

Kazakhstan

Bonds of the Ministry of Finance of the Republic of Kazakhstan.

Last week, the Ministry of Finance of the Republic of Kazakhstan placed three bond issues for a total of KZT27.8bn (KZT35bn in the previous week). The highest demand was for government securities with a maturity of 4 years, the yield on which amounted to 10.02% per annum. The yield on this issue of government securities a week earlier amounted to 9.90% per annum. The largest placement of KZT19.1bn was that issue. Demand exceeded supply by 136%.

Tab. 1. Results of auctions of the Ministry of Finance

Date	Volume, KZT bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
31-May	5.6	10.50	8.7	76%	0.05
2-Jun	3.1	10.64	11.8	36%	0.08
4-Jun	19.1	10.02	4.0	136%	0.12

Notes of the National Bank. On May 31, the National Bank held one auction of notes for a total amount of **KZT227 bn** with a yield of 8.99%.

On June 7 a meeting of the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan was held, at which it was decided to keep the base rate at 9% with a symmetric interest band for liquidity management at 1%. High rates of internal inflation (our forecast for the end of the year is at least 7.0% yoy), stimulating fiscal policy and imports of external inflation, in our opinion, restrain the regulator from easing the current monetary conditions in the country. At the current meeting, the regulator highlighted that it does not even exclude a possibility of tightening of monetary conditions in the event that the dynamics of disinflationary processes in the country does not correspond to its forecasts.

The weekly net borrowing balance of the Ministry of Finance of Kazakhstan and the National Bank in the government securities market amounted to KZT14.6 bn.

On June 4, Kazakhstan Stability Fund JSC attracted KZT10 bn at KASE with an average weighted yield of 9.79% per annum and with maturity of 1 year. About 74.0% of the bonds was purchased by commercial banks and 25.1% - by other legal entities.

Regional Market

The Ministry of Finance of the Russian Federation held two auctions of OFZ-PD with maturities of 4 and 10 years. The placement totaled **RUB50 bn**. The rates on government securities of the Ministry of Finance of the Russian Federation remained practically unchanged in comparison with the previous issues.

Tab. 2. Results of auctions of government securities of the RF Ministry of Finance

Date	Volume, RUB bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
2-Jun	31.5	6.66	4.0	154%	0.00
2-Jun	18.5	7.24	10.0	413%	0.02

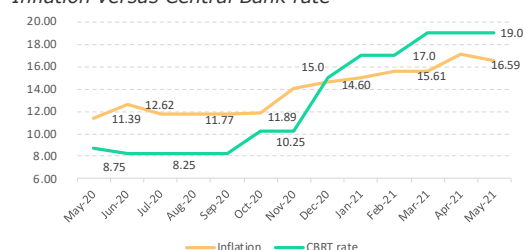
Government bonds of the RF Ministry of Finance did not show any pronounced dynamics last week due to the market expectations of an increase in the key rate of the Central Bank of the Russian Federation at the upcoming meeting on June 11. Market participants foresee tightening of monetary policy by the Bank of Russia (an increase in the rate might be from current 5.0% to 5.5%) amidst of high inflation (5.5% yoy in April) and with an almost complete recovery in consumer demand in the country.

The Ministry of Finance of Ukraine has placed five OVDP issues for a period from 3 months to 3 years for a total of UAH6 bn. The bond yield rates changed insignificantly.

Bond yields

Country	YTM, %	Yld (ask), %	1W, p.p	YTD, p.p
Emerging markets (local currency)				
Kazakhstan	10.0	10.64	0.240	0.900
Russia	8.9	7.11	0.060	1.220
Vietnam	9.4	2.20	-0.101	0.077
Brazil	9.6	8.82	-0.260	1.959
Turkey	9.4	18.05	0.62	5.55
Developed markets (local currency)				
USA	9.2	1.52	-0.031	0.614
Canada	9.0	1.40	-0.036	0.698
Germany	9.2	-0.26	-0.025	0.317
Spain	9.4	0.38	-0.015	0.341
Portugal	9.4	0.32	-0.017	0.298
Italy	9.8	0.82	-0.041	0.278
Emerging markets (USD)				
Russia	13.8	3.41	0.028	0.633
Belarus	8.7	7.45	-0.118	1.642
Turkey	7.4	6.03	0.021	1.022
Serbia	9.5	2.87	-0.032	0.693
Romania	9.7	2.64	-0.022	0.485
Mexico	8.9	2.80	0.007	0.568
Oman	8.2	4.97	-0.053	-0.441
Ecuador	9.2	6.24	0.038	-1.502
Egypt	11.0	6.46	-0.024	0.532
China	9.4	1.69	-0.016	0.514
India	8.6	3.09	0.002	0.485
Developed markets (USD)				
Finland	9.0	1.59	-0.045	0.574
Belgium	9.0	1.68	-0.018	0.588
Italy	8.4	2.42	-0.032	0.277

Inflation versus Central Bank rate



Tab. 3. Results of auctions of government securities of the Ministry of Finance of Ukraine

Date	Volume, UAH mln	YTM, %	Circulation period, years	Change in yield in the previous similar place.
1-Jun	524	8.42	0.25	-0.06
1-Jun	2 626	11.20	1.0	0.01
1-Jun	988	11.30	1.5	0.00
1-Jun	768	12.04	2.0	0.02
1-Jun	1 106	12.30	3.0	0.00

The Ministry of Finance of Turkey (MoF) did not place public debt last week. In order to improve the structure of the debt, the MoF will reduce its domestic debt denominated in foreign currency. In June, the repayment of domestic debt in the amount of 31.7 billion Turkish lira is planned while the borrowing in the domestic market will amount to TRY28 bn. In July, the MoF intends to pay off TRY53 bn of the domestic bonds of and borrow about TRY52 bn in the domestic market. The yield on the market on the securities of the Turkish MF did not change compared to the previous week.

Turkish government securities yield curve

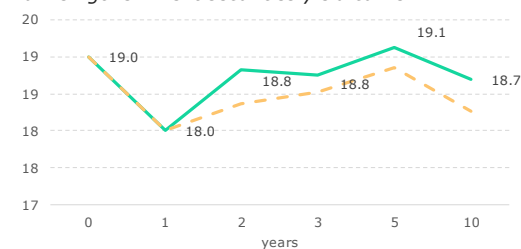
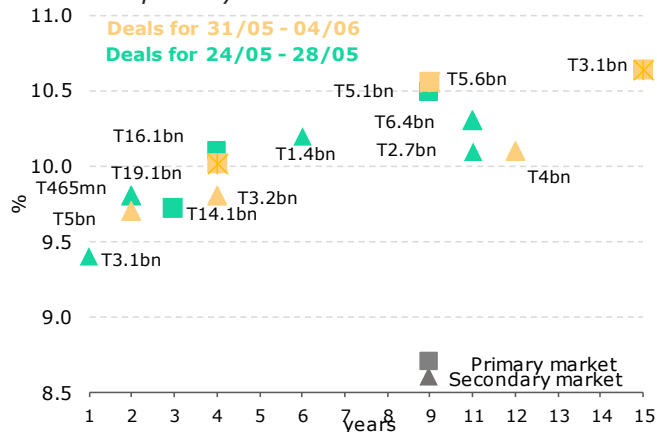
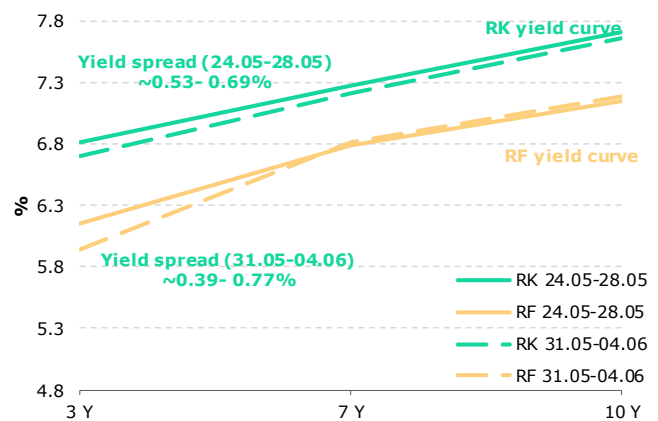


Fig 1. Bonds trade volume and yields of the Ministry of Finance on primary market



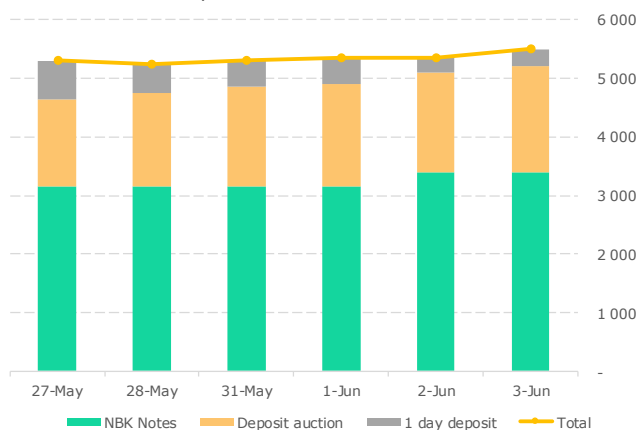
Source: KASE

Fig 2. Ruble bonds yield curve of Kazakhstan and OFZ of the Russian Federation



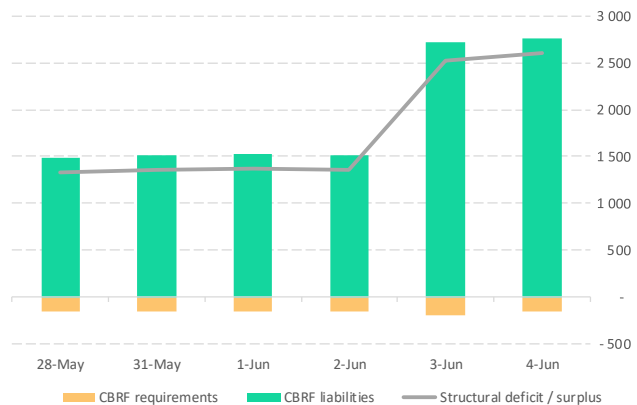
Source: Bloomberg

Figure 3. Key instruments for withdrawing liquidity of the NBK (KZT bln)



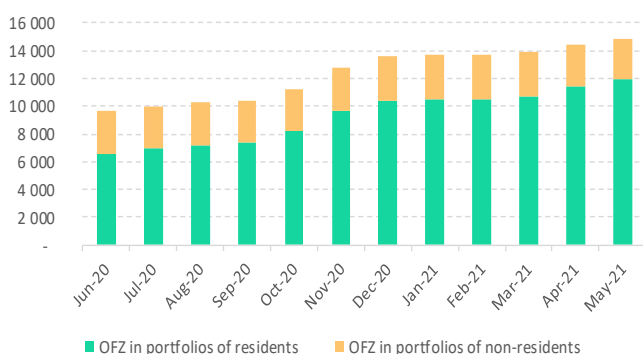
Source: NBK

Figure 4. Structural liquidity deficit (-) / surplus (+) of Russian commercial banks' liquidity (RUB bln)



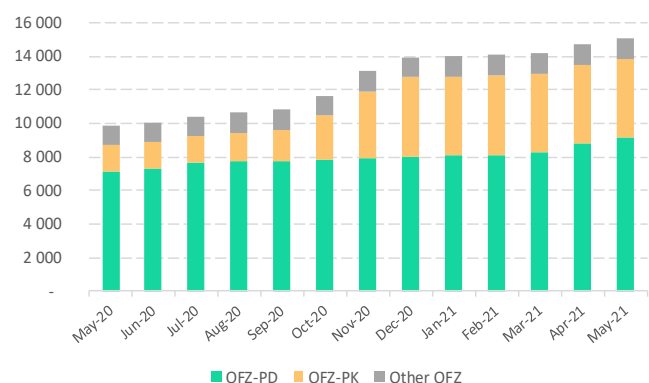
Source: Central Bank of the RF

Fig 5. OFZ market and the share of non-residents (billion rubles)



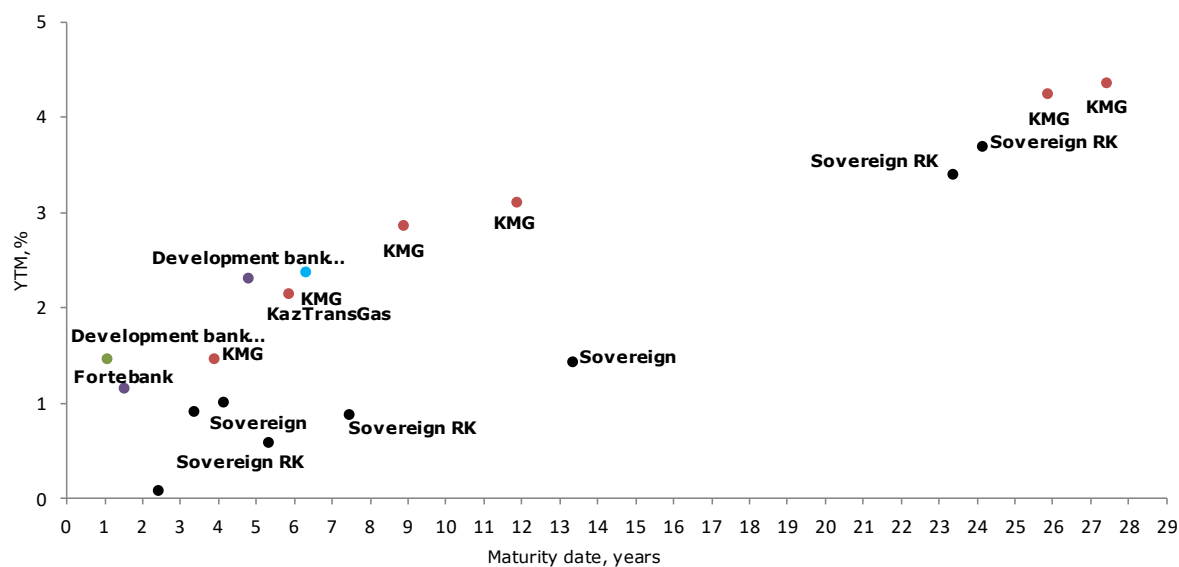
Source: Central Bank of the RF

Figure 6. OFZs by type (billion rubles)



Source: Central Bank of the RF

Fig 7. Kazakhstan issuers Eurobonds yields in USD



Source: Bloomberg

Current Eurobonds yields

Company	Country	Crncy	Amt outstan . mln	Cpn	Date		YTM, %	Price		Yld (ask), %	1W, p.p	YTD, p.p
					Issue	Maturity		Bid	Ask			
Sovereign												
Kazakhstan	KZ	USD	1500	3.9	14.10.2014	14.10.2024	3.35	109.49	109.95	0.86	0.00	0.12
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	4.12	116.31	116.75	0.97	-0.01	0.06
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	23.36	123.20	124.07	3.38	0.00	0.61
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	24.13	143.99	144.93	3.68	0.01	0.75
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	7.42	111.00	111.00	0.84	-0.10	-0.10
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	5.31	99.62	100.44	0.52	-0.01	0.18
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	2.42	103.26	103.81	-0.02	-0.02	-0.14
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	13.32	100.29	101.30	1.39	0.01	0.37
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.70	106.21	107.08	2.04	0.00	0.37
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.71	111.59	112.41	3.52	-0.03	0.55
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	9.47	98.94	99.79	3.73	0.00	0.74
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	7.05	166.68	167.29	2.33	-0.02	0.08
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	11.46	96.54	97.14	2.13	0.04	0.40
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	4.49	109.09	109.59	0.70	-0.01	0.11
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	9.47	97.81	98.52	0.41	0.00	0.19
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	4.37	98.39	98.75	0.84	-0.01	0.31
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	7.40	119.71	120.34	6.27	-0.01	0.34
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	5.23	111.42	112.05	5.10	-0.01	0.12
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	4.23	110.64	111.32	4.76	0.04	0.08
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	3.23	109.89	110.60	4.20	0.03	-0.05
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.77	105.12	105.79	6.54	-0.02	0.44
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	11.30	106.18	106.82	6.51	-0.02	0.42
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	8.64	93.70	94.44	5.19	-0.04	0.32
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.72	100.51	101.74	5.79	-0.38	1.46
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.73	90.96	92.06	7.45	-0.13	1.58
Banks												
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.95	105.73	106.37	1.92	-0.04	-0.09
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	1.06	115.33	116.71	1.47	0.04	0.04
TINKOFF	RU	USD	300	9.3	15.06.2017	perpetual	0.00	104.68	106.11	8.02	0.00	0.01
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	3.48	105.49	106.74	3.67	-0.03	-0.45
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	2.13	105.90	106.97	2.62	-0.18	-0.83
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	3.03	107.41	108.97	2.65	-1.59	-1.60
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	4.45	104.63	105.57	4.12	-0.01	-0.83
Corporate												
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	1.50	104.15	104.69	0.98	-0.07	-0.30
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.79	115.53	117.71	2.10	-0.03	-0.43
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	21.10	134.87	136.19	4.32	-0.01	0.68
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	250	3.3	05.12.2018	05.12.2023	2.49	106.58	107.01	0.42	0.01	-0.35
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	1.03	103.10	103.64	0.12	0.00	-0.19
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.88	112.05	112.66	1.39	0.00	0.16
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.86	113.89	114.65	2.08	-0.01	0.16
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.85	103.45	104.21	3.07	0.02	0.52
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.88	119.11	119.90	2.82	0.00	0.35
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.88	122.93	123.86	4.22	0.00	0.54
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	27.39	131.38	132.34	4.34	0.00	0.57
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	6.30	111.25	111.94	2.33	0.01	0.48
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.90	93.70	94.89	8.78	-0.06	4.02
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.78	124.98	126.40	3.44	-0.05	0.26
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.76	106.02	106.91	0.80	-0.04	-0.41
Georgian Railway	GG	USD	500	7.8	05.07.2012	11.07.2022	1.09	107.02	107.64	0.71	-0.22	-2.58

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