactions on KASE in April.

### **Futures contracts**

This sector of the exchange market is slow. Every day, 15 different futures for the US dollar to tenge, KASE Index value and prices of shares from its representative list are offered by the Exchange for trading. But there were no transactions in these instruments in April.

### **Details**

Kazakhstan Stock Exchange (KASE) is the leading stock exchange in the Central Asian region and the only exchange in Kazakhstan, carrying out their 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), Federation of European and Asian Stock Exchanges (FEAS) and other international and local professional associations. In 2015, KASE joined the UN Sustainable Stock Exchanges initiative. KASE is ranked as the 2nd CIS exchange in terms of securities trading volume, while being in the top 5 FEAS stock exchanges in terms of the stock market capitalization.

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