

Kazakhstan

As we had expected, the National Bank of the Republic of Kazakhstan at today's meeting (Monday, 13th) of the monetary policy committee decided to hike the base rate by 25 bps up to 9.50% per annum, while maintaining the interest rate band for liquidity management at the level of +/- 1.0%.

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 with maturities from 5 to 9.5 years for a total of KZT43.8bn (last week, one bond issue was placed for a total of KZT7.1bn). The yield on bond issues showed multidirectional dynamics. The yield on the 4-year bonds increased by 7 bps, while the yield on the other two issues decreased by 3 bps.

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

Date	Volume, KZT bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
6-Sep	20.7	10.47	4.9	140%	-0.03
8-Sep	10.3	10.64	9.5	50%	-0.03
10-Sep	12.8	10.43	3.7	70%	0.07

Notes of the National Bank of the Republic of Kazakhstan. On September 8, an auction was held on the placement of 91-day notes for a total amount of KZT280.7 bn with a yield of 9.353% (the yield of similar bonds issued a month earlier amounted to 9.3307%, while the placement amounted to KZT292.0 bn). In addition, on August 6, an auction was held on the placement of 28-day notes with a maturity of for a total amount of KZT489.7bn with a yield of 9.233% (the yield of similar bonds issued the previous week amounted to 9.2369%, while the placement was half the current one).

The weekly net borrowing balance of the Ministry of Finance of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan in the government securities market amounted to minus KZT1 113.8 bn (minus KZT367.4 bn in the previous week). The weekly net borrowing balance of the Ministry of Finance of the Republic of Kazakhstan in the domestic market amounted to +KZT185.8 mn (minus KZT46.6 bn).

Placements by corporate issuers. On September 8, **Microfinance Organization KMF (KMF) LLP** placed 2-year bonds totaled KZT7.3 bn with a yield of 13.00% per annum. Only two market participants took part in the auction.

On September 10, **Kazakhstan Sustainability Fund JSC** placed annual bonds for the amount of KZT3.0 bn with a yield of 9.83% per annum (the yield of the previous issue of annual bonds, placed on August 20, was 2 bps higher.) In active orders, banks were accounted for 83.3%.

On September 8, **Development Bank of Kazakhstan JSC** announced an upgrade of the ratings of the bank by S&P Global Ratings and its international bonds from "BB+/B" to "BBB-/A-3", with stable forecast.

Regional market

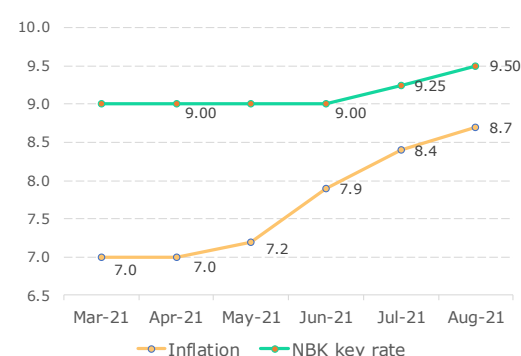
On September 10, the Central Bank of Russia (CBR) decided to hike the key rate by 25 bps to 6.75% per annum. Inflation is growing above the forecast of the Central Bank of Russia and it increased to 6.8% in August from 6.46% in July. Taking into account the current monetary policy, the Central Bank of Russia predicts a decrease in annual inflation to 4.0-4.5% in 2022.

Last week, **the Ministry of Finance of Russia** was able to place only one issue of long-term OFZ-PD totaling RUB11.6 bn. YTM of 15-year-olds bonds rose 4 bps up to 7.43% per annum. The demand for this placement was much higher than the demand for the previous similar issue at the end of August.

Bond yields

Country	YTM, %	Yld (ask), %	1W, p.p	YTD, p.p
Emerging markets (local currency)				
Kazakhstan	10.0	10.65	0.020	0.920
Russia	10.0	7.12	-0.010	-0.160
Vietnam	9.2	1.85	0.020	-0.274
Brazil	9.3	11.04	1.748	4.177
Turkey	9.2	16.56	-0.87	4.06
Developed markets (local currency)				
USA	8.9	1.26	-0.005	0.351
Canada	8.7	1.14	0.013	0.439
Germany	8.9	-0.43	0.017	0.145
Spain	9.1	0.18	-0.012	0.137
Portugal	9.1	0.07	-0.010	0.043
Italy	9.6	0.65	-0.010	0.114
Emerging markets (USD)				
Russia	13.5	3.04	-0.019	0.268
Belarus	8.5	7.67	-0.239	1.854
Turkey	7.1	5.48	0.031	0.472
Serbia	9.2	2.49	-0.035	0.314
Romania	9.4	2.48	0.022	0.321
Mexico	8.6	2.55	-0.007	0.324
Oman	7.9	4.72	-0.062	-0.697
Ecuador	8.9	6.48	0.031	-1.270
Egypt	10.7	6.61	0.072	0.683
China	9.1	1.38	-0.027	0.201
India	8.3	2.78	-0.052	0.174
Developed markets (USD)				
Finland	8.7	1.32	0.018	0.310
Belgium	8.7	1.40	0.016	0.303
Italy	8.1	2.13	0.029	-0.012

Inflation versus NBK key rate



On the same day, the Ministry of Finance of Russia planned to place OFZ-IN, however finally it did not take place due to technical reasons.

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

Date	Volume, RUB bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
8-Sep	11.6	7.43	15.1	268%	0.04

The Ministry of Finance of Ukraine has placed six OVDP issues with maturities ranging from six months to five years for a total of UAH 1.4 bn. The yield rates on one-year and two-year bonds of the Ministry of Finance of Ukraine have not changed compared to the placements held a week earlier. The biggest change was observed in the shortest bonds totaling UAH34 mn. Compared to the previous similar placement on June 22, the yield increased by 73 bps up to 9.73% per annum.

On September 9, the Board of the National Bank of Ukraine decided to hike the key rate by 50 bps to 8.5% amidst accelerated consumer inflation to 10.2%. At the beginning of 4Q2021, the NBU plans to stop using anti-crisis monetary measures as a part of tightening monetary policy and returning to sustained disinflation trends of the 5% inflation target that is to be achieved in 2022.

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

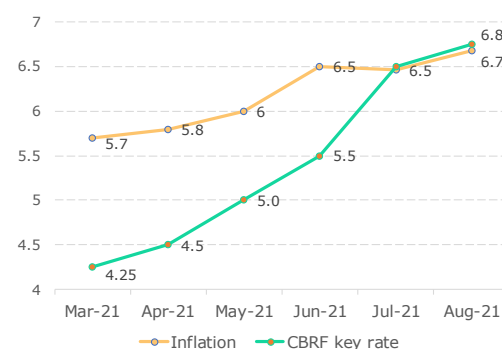
Date	Volume, UAH mn	YTM, %	Circulation period, years	Change in yield in the previous similar place.
7-Sep	34	9.73	0.5	0.73
7-Sep	55	11.15	1.0	0.00
7-Sep	1 033	11.30	1.0	0.00
7-Sep	156	12.09	2.0	0.00
7-Sep	26	12.45	3.0	0.05
7-Sep	65	12.59	5.0	0.00

The Ministry Finance of Turkey held three auctions for the placement of government securities for a total of TRY15.1 bn. The yield on the two-year bonds evidenced the lowest demand to offer (54%) and increased by 270 bps. The yield on the 5-year bond issue dropped 123 bps. Only the yield on 10-year bonds showed relative stability, increasing by only 7 bps. According to the Turkish Institute of Statistics, inflation in August exceeded the key rate of 19% held since March this year and reached a record high 19.25% (+30 bps) this year, which is the highest in the last 28 months (from April 2019).

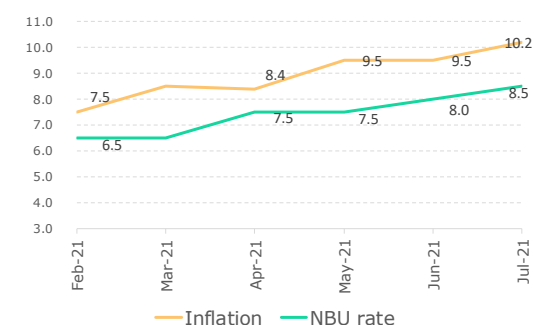
Tab. 4. Results of auctions for government securities of the Ministry of Finance of the Republic of Turkey

Date	Volume, TRY bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
6-Sep	4.2	21.51	2.0	54%	2.70
7-Sep	6.6	17.67	5.0	75%	-1.23
7-Sep	4.3	20.83	10.0	63%	0.07

Inflation versus CBR key rate



Inflation versus NBU rate



Inflation versus NBT rate

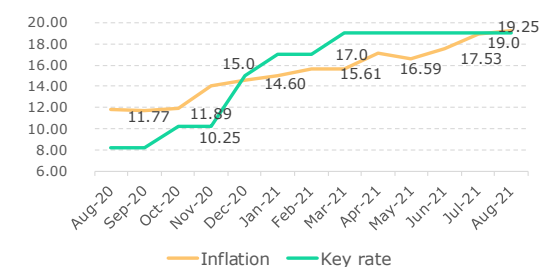
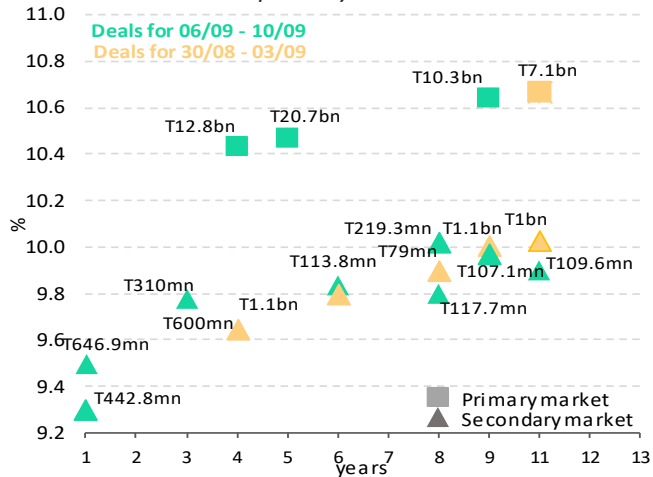
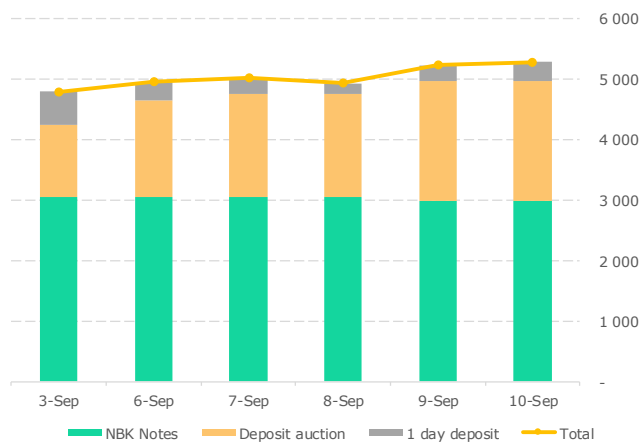


Fig 1. Bonds trade volume and yields of the Ministry of Finance of RK on the primary market



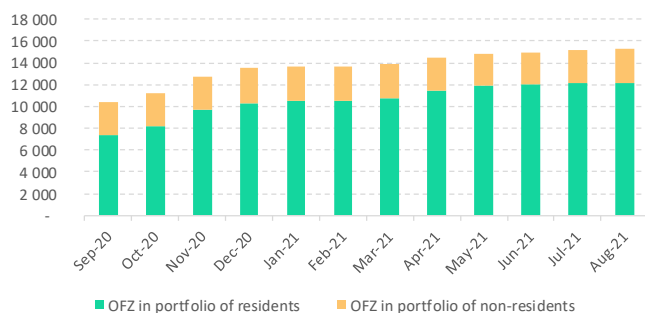
Source: KASE

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



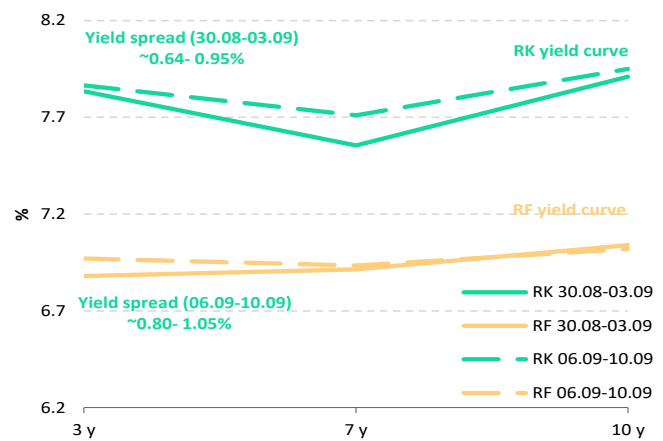
Source: NBK

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



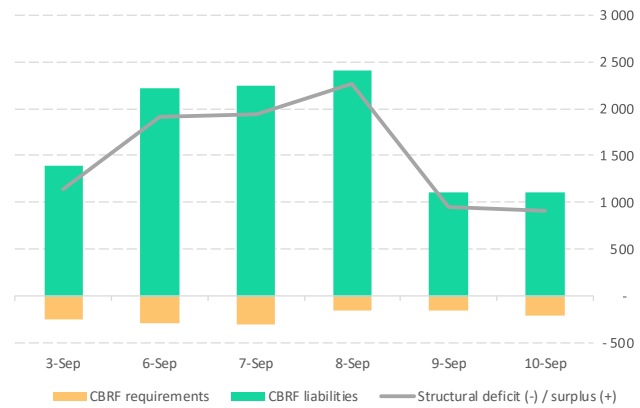
Source: Central Bank of Russia

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



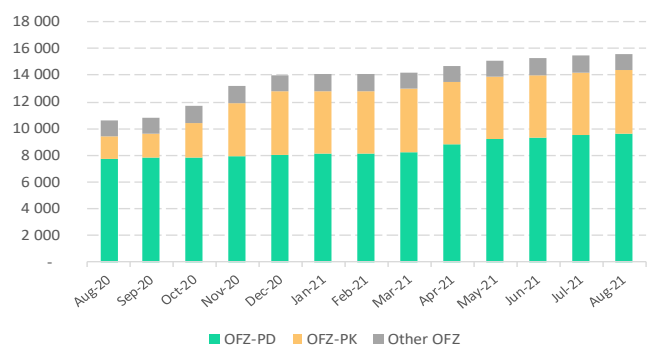
Source: Bloomberg

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



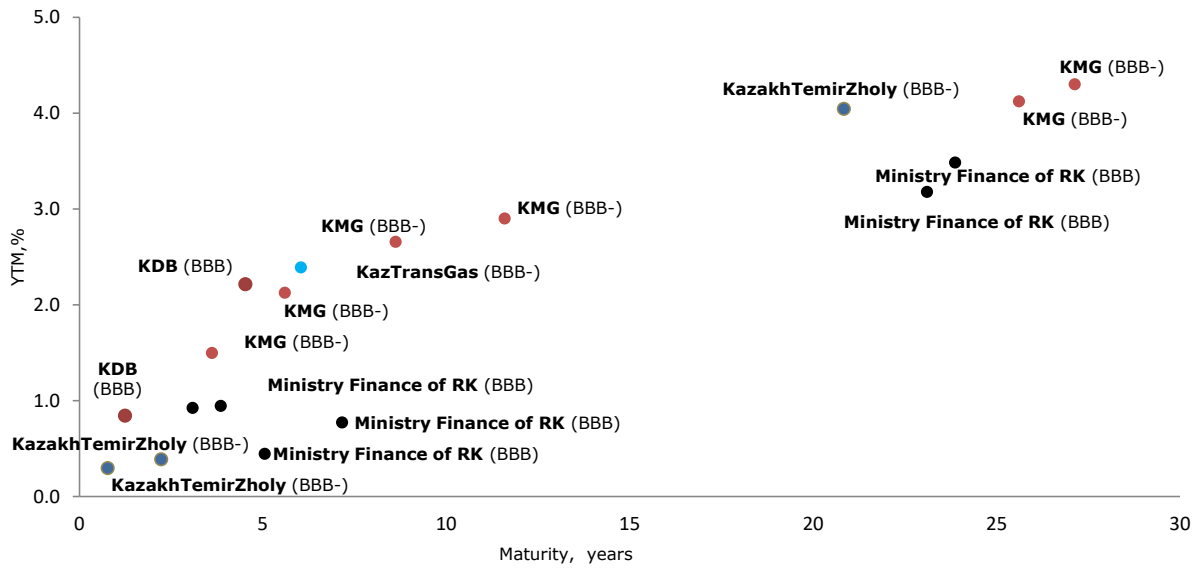
Source: Central Bank of Russia

Figure 6. OFZs by type (billion rubles)



Source: Central Bank of Russia

Fig 7. Kazakhstan issuers Eurobonds yields in USD (Fitch ratings)



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	3.08	108.66	109.23	0.84	-0.04	0.10
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	3.85	115.55	115.99	0.89	0.02	-0.01
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	23.10	127.14	128.11	3.15	-0.01	0.38
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	23.87	148.12	149.00	3.46	-0.01	0.54
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	7.16	112.35	112.35	0.61	-0.33	-0.33
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	5.05	100.43	101.11	0.38	0.01	0.04
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	2.15	103.31	103.78	-0.20	-0.03	-0.32
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	13.05	102.31	103.24	1.23	-0.01	0.21
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.44	105.52	106.13	2.15	0.05	0.48
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.44	110.94	111.82	3.55	-0.01	0.58
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	9.20	99.76	100.67	3.61	-0.05	0.63
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	6.78	167.31	167.91	1.99	-0.01	-0.26
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	11.19	99.99	100.47	1.80	-0.02	0.07
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	4.22	109.78	110.23	0.42	-0.01	-0.16
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	9.20	99.38	100.11	0.24	-0.03	0.02
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	4.10	98.59	98.95	0.81	0.02	0.28
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	7.14	120.56	121.07	6.07	0.13	0.13
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	4.97	110.96	111.55	5.09	0.09	0.11
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	3.97	110.29	110.88	4.71	0.11	0.03
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	2.97	109.70	110.31	4.03	0.09	-0.23
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.51	105.42	106.03	6.50	0.11	0.41
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	11.04	106.33	106.96	6.48	0.12	0.39
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	8.38	95.10	95.79	5.00	0.10	0.13
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.46	101.58	102.59	5.00	-0.42	0.67
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.46	89.86	91.00	7.67	-0.24	1.80
Banks												
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.69	105.49	106.00	1.64	-0.02	-0.37
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	0.79	109.97	110.64	1.53	0.06	0.10
TINKOFF	RU	USD	300	9.3	15.06.2017	perpetual	0.00	104.99	105.98	7.97	0.00	0.01
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	3.22	105.53	106.59	3.56	-0.09	-0.56
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	0.00	105.85	107.59	1.85	-0.45	-0.49
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	0.00	107.88	108.97	2.38	-1.87	-1.87
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	0.00	104.02	104.94	4.20	-0.14	-0.75
Corporate												
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	0.00	103.79	104.29	0.65	-0.01	-0.63
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	0.00	115.49	116.94	2.06	-0.01	-0.47
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	0.00	140.00	141.19	4.01	-0.01	0.38
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	250	3.3	05.12.2018	05.12.2023	0.00	106.11	106.55	0.29	0.02	-0.47
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	0.00	102.37	102.74	0.05	-0.01	-0.26
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	0.00	111.08	111.70	1.42	0.00	0.19
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	0.00	113.47	114.08	2.07	0.01	0.15
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	0.00	105.46	106.24	2.86	-0.01	0.31
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	0.00	120.45	121.16	2.61	-0.02	0.14
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	0.00	125.07	126.07	4.10	0.02	0.41
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	0.00	132.56	133.50	4.28	0.01	0.50
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	0.00	110.82	111.36	2.35	-0.03	0.50
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	0.00	94.09	95.66	8.62	-0.18	3.86
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	0.00	124.09	125.26	3.49	0.00	0.31
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	0.00	104.98	105.71	0.90	0.04	-0.31

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