

Kazakhstan

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

Last week the Ministry of Finance of the Republic of Kazakhstan placed only 1 bond issue: 7-year bonds in the amount of KZT2bn (3 issues for a total amount of KZT7.3bn in the previous week). The bonds were placed at the rate of 10.52%. The demand vs supply was only 8%. The issuer planned to place under the specialized trading session the mentioned bonds for additional KZT20 bn, but the trading session was declared invalid, since there were no active orders at the end of order collection time on KASE.

On July 9, the specialized trading session offering 12-year MEUKAM for total of KZT25bn and the weighted average yield on orders of 10.944% did not take place "due to the unsatisfactory price of the submitted orders". The active orders amounted to about KZT2.2bn, demand to supply made 10.3%.

Tab. 1. Auctions results of securities of the Ministry of Finance of Kazakhstan

Date	Volume, KZT bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
7-Jul	2.0	10.52	6.8	8%	0.04

Notes of the National Bank of the Republic of Kazakhstan. There were no auctions to place the NBK notes last week.

The weekly net borrowing balance of the Ministry of Finance of Kazakhstan and the National Bank of Kazakhstan in the government securities market amounted to minus T508.1 bn, with the net balance of the National Bank of Kazakhstan minus T306.1 bn at the end of the week.

The regional market

The Ministry of Finance of the Russian Federation held two auctions to offer the long-term OFZ-PD with maturities of 10 and 20 years for a total of R15.2 bn. At the first auction, the offering was carried out in full for RUB9.8 bn with demand at RUB18.1 bn. Weighted average yield amounted to 7.34% per annum, demand exceeded supply by 1.8 times. The yield on this issue increased by 4 bps compared to the previous one held on June 30. At the second auction, the Ministry of Finance placed 20-year OFZ-PD for RUB5.4 bn with a limit of RUB10 bn. The weighted average yield was 7.4% per annum. This auction, as expected, did not arouse much interest from market participants and demand accounted for only 86% of the supply, which was sold by 54.4%, despite a yield premium of 12 bps.

CPI in the Russian Federation in June accelerated to 6.50% compared to 6.02% in May matching the highest since 2016 (6.9% in August 2016). The largest contribution to the rise of CPI in June was made food prices by 7.90% yoy (7.40% yoy in May) and non-food prices by 7.04% yoy (6.68% yoy in May). The paid services prices rose by 3.95% yoy (3.29% yoy in May).

Due to the acceleration of CPI in the Russian Federation, the market expects a hefty key rate hike at the next meeting of the Central Bank of the Russian Federation, which will be held on 23 July. The current key rate of the Central Bank of the Russian Federation is 5.50%.

Tab. 2. Auctions results of government securities of the Ministry of Finance RF

Date	Volume, RUB bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
7-Jul	9.8	7.34	10.2	181%	0.04
7-Jul	5.4	7.40	20.1	86%	0.12

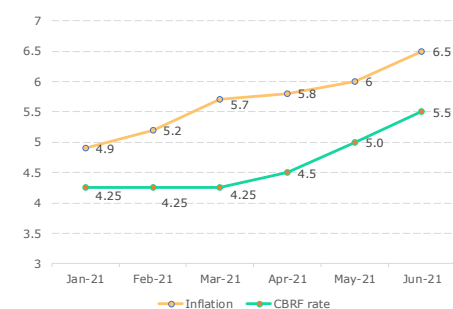
The Ministry of Finance of Ukraine placed five OVDP issues for a period of one to 5 years for a total of UAH 3.1 bn. Yields on bonds of the Ministry of Finance of Ukraine did not change, except for 2-year government securities, whose yield increased by 6 bps.

Tab. 3. Auctions results of government securities of the Ministry of Finance of Ukraine

Bond yields

Country	YTM, %	Yld (ask), %	1W, p.p	YTD, p.p
Emerging markets (local currency)				
Kazakhstan	10.0	10.58	-0.060	0.840
Russia	10.2	7.34	0.040	1.200
Vietnam	9.3	2.14	-0.043	0.014
Brazil	9.5	9.37	0.232	2.505
Turkey	9.3	16.76	-0.67	4.26
Developed markets (local currency)				
USA	9.1	1.32	-0.065	0.419
Canada	8.9	1.27	-0.046	0.572
Germany	9.1	-0.38	-0.055	0.194
Spain	9.3	0.28	-0.016	0.241
Portugal	9.3	0.18	-0.027	0.161
Italy	9.7	0.69	-0.009	0.152
Emerging markets (USD)				
Russia	13.7	3.28	-0.088	0.502
Belarus	8.6	8.28	-0.016	2.473
Turkey	7.3	5.77	-0.038	0.763
Serbia	9.4	2.68	-0.012	0.502
Romania	9.6	2.51	-0.026	0.356
Mexico	8.8	2.72	-0.039	0.491
Oman	8.1	5.00	-0.046	-0.414
Ecuador	9.1	6.35	0.031	-1.395
Egypt	10.9	6.90	0.087	0.974
China	9.3	1.49	-0.054	0.310
India	8.5	3.03	0.172	0.374
Developed markets (USD)				
Finland	8.9	1.37	-0.075	0.354
Belgium	8.9	1.46	-0.074	0.360
Italy	8.3	2.15	-0.112	0.005

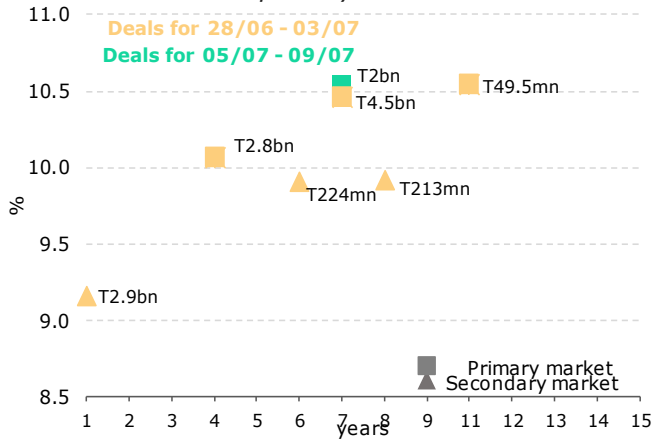
Inflation versus the CB of RF rate



Date	Volume, UAH mn	YTM, %	Circulation period, years	Change in yield in the previous similar place.
6-Jul	1 001	10.99	1.0	0.00
6-Jul	84	11.30	1.5	0.00
6-Jul	1 540	12.06	2.0	0.06
6-Jul	387	12.30	3.0	0.00
6-Jul	81	12.59	5.0	0.00

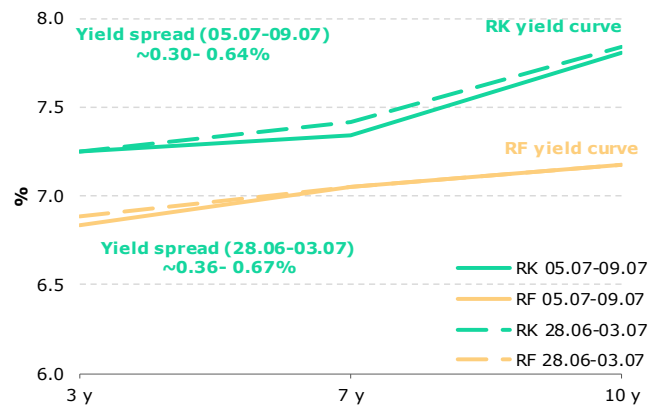
The Turkish Ministry of Finance did not place its government securities last week.

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



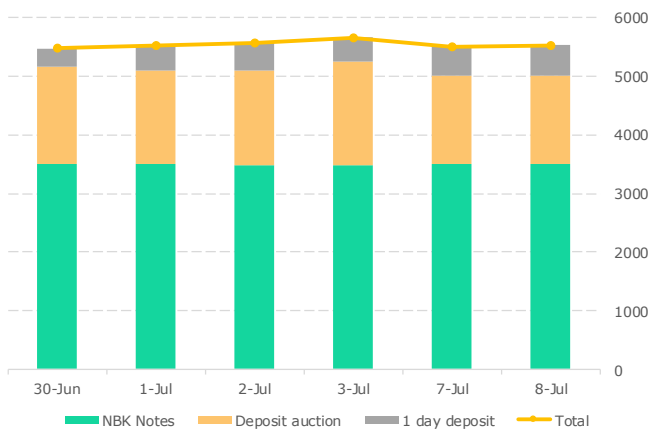
Source: KASE

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



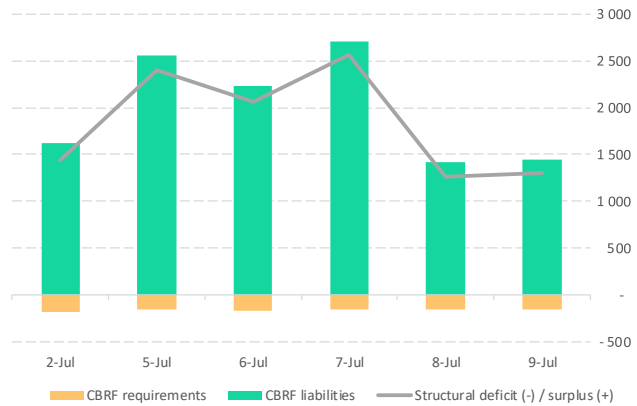
Source: Bloomberg

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



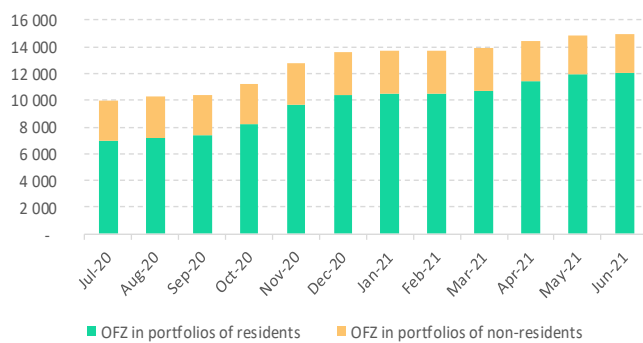
Source: NBK

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



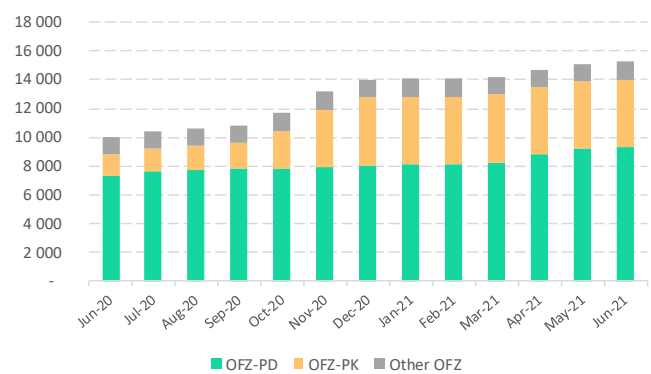
Source: Central Bank of the RF

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



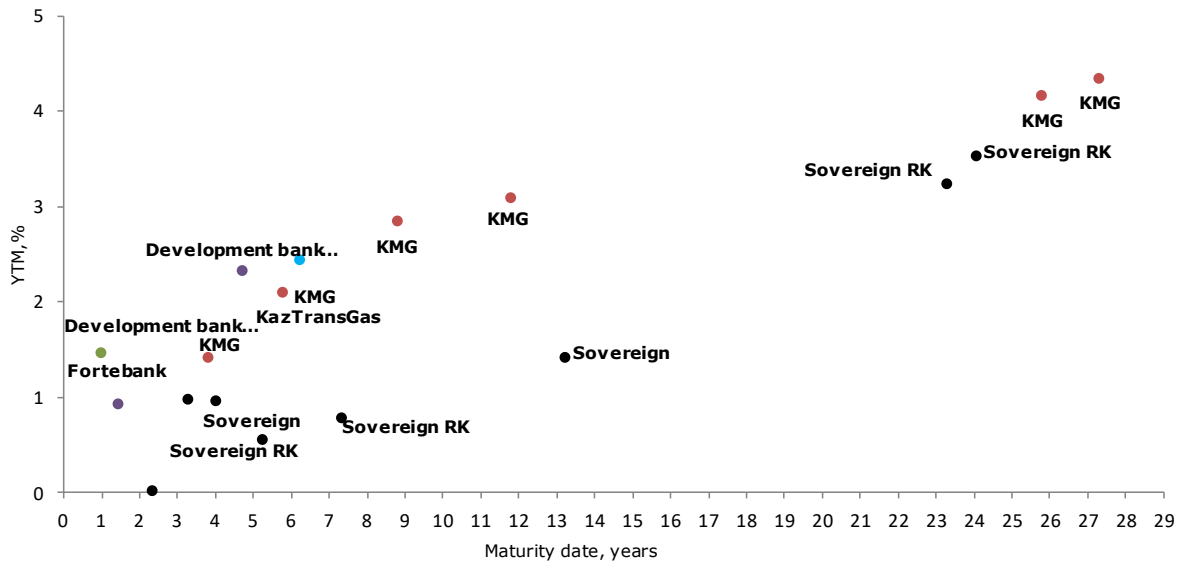
Source: Central Bank of the RF

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	3.26	109.08	109.46	0.92	0.03	0.18
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	4.02	116.18	116.60	0.91	-0.03	0.01
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	23.27	126.30	127.00	3.22	-0.06	0.45
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	24.04	147.28	148.16	3.52	-0.06	0.59
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	7.33	112.35	112.35	0.64	-0.30	-0.30
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	5.22	99.88	100.61	0.48	0.00	0.15
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	2.33	103.34	103.82	-0.09	0.00	-0.21
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	13.22	100.55	101.42	1.38	0.00	0.36
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.61	106.27	106.96	1.99	-0.01	0.32
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.61	111.74	112.56	3.48	0.00	0.51
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	9.38	99.40	100.18	3.68	-0.01	0.69
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	6.95	167.46	168.09	2.15	-0.05	-0.11
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	11.36	97.98	98.52	2.00	-0.04	0.26
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	4.40	109.35	109.80	0.61	-0.04	0.02
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	9.38	97.96	98.83	0.38	-0.01	0.16
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	4.28	98.63	99.01	0.79	-0.08	0.26
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	7.31	119.06	119.66	6.34	0.00	0.41
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	5.14	110.19	110.78	5.32	0.02	0.35
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	4.14	109.27	109.90	5.06	0.04	0.39
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	3.14	108.90	109.52	4.46	0.03	0.21
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.68	104.00	104.63	6.67	0.01	0.58
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	11.21	105.00	105.62	6.65	0.00	0.56
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	8.55	92.94	93.66	5.31	0.04	0.45
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.63	99.50	100.41	6.60	-0.29	2.27
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.64	86.38	87.57	8.24	-0.06	2.37
Banks												
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.86	105.76	106.28	1.81	-0.01	-0.21
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	0.96	115.32	116.45	1.49	-0.01	0.06
TINKOFF	RU	USD	300	9.3	15.06.2017	perpetual	0.00	104.74	105.70	7.96	0.01	0.04
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	3.39	106.23	107.38	3.42	-0.07	-0.70
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	2.04	105.88	107.35	2.29	-0.20	-1.16
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	2.94	107.55	108.38	2.76	-1.49	-1.49
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	4.36	104.49	105.33	4.15	0.05	-0.80
Corporate												
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	1.41	104.18	104.73	0.74	-0.07	-0.54
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.70	115.47	116.94	2.18	-0.01	-0.34
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	21.01	137.34	138.59	4.17	0.00	0.54
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	250	3.3	05.12.2018	05.12.2023	2.40	106.35	106.85	0.37	-0.04	-0.39
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	0.94	102.83	103.26	0.15	0.14	-0.16
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.78	111.91	112.49	1.35	-0.01	0.12
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.77	113.93	114.69	2.04	0.00	0.12
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.76	103.62	104.36	3.06	-0.02	0.50
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.79	119.13	119.96	2.80	-0.01	0.32
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.78	124.50	125.55	4.13	-0.01	0.45
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	27.30	131.76	132.65	4.32	0.00	0.55
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	6.21	110.74	111.42	2.38	0.03	0.54
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.81	91.38	92.82	9.73	-0.22	4.97
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.68	125.78	126.89	3.35	0.01	0.17
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.67	105.86	106.68	0.71	-0.02	-0.50
Georgian Railway	GG	USD	0	7.8	05.07.2012	11.07.2022	0.99	105.63	107.55	0.15	-0.05	-3.14

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