



PRESS RELEASE

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

Kazakhstan Stock Exchange (KASE, the Exchange) presents results of the exchange market's performance in August 2019.

- The total amount of trading on KASE in August 2019 made up KZT8.8 trln decreasing by 8.9 %, or KZT864.9 bn on July 2019.
- As of September 1, 2019 KASE trading lists featured securities of 177 issuers.
- Global depository receipts with Kcell's ordinary shares as underlying asset were included in the "Derivative securities" sector of the official list.
- Capitalization of the equity market decreased by 2.6 % to KZT15.5 trln in August.
- As of September 1 the amount of traded corporate debt increased by 0.8 % to KZT11.9 trln.
- In August 2019 the Exchange's official list was extended by another six bond issuances of six issuers, one of which for the first time underwent the procedure of listing on KASE
- The amount of primary offerings in the corporate bonds sector made up KZT106 bn.
- As of September 1, 2019 the Central Securities Depository maintained 120,070 personal accounts opened by individuals, which is by 383 accounts more than in the previous month, and by 3,246 accounts more than at the beginning of 2019.

EQUITY MARKET

The equity market's capitalization decreased by 2.6 %, or KZT420 bn, to KZT15.5 trln in August. The decrease followed the fall in prices of stocks of several major companies, including those from KASE Index universe (see table).

As at end of the month there were 138 stocks of 123 issuers in KASE trading lists, with two of them being admitted to circulation in the "unlisted securities" sector.

The amount of trading in shares in August decreased by 50.6 %, or by KZT22.6 bn, on July, to KZT22 bn. The average daily amount of trading made up KZT1 bn, the average daily number of transactions – 417, the average amount of one deal – KZT4.2 mln.

First transactions in shares included in the Exchange's list as part of unsponsored listing were concluded on KASE: ordinary shares of Ford Motor Company, Intel Corporation, Pfizer Inc., The Coca-Cola Company, NIKE, Inc., Starbucks Corporation, Exxon Mobil Corporation, Lukoil OJSC, Novolipetsk Steel OJSC.

Among main investor categories the share of individuals made up 47.3 % of the total amount of deals in shares. Second-tier banks (STB) accounted for 5.5 %, brokers and dealers – for 30.1 %, other institutional investors – for 3.2 %, other legal entities – 13.9 %. Non-residents' participation is estimated at 12.9 %.

KASE INDEX

KASE Index closed August with a decrease of 4.4 %, or by 99.28 points to 2,174.36 points.

Prices of stocks from KASE Index universe

Issuer	Ticker	Price change		
		as of 01.08.2019	as of 01.09.2019	in August
Kcell	KCEL	1,920.00	2,050.00	+6.77%
Bank CenterCredit	CCBN	230.01	233.94	+1.71%
Kazakhtelecom	KZTK	24,510.01	24,505.00	-0.02%
KEGOC	KEGC	1,563.00	1,530.33	-2.09%
Halyk Savings Bank of Kazakhstan	HSBK	132.55	128.96	-2.71%
KazTransOil	KZTO	1,049.99	1,012.77	-3.54%
KAZ Minerals PLC	GB_KZMS	2,779.11	1,982.74	-28.66%

Kcell shares rose the most in August: by 6.8 %. The market of these shares has been very thin and volatile recently. Therefore, even the low demand at the beginning of the third decade of August brought about an increase in the security's price from KZT1,900 to KZT2,050 per piece.

Stocks of KAZ Minerals PLC fell significantly over the month. Shares of the copper mining company fell by 28.66 % to KZT1,982.74 against the background of the release of H1 2019 financial results. According to KAZ Minerals report revenues in the first half of 2019 made up \$1,052 mln vs. \$1,098 mln in the first half of 2018. The production growth led to a 3 % increase in copper sales, however that was compensated by the 11 % fall in the copper price. The operating income made up \$410 mln (\$464 mln in the first half-year).

CORPORATE BOND MARKET

As of September 1 there were 255 corporate bond issuances of 66 issuers. In August the Exchange's official list was supplemented by 6 bond issuances of 6 issuers: "MetallInvestAtyrau" LLP, "Fund of problem loans" JSC, "Agrarian credit corporation" JSC, "Baiterek development" JSC, "Novacom Corporation" LLP, "NMH "Baiterek" JSC.

Five corporate bond issuances of four issuers were removed from KASE trading lists after reaching maturity.

The amount of outstanding corporate debt in August increased by 0.8 %, or KZT95.3 bn, reaching KZT11.9 trln.

The yield of the corporate bonds index KASE_BMY increased in August by 1 basis point to 10.75 % APR.

The amount of corporate bond trading on KASE decreased by 27.7 %, or KZT61.2 bn on July, to KZT159.6 bn. The average daily amount of trading made up KZT7.6 bn, the average daily number of transactions – 8, the average amount of one transaction – KZT907 mln.

In August seven issuances to the total amount of KZT106 bn were placed in the corporate bond sector of the primary market, which is by 47.8 %, or KZT97 bn, less than in July.

- Wholesale and retail trade venture raised KZT480.5 mln on August 6 by placing seven-year bonds at 10.4975 % APR;
- "Baspana" Mortgage organization raised KZT23.6 bn, by placing bonds with a weighted average yield of 10.3440 % APR;
- Fund of problem loans raised KZT10.1 bn on August 14, by placing ten-year bonds at 9 % APR;
- Eurasian Bank raised KZT2.0 bn on August 15, by placing seven-year bonds at 10.95 % APR;
- NC Kazakhstan temir zholy on August 20 raised KZT40 bn;

- Subsidiary Organization VTB Bank (Kazakhstan) on August 20 raised KZT4.9 bn, by placing two-year bonds at KZT10.42 % APR;
- National managing holding "Baiterek" on August 29 raised KZT25 bn, by placing ten-year bonds at 9.75 % APR.

In terms of main investors, on the primary corporate bond market the share of STB made up 14.2 %, that of brokers and dealers – less than 0.1 %. Other institutional investors accounted for 45.6 %, other legal entities – for 40.2 %. Non-residents didn't take part in the trading.

The amount of trading on the secondary bond market increased 3 times, or by KZT35.9 bn, to KZT53.6 bn.

In terms of main investors, on the secondary corporate bond market the share of STB made up 2.8 %, that of brokers and dealers – 0.5 %, other institutional investors accounted for 2.9 %, other legal entities – for 93.5 %, individuals – for 0.3 %. Non-residents accounted for 0.2 %.

GS MARKET

The face value of the government debt being traded on KASE increased by 3.4 %, or KZT420.8 bn, to KZT12.7 trln in August.

In August the amount of trading on the GS market decreased by 81.7 %, or KZT311.2 bn, to KZT69.6 bn. The average daily amount of trading was at KZT3.3 bn, the average daily number of transactions – 3, the average amount of one transaction – KZT1 bn.

On the GS primary market the amount of transactions decreased by 88.5 %, or KZT308.9 bn, to KZT308.9 bn. As part of implementation of state programs local executive bodies of six regions, cities of Almaty, Nur-Sultan and Shymkent raised 11.6 bn at 0.35 %. The remainder – KZT28.3 bn, i.e. by 91.9 %, or KZT320.5 bn, less than in July – was raised by the Ministry of Finance that placed seven bond issuances at 8.55–9.75 % APR.

In terms of investors on the primary market the share of STB made up 18.2 %, that of other institutional investors – 52.7 %, other legal entities – 29.1 %. Non-residents didn't take part in the trading.

The amount of trading on the secondary market decreased by 7.3 %, or KZT2.3 bn, to KZT29.6 bn. 88.4 % of the total amount of trading on the secondary market fell on notes of the National Bank.

In terms of investors on the secondary market the share of STB made up 40.7 %, that of brokers and dealers – 2 %, other institutional investors – 34.1 %, other legal entities – 23.2 %. Non-residents didn't take part in the trading.

IFI BONDS

At the end of the period under review there were 27 bond issuances of five international financial institutions in KASE's trade lists: Eurasian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation (IFC) and Asian Development Bank.

There were no offerings in the IFI bonds sector in the month under review.

The amount of trading on the secondary market made up KZT5 bn. 50 % fell on transactions concluded by clients of brokerage firms – legal entities, and 50 % – on institutional investors.

UNITS OF INVESTMENT FUNDS

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

The trading amount decreased by 65.4 % to KZT20.2 mln. Leaders in terms of the transactions amount are units US_SPY_ (KZT9.8 mln; 15 transactions) managed by State Street Global Advisors, BCCI_cc (KZT4 mln; 1 transaction) managed by BCC Invest are on the second place. Shares IE_FXBF of the sub-fund FinEx FFIN Kazakhstan Equity ETF (ETF on KASE Index; KZT3.4 mln; 17 transactions) are on the third place, CSECfe (KZT3 mln; 1 transaction) managed by Centras Securities are on the fourth place.

In terms of main investor categories, 57.9 % fell on individuals, 32 % – on brokers and dealers, 10.2 % – on other legal entities.

INDIVIDUAL ACCOUNTS ON THE STOCK MARKET

As of September 1, 2019 there were 120,070 personal accounts opened by individuals at the Central Depository, which is by 383 accounts more than in the previous month and by 3,246 accounts more than at the beginning of 2019.

FOREIGN CURRENCY MARKET

The amount of trading on the foreign currency market made up KZT996.1 bn, which is by 5.2 %, or KZT54.7 bn less than the previous month's figure. The average daily amount of trading made up KZT47.4 bn, the average daily number of transactions – 383, the average amount of one transaction – KZT123.7 mln.

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	2,557.9 (-6.0 %)	99.3 % (-0.10 %)	7,868 (-385)	385.01 – 387.73	387.44 (+0.8 %)
RUB/KZT	435.7 (+16.2 %)	0.3 % (+0.04 %)	88 (+25)	5.7900 – 6.0571	5.8249 (-3.8 %)
CNY/KZT	48.8 (X 2.1)	0.3 % (+0.15 %)	72 (+8)	53.9869 – 55.7250	54.0750 (-3.1 %)
EUR/KZT	3.6 (-39.6 %)	0.2 % (-0.09 %)	24 (-6)	425.40 – 434.85	430.00 (+0.3 %)

As it follows from the presented data, the tenge remained stable against the main currencies and slightly strengthened against both the ruble and yuan.

The KZT/USD exchange rate lived in a slightly inclined price channel with a width of about three tenge. The slight inclination towards the tenge's weakening was caused in particular by the general pressure on currencies of developed countries as a consequence of risks of slowing down of global economies against the background of the trade war between China and the US, lowering of the demand for commodities as a consequence of the decline in the global production and rising unemployment. Besides, sanction rhetoric against Russia persists.

MONEY MARKET

By the end of August the TONIA increased by 139 b.p. to 9.66 % APR, whereas the TWINA showed a 102 b.p. growth to 9.36 % APR

The yield of the one-day dollar swap SWAP-1D (USD) as of the end of August reached 9.83 % p.a., gaining 192 b.p. over the month. The yield of the two-day swap SWAP-2D (USD) increased by 185 b.p. to 10.12 % APR.

In August indicator KazPrime-3M (KZT) kept moving along the upper limit of the base rate of the National Bank at 10 % APR.

The composite money market indicator MM_Index, representing the transaction-amount-weighted average yield on currency swap transactions USD/KZT and auto repo transactions in GS, opened for one business day, went up by 147 b.p. to 9.69 % APR by the end of August.

Repo transactions market

The amount of trading in this segment made up KZT4.8 trln, which is by 8.9 %, or KZT470.5 mln, less than last month. The average daily amount of transactions made up KZT229.2 bn, the average daily number of transactions – 363, the average amount of one transaction – KZT631.9 mln.

97.2 % of the total amount of opening repo transactions fell on GS autorepos. The most popular instrument on the GS autorepo market is still the one-day repo transaction, its share in the total amount of trading on the GS basket autorepo market made up 87.8 %.

Currency swap market

The amount of trading on the currency swap market increased by 4.7 % to KZT2,763 bn. The average daily amount of transactions made up KZT131.6 bn, the average daily number of transactions – 45, the average amount of one transaction – KZT2.9 bn.

In terms of instruments, 78.7 % of the total amount of trading (KZT2.2 trln, or USD5.6 bn) on the currency swap market fell on transactions in the two-day currency swap (USDKZT_0_002).

17 transactions in "long" currency swaps were concluded in August: 13 transactions in one-week swaps in the amount of USD145 mln (KZT56.1 bn) at 7.8 – 9.7 % APR; and four transactions in one-month swaps in the amount of USD40.0 mln (KZT15.5 bn) at 8–8.5 % APR.

РЫНОК ДЕРИВАТИВОВ

Currently, 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. One transaction in one-week KZT/USD futures in the amount of KZT387.6 mln was concluded in August. The final settlement price of the futures made up KZT387.21 per US dollar. There were no open positions held by trading participants on the derivatives market by the beginning of September.

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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