

WEEK OF STOCK MARKET OF KAZAKHSTAN

February 7 - 13

Money market rates as of February 13 and weekly changes

Term	Currency	Rate	Trend
"Overnight" on autorepo at KASE(TONIA)			
1 day	KZT	5.00	-0.09
Repo opening at KASE (WA, % APR)			
1 day	KZT	4.82	-0.20
5-7 days	KZT	5.31	-0.63
9 days	KZT	5.00	-
14 days	KZT	5.50	-
28 days	KZT	6.00	-
42 days	KZT	6.50	-
KIBOR (indicative, % APR)			
1 week	KZT	8.13	+0.13
2 weeks	KZT	8.63	-0.12
1 month	KZT	9.75	-0.13
2 months	KZT	10.63	-0.12
3 months	KZT	11.00	-0.25

Stock market indicators as of February 13 and their weekly change

Index	Value	Trend
Shares of "A" listing		
KASE_Shares	107.2063	-0.001%
Corporate bonds of "A" listing		
KASE_BP	119.61	+0.03%
KASE_BC	105.01	-0.13%
KASE_BY	10.43	+0.51%
Euronotes of Kazakhstan		
KASE_EP	136.88	+0.52%
KASE_EC	116.21	+0.42%
KASE_EY	5.22	-3.74%

US dollar = **151.75** tenge at official rate for the end of the period
 US dollar = **152.06** tenge at weighted average rate of the Exchange for the end of the period
 Weekly rate of tenge devaluation at the Exchange's rate – **4.75% APR**

THE CORPORATE SECURITIES SECTOR (CS)

In CS purchase-sale sector of KASE a total of 14 deals were concluded amounting to **\$2,829.4 th.** or KZT429.8m. Compared to previous week (20 deals, \$8,216.2 th., or KZT1,247.8m) the sector's turnover decreased 2.9 times. A total of 8 instruments were used to make the deals, including 4 bonds. Last week the brokers were focused on 10 securities, including 5 bonds.

The main feature of the period on CS market is the decline in the activity of trades in corporate bonds. During this week the list of the securities that may draw the attentions of the traders did not contain usual market favorites (except for VTBNb1, which is of interest of only a few participants). In the opinions of IRBIS analysts, it is explained by the overheat of the market of corporate bonds, which is more resembling domestic market of euronotes of Kazakhstan. High tenge liquidity of the market and inactive issuers on the Kazakhstani market at the beginning of the year have led to the case when too many euronotes of sovereign debt of Kazakhstan were purchased. But the expansion of their market in the first ten days of February overheated it also. The yields of the most liquid securities (BTASb1, BTASe1, KZOLb, KZTOb, KZTOe1) fell to the historical minimum as a result of the concluded deals. Despite of this, the market-makers kept raising the offer prices. It ceased the buying of the most liquid securities. Other bonds came to the foreground that could be bought at much lower prices: ALKSb2 (growth of yields in this week from 12.00% to 12.39% APR), ASFIb1 (from 10.45% to 10.96% APR), VTBNb1 (from 11.4901% to 11.4909% APR).

This situation made the PAMC and the pension funds active and forced them to buy the bonds of foreign issuers. While having low yields they are characterized by, based on credit ratings, lower investment risks and considered as a temporary alternative to domestic bonds.

Investment attractiveness of stock exchange instruments from February 7 through 13

Financial instrument	Currency of transaction	Yield, % APR value	trend
Instruments denominated in national currency, tenge			
TXBNb1	KZT	14.80	-0.20
MEOKAM, MEAKAM	KZT	8.99	+0.84
MEKKAM, notes	KZT	*5.89	+0.44
GS repo	KZT	*4.92	-0.37
Instruments indexed to KZT/USD rate fluctuation			
SMGZb1	USD	13.02	+0.01
ALKSb2	USD	12.39	+0.41
VTBNb1	USD	11.44	-0.05
RGBRb2	USD	11.30	+0.07
KZASb1	USD	11.00	0
ASFIb1	USD	10.96	+0.84
TEBNb2	USD	10.90	0
BTASb1	USD	10.75	-0.25
CSBNb1	USD	9.97	0
TEBNb	USD	9.95	-0.05
KARMB1	USD	9.19	-0.02
KZTKb1	USD	9.16	-0.84
CCBNb1	USD	8.87	-0.07
TMJLb2	USD	8.76	-0.04
SYRb1	USD	8.50	0
HSBkb	USD	8.44	-0.04
ARU060.003	USD	8.18	+0.16
ASU036.003	USD	8.05	-0.35
KZTOb	USD	7.76	-0.59
VKU036.001	USD	6.76	0
ARU024.002	USD	6.15	-0.02
KZOLb	USD	2.96	-0.26
ASU012.002	USD	2.35	-0.79
Instruments, denominated in foreign currency			
BTASe1	USD	10.01	-0.61
KKGBe2	USD	9.20	0
KZTOe1	USD	8.77	+0.20
ENU07.05	USD	5.93	-0.23
ENU04.10	USD	4.08	-0.41
ENU02.10	USD	3.21	-
Supranational bonds	DEM	2.97	-0.02
Supranational bonds	USD	1.09	-0.05

The yields at which the deals have been made (volume of deals is not zero) are calculated as average of the deals, for other corporate bonds – as average of offer bids. The correspondent ratio of last week is given in the parentheses. Securities marked by an asterisk are the instruments with less than a year circulation term (for them effective weighted average rate is given).

Decrease in prices of bonds based on the results of concluded deals has reflected on the capitalization figures of the Exchange's market of bonds, which was estimated at **\$587.4m** at the end of the week, or \$0.2m decline in 7 days.

On the shares market the deals made in preferred shares, that became popular lately, draw the attention. Notably, these deals were made at a growing price and characterized, usually, by small volumes. In this week the price of ATFBp grew by 0.7%, KZMSp – by 20.0%, ZHENp – by 0.4%. Decline in prices of CCBN by 22.8% seems to be normal, since their prices vary in a wide range, but inclined to fall during the last three months.

On February 13 the capitalization of the companies, whose shares are traded within official list of KASE, reached **\$1,209.7m** (KZT183.9bn) and rose by \$6.2m during this period as a result of increase in prices of preferred shares.

Data on the deals, bid and offer information in purchase and sale sector of the securities, as well as description of trade codes are given in the tables.

Results of the trades in shares from February 7 through 13

USD per share, unless otherwise specified						
Issuer	Securities	Last price	Volume, #	Volume, USD th.	Best bid	Best offer
Almaty Kus OJSC	ALKS		0	0	0.1540	0.3080
Almaty Kus OJSC	ALKSp		0	0	0.0900	0.1700
Almaty Kus OJSC	ALKSp3		0	0	0.0680	0.0700
Astana-finance OJSC	ASFI	6.632	0	0	4.000	8.000
AMB OJSC	ATFBp	7.650	4,000	30.6	7.650	7.650
Bank TuranAlem OJSC	BTAS	90.00	0	0	75.00	135.00
Bank CenterCredit OJSC	CCBN	0.9864	502,020	502.0	1.0000	0.9864
Halyk Bank of Kazakhstan OJSC	HSBK	1.2200	0	0	0.6700	1.3400
KAZKOMMERTSBANK OJSC	KKGB	*0.4500	0	0	0.2500	0.5000
KAZKOMMERTSBANK OJSC	KKGBp		0	0	0.2900	0.5800
Corporation Kazakhmys OJSC	KZMS	*61.000	0	0	60.000	120.000
Corporation Kazakhmys OJSC	KZMSp	119.990	1,000	120.0	120.000	119.990
Kazakhtelecom	KZTK	17.030	0	0	13.000	26.000
Kazakhtelecom	KZTKp	*14.999	0	0	11.000	20.500
SHNOS JSC	SYRG	1.6300	0	0	1.8000	
Temirbank OJSC	TEBN	*1.095	0	0	3.290	6.570
Temirbank OJSC	TEBNp		0	0	3.290	6.570
ULBA JSC	ULBAp	*10.00	0	0		*7.90
UKTMK OJSC	UTMK	39.000	0	0	25.000	50.000
UKTMK OJSC	UTMKp	45.0000	0	0	23.0000	46.0000
VALUT-TRANZIT BANK OJSC	VTBN	2.6617	0	0	1.4517	2.7714
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033	0	0	1.7156	3.0683
Jyluenergya OJSC	ZHENp	*16.770	10	0.2	16.770	16.770
TOTAL	23		507,030	652.8		

Results of the trades in bonds from February 7 through 13

(% APR, unless otherwise specified)						
Issuer	Code	Last Volume, th. USD	Best bid	Best offer		
Almaty Kus OJSC	ALKSb2	12.3903	370.2	12.3903	12.3903	
Astana-finance OJSC	ASFIb1	10.9595	295.2	10.9595	10.9595	
Bank TuranAlem OJSC	BTASb1	10.9981	0	11.2034	10.8547	
TuranAlem Finance B.V.	BTASe1	10.6171	0	10.9031	10.0935	
Bank CenterCredit OJSC	CCBNb1	11.0190	0	12.3213	8.8745	
Bank Caspian OJSC	CSBNb1	*9.8960	0	11.0281	9.9682	
Halyk Bank of Kazakhstan OJSC	HSBKb	11.0249	0	13.4954	8.4501	
Karazhanbasmunai OJSC	KARMB1	10.9977	0	10.9819	9.2026	
KAZKOMMERTSBANK OJSC	KKGBe2		0	11.1993	9.2017	
DAGOK Kustanaiasbest OJSC	KZASb1	10.7305	0	11.9951	11.0006	
NOC Kazakhoil CJSC	KZOLb	4.5994	0	6.6534	3.6451	
Kazakhtelecom	KZTKb1	10.0000	0	10.0741	9.4539	
NOTC KazTransOil CJSC	KZTOb	8.3529	0	9.1792	8.0305	
NOTC KazTransOil CJSC	KZTOe1	9.5816	0	9.4849	8.8310	
RG Brands OJSC	RGBRb2	11.2979	92.4	11.2979	11.5532	
SHAHARMUNAIGAS OJSC	SMGZb1	13.6192	0	19.0042	13.0686	
SHNOS OJSC	SYRGb1	10.8001	0	11.9959	8.5044	
Temirbank OJSC	TEBNb	10.4320	0	10.8572	9.9956	
Temirbank OJSC	TEBNb2	10.9815	0	11.2020	10.8979	
Kazakhstan Temir Joly NSE	TMJLb2	9.5000	0	10.9972	8.7986	
TexaKaBank OJSC	TXBNb1		0	16.9950	15.0029	
VALUT-TRANZIT BANK OJSC	VTBNb1	11.4909	1,418.9	11.0970	11.4909	
TOTAL	22		2,176.7			

Notes: bid and offer prices are given for the period; if no deals were made during reporting period (volume =0), the last price of successful trades will be given; marked by a star are indicative quotations in Quotation trade system of KASE unlike the bids submitted in regular trade mode, or the price of direct deals.

In the repo sector of CS no deals were made during this period. Volume of deals in previous week was \$465.9 th. (KZT70.8m). Crucial influence is made here by the ban imposed on January 11 on making repo deals using the pension assets and any other way, except for the main trade method of KASE. Admittance criteria of corporate securities in automatic repo sector are not developed yet.

In all CS trade floors of KASE (purchase-sale and repo sectors) a total of 14 deals were concluded amounting to **\$2,829.4 th.** (KZT429.8m). Last week volume of 21 deals reached \$8,682.1 th. (KZT1,318.6m).

SECTOR OF GOVERNMENT SECURITIES (GS)

In GS purchase and sale sector of KASE (including euronotes of Kazakhstan) a total volume of 44 deals did not exceed **KZT1,942.8m** (\$12,781.2 th.). Corresponding figure of last week was greater – KZT2,845.9m (\$18.713.4 th.).

The parameters of the market clearly show that the yields of the GS that are traded on secondary market have reached a psychological minimum. Despite of a very high tenge liquidity, the turnover of the securities is quickly declining. Relative to previous week the turnover structure has not changed much (please, the table). It should be noted only that the participants were paying more attention to the shortest discounted securities – notes of the National Bank. Their purchases allows the traders to wait for the appearance of more longer bonds or reverse in the dynamics of the yields. It is interesting that the notes are bought by the most of the participants of KASE, and not at the auctions of the National Bank, though the prices are similar.

Interesting developments were taking place in the sector of trades of sovereign debt of Kazakhstan. Under a general contraction of the GS purchase-sale market of the Exchange's, the volume of deals made in these securities have increased somewhat. It was caused by an increased supply of second and third issue euronotes by one of the entities of the pension market, as well as by the capitalization of the fourth issue securities by other PAMC (most of them ended the week with zero net positions on euronotes-2007, that is they were both selling and buying these bonds). Increased supply led to the stabilization of the prices of the second issue securities. For other issues the prices were kept rising, and the yields – falling. Overheat of the market is obvious, but it continues, which is reflected in dynamics of KASE_E* series indexes (the table at the beginning of the review).

Parameters of Exchange's transactions in GS from February 7 through 13

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.		last deal	weighted average	Volume, mln tenge discounted	Number of deals
	min	max				
Discounted GS (KZT): notes						
31.1% (13.3%) of purchase and sale sector's turnover						
15 - 28	5.17	5.35	5.17	5.32 (-)	124.5	2
29 - 36	5.43	5.43	5.43	5.43 (5.34)	99.5	1
43 - 56	5.57	5.57	5.57	5.57 (-)	125.9	2
64 - 91	5.71	5.86	5.75	5.77 (5.96)	254.1	5
Total					604.0 (377.4)	10 (7)
Coupon GS (KZT): MEOKAM-24, 36, MEAKAM						
50.9% (75.8%) of purchase and sale sector's turnover						
less than 730	7.90	10.74	7.98	8.36 (8.40)	510.3	16
731 - 1,095	7.98	7.99	7.99	7.98 (8.02)	106.5	2
1,826 - 2,190	10.44	10.58	10.44	10.51 (10.89)	372.3	4
Total					989.1 (2,156.8)	22 (58)
Euronotes of Kazakhstan (USD)						
18.0% (11.0%) of purchase and sale sector's turnover						
*235	3.21	3.21	3.21	3.21 (-)	113.0	1
**966 - 970	4.04	4.17	4.08	4.08 (4.49)	94.7	5
***1,890 - 1,894	5.60	6.06	5.60	5.93 (6.16)	142.1	6
Total					349.7 (311.7)	12 (3)
GRANDTOTAL					1,942.8 (2,845.9)	44 (68)

Notes: for euronotes (* – third issue, ** – fourth issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange, over domestic devaluation indexed bonds - official KZT/USD exchange rate.

In GS repo sector 258 deals for a total of KZT40,165.5m were made (including automatic repo sector) during the period. Of this number 129 deals (for KZT19,393.9m) were repo opening deals and 129 (KZT20,771.6m) were repo closing deals. Last period the turnover of this market sector equaled KZT54,257.2m. After closing of the trades on February 13 total amount of opened repo reached **KZT16,642.9m**. Parameters of automatic repo market are given in the table.

Major parameters of automatic repo market from February 7 through 13

(in parentheses – comparable figures of previous period)

Instrument (currency, term or repo)	Yield, % APR				Volume, m KZT	Number of deals	Portion, %
	at first deal	MIN	MAX	at last deal			
Repo opening							
KZT_001	5.00	2.00	7.00	5.00	4.74 (4.70)	12,510.0	71 75.0
KZT_002	5.50	4.52	5.50	4.60	4.88 (5.09)	1,480.0	12 8.9
KZT_003	4.70	4.70	5.00	5.00	4.72 (5.38)	70.0	2 0.4
KZT_007	5.50	5.00	5.50	5.50	5.25 (6.05)	600.0	4 3.6
KZT_028	7.00	6.75	7.00	6.90	6.99 (7.00)	2,015.0	13 12.1
SUBTOTAL						16,675.0 (24,015.0)	102 100.0

Total of 302 deals amounting to **KZT42,108.3m** were made in **GS on all trade floors of KASE** during the week (purchase-sale and repo sector). A week ago volume of 398 deals equaled KZT57,103.1m. This week **the proportion of the Exchange's turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations reached **98.2%**, for last week it was 97.9%.

INFORMATION ON ISSUERS

International rating agency Standard & Poor's granted to **Kazakhtelecom** (Astana; telephone, telegraph, television and radio communication) long-term corporate credit rating at the level "BB-"; rating forecast is stable, is said in the report of the agency. Rating of Kazakhtelecom, 50% of which belongs to the state, first of all reflects dominating position of the company in highly profitable market of intercity and international telephone communications and also stable financial position of the company.

International rating agency Fitch granted to Kazakhtelecom the senior secured rating in national currency "BB", senior unsecured rating – "BB-". Fitch also granted to Kazakhtelecom senior unsecured rating in foreign currency at the level of "BB-" and short-term rating "B". Forecast of ratings is stable. In the report of the agency it is said that assigned ratings reflect monopoly position of Kazakhtelecom in telecommunications market of Kazakhstan.

PR service of **Temirbank OJSC** (Almaty) informed that it opened a representative office in Moscow. The bank reported that it intends to expand a presence in financial markets of CIS and develop collaboration with financial institutions of Russia and Baltic countries. Temirbank informed that through the representative office there would be monitoring of a situation in Russian market, new business contacts will be established and collaboration with existing partners will be expanded.

R.G. Securities LLP (Almaty) informed the KASE of the floatation of inscribed coupon bonds of **RG Brands OJSC** (Almaty; KZ72KAT51A39; official list of KASE under category "A", trade code - RGBRb2; \$100, \$4.0m; Jan 8.01 - Jan 8.03, semiannual coupon at 13.0% APR). Based on the information all issue was floated on January 1, 2002. R.G. Securities LLP also presented the information on the buyers of RG Brands OJSC bonds at initial offering: 70.35% of the issue was bought by the pension assets management companies, 1.68% – insurance companies, 27.98% – other investors. Kazakhstani banks did not participate in the offering.

R.G. Securities LLP (Almaty) informed the KASE of the floatation of inscribed coupon bonds of **TEXAKABANK OJSC** (KZ2CKY05A416; official list of KASE under category "A", trade code - TXBNb1; KZT1,000, KZT1,500.0m; Sept 1.01 - Sept 1.06, semiannual coupon at 15.0% APR). Based on the information 55.05% of all issue has been floated as of January 1, 2002. Based on data of R.G. Securities LLP 91.60% of the issue was bought by the pension assets management companies, 8.40% – insurance companies.

On February 13 **VALUT-TRANZIT BANK OJSC** (Karagandy) clarified the information regarding the initial offering of its first issue bonds (KZ2CUY05A425; trade code - VTBNb1; \$100, \$10.0m; Sept 27.01 - Sept 27.06; semiannual coupon at 11.5% APR). By the data of the bank, as of Jan 1, 02 a total of 55,463 bonds were floated, which is 55.46% of registered issue volume. As of Feb 12, 02 the number of floated securities increased to 74,593 bonds (74.59% of the issue). There is no information on the categories of investors that bought the bonds of the bank.

NOC KAZAKHOIL CJSC (Astana) informed of presentation held on February 8 in Atyrau of JV KOS-Cementing LLP, in which equal stakes belong to NOC Kazakhoil CJSC (Astana) and famous company Schlumberger. It is said in a press release distributed today by NOC Kazakhoil CJSC, bonds of which are traded within official list of securities under category "A" of Kazakhstan stock exchange (KASE). According to company's information, this JV was created within import substitution program. Activity of LLP is based on servicing of wells cementing in compliance with international standards. Currently Schlumberger offers these services to Tengizchevroil JV (TCO). Created JV firstly will be connected with TCO project. In a perspective it is planned its participation in

projects of Karachanganak Integrated Organization, JV KaraKudukMunai, subsidiaries of NOC Kazakhoil CJSC and other projects. For the work in JV KOS-Cementing LLP there will be attracted only local personnel based on recommendation of Kazakhoil-Burenie CJSC. At initial stage of activity the enterprise will employ up to 100 local workers and administrative staff. Training of specialists is assumed to be held locally and in foreign education centers. During contract time period there will be held a gradual replacement of foreign managing staff by local specialists.

KASE MEMBERS

By the decision of the Board of the Kazakhstan Stock Exchange (KASE) **from February 22, 2002** R.G. Securities LLP (Almaty) will be deprived of its market-maker status of first issue inscribed coupon bonds of VALUT-TRANZIT BANK OJSC (KZ2CUY05A425; official list of KASE under category "A", trade code - VTBNb1; \$100, \$10.0m; Sept 27.01 - Sept 27.06, semiannual coupon at 11.5% APR). The ground for making this decision was the appellation of R.G. Securities LLP on voluntarily renouncement of its market-maker status. Now, apart from R.G. securities LLP the market-maker of VALUT-TRANZIT BANK OJSC bonds at KASE is KG Securities LLP (Almaty).

KASE NEWS

On February 8, 2002 at the meeting of the Exchange Council of KASE there was considered and approved a new internal document of KASE "**Rules on promissory notes trades at the Exchange**" (Rules). Rules determine an order of promissory notes access to trades at KASE, deals making and settlements on them. According to Rules, promissory notes, payers on which are included into payers list, are permitted to trades at the exchange. List of payers (persons, who must pay on the promissory note) is formed by the Board of the exchange based on recommendations of Trades organization department of KASE and applications of trades' participants. An exclusion of payers from the list is realized based on the decision of the Board of the exchange and recommendations of Trades organization department and trades activity at the exchange. For organization of promissory notes trades new special sector will be opened in trade system of KASE – "Promissory notes market", trades in which will be held through the method of direct deals making. Banks that are members of the exchange on categories "B" (right of participation in foreign currencies trades) and (or) "K" (right of participation in government securities trades) and also non-bank organizations that are members of the exchange on category "R" (right of participation in non-government securities) will be given an access to promissory notes trades at KASE. Traders' permission to trades is determined by internal documents of KASE.

Currently KASE is preparing new module of its trade system, which allow held trades in promissory notes. It will be informed additionally about date of trades starting and enacting of Rules. Rules will be published in a sector of official electron representative of KASE in Internet devoted to normative base of exchange market, on <http://www.kase.kz/geninfo/normbase/> in nearest time.

Prepared by the agency IRBIS