

Kazakhstan

On August 11, **Moody's** raised Kazakhstan's rating from Baa3 to Baa2 with a stable outlook. In their opinion, the factors that made it possible to upgrade the rating were the volume and efficiency of the use of the country's reserves, the low level of public debt, as well as the effectiveness of government measures to ensure macroeconomic stability. The agency praised the effectiveness of the countercyclical fiscal policy that helped to limit the contraction of Kazakhstan's real GDP last year.

On August 13, **Fitch Ratings** affirmed Kazakhstan's sovereign credit rating at 'BBB' with a stable outlook, noting the stimulating effect of the government's current macroeconomic policy due to increased spending to support business activity in the real economy and the SME sector.

Bonds of the Ministry of Finance of the Republic of Kazakhstan. Last week, the Ministry of Finance placed two bond issues for a total of KZT33.3bn (the previous week also 2 issues were placed for a total of KZT8bn). The greatest demand, which exceeded supply by 2.6 times, was for bonds with a shorter circulation period. The yield on 4-year bonds worth KZT23.2bn increased by 6 bps. The yield on T10.1bn 12-year bonds also slightly increased. It is also worth noting that during the auction, the application was received from only one participant. The planned additional placement of bonds in the amount of KZT10bn was declared as invalid.

In January-July 2021, the volume of trades in corporate bonds on KASE decreased by 6.8% yoy and amounted to KZT910.9 bn. The volume of trades in government securities for the same period decreased by 31% yoy and amounted to KZT2.048 bn.

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
11-Aug	10.1	10.72	12.5	50%	0.02
13-Aug	23.2	10.36	3.8	262%	0.06

Notes of the National Bank of the Republic of Kazakhstan. On August 9, an auction was held on the placement of NBK notes with a circulation period of 28 days for a total amount of KZT566.5bn with a yield of 9.225% (the yield on the issue of 28-day notes placed the previous week was at the level of 9.1906%).

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 KZT589.9bn, the net borrowing balance of the National Bank was formed at the end of the week at minus KZT570.6bn.

Placements by corporate issuers. On August 11, **Home Credit and Finance Bank JSC** placed bonds with a maturity of one year in the volume of KZT1.4bn with a yield of 12.50% per annum. The share of institutional investors in the total volume of applications was 26.1%, while the share of other legal entities was 73.9%.

On August 13, **Kazakhstan Stability Fund JSC** placed 1-year bonds in the volume of KZT5.5 bn with a yield of 9.85% per annum. STBs accounted for almost 100% of the total amount of placement.

The regional market

In July, **the Ministry of Finance of Russia** placed securities for a total amount of RUB156 bn (the volume of placement in June was 25% higher). The volume of placements in July is less than in March-April, when the Russian Ministry of Finance raised more than RUB500 bn a month. In total, in January-July of this year, the Ministry of Finance raised about RUB1.8 trln, which is 2.3% yoy less than a year earlier.

Last week, the Russian Ministry of Finance placed two issues of long-term OFZ-PD totaling **RUB109.4 bn**. At the first auction 7-year OFZs worth RUB55.5 bn were sold, for which demand exceeded supply by 1.9 times. On the second, 15-year OFZs were placed with practically the same volume of placement, but

Bond yields

Country	YTM, %	Yld (ask), %	1W, p.p	YTD, p.p
Emerging markets (local currency)				
Kazakhstan	10.0	10.55	-0.030	0.870
Russia	10.1	7.11	0.020	-0.270
Vietnam	9.2	2.02	-0.001	-0.104
Brazil	9.4	10.54	1.244	3.673
Turkey	9.2	16.70	-0.73	4.20
Developed markets (local currency)				
USA	9.0	1.24	-0.012	0.337
Canada	8.8	1.13	-0.050	0.433
Germany	9.0	-0.55	-0.010	0.024
Spain	9.2	0.08	-0.021	0.036
Portugal	9.2	-0.04	-0.019	-0.066
Italy	9.6	0.49	-0.021	-0.054
Emerging markets (USD)				
Russia	13.6	3.07	-0.026	0.297
Belarus	8.5	8.04	0.137	2.232
Turkey	7.2	5.62	-0.049	0.609
Serbia	9.3	2.54	-0.082	0.364
Romania	9.5	2.41	-0.071	0.253
Mexico	8.7	2.61	0.004	0.385
Oman	8.0	4.90	0.057	-0.514
Ecuador	9.0	6.67	0.153	-1.073
Egypt	10.8	6.90	0.055	0.975
China	9.2	1.40	-0.027	0.218
India	8.4	2.72	-0.112	0.114
Developed markets (USD)				
Finland	8.8	1.21	-0.089	0.195
Belgium	8.8	1.31	-0.087	0.211
Italy	8.2	2.01	-0.066	-0.139

The structure of the public debt of

the Ministry of Finance of the Republic of Kazakhstan

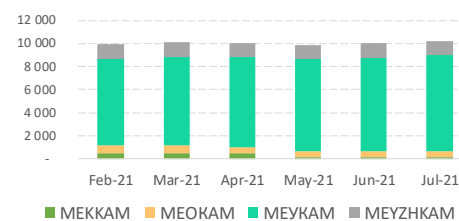
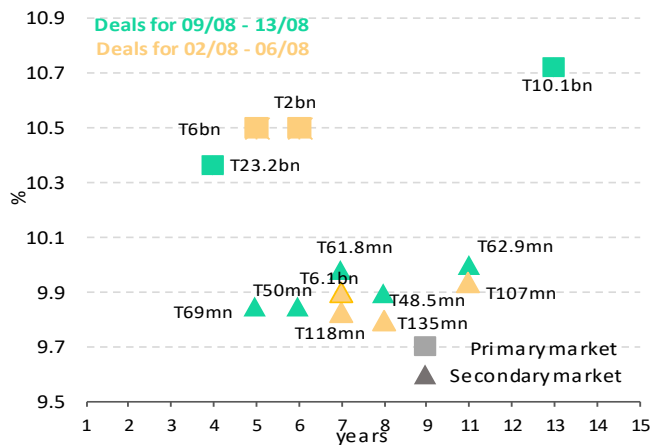
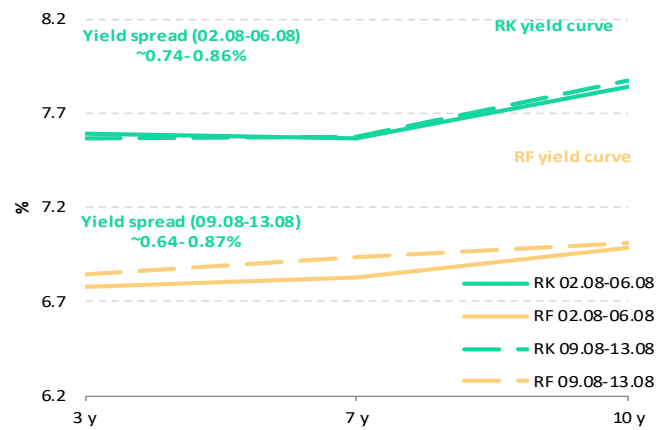


Fig 1. Bonds trade volume and yields of the Ministry of Finance of RK on the primary market



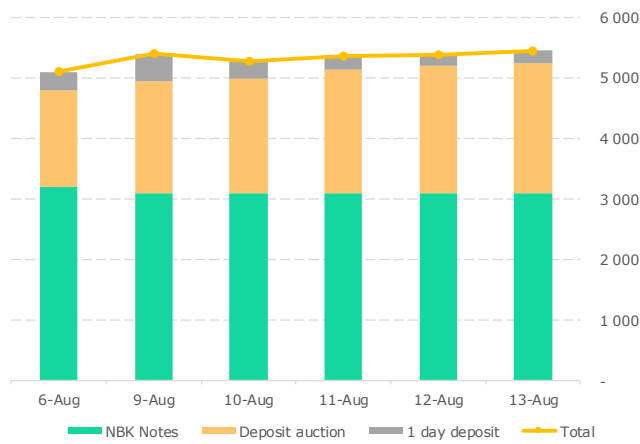
Source: KASE

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



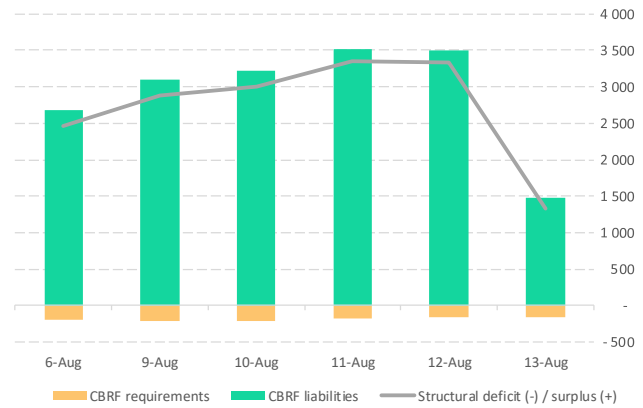
Source: Bloomberg

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



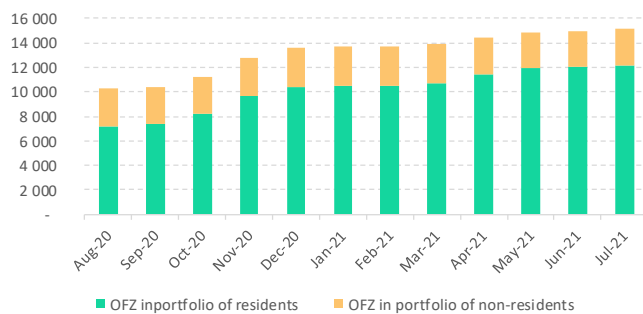
Source: NBK

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



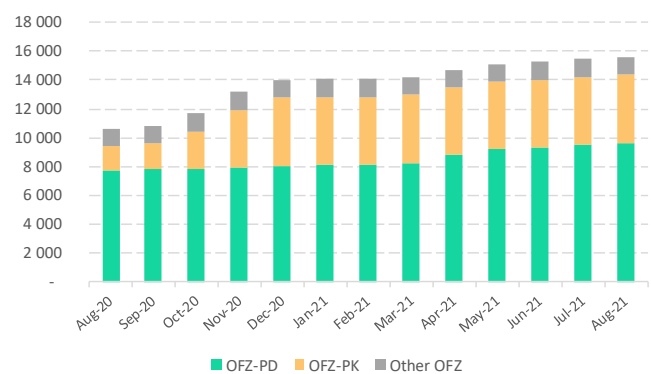
Source: Central Bank of the RF

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



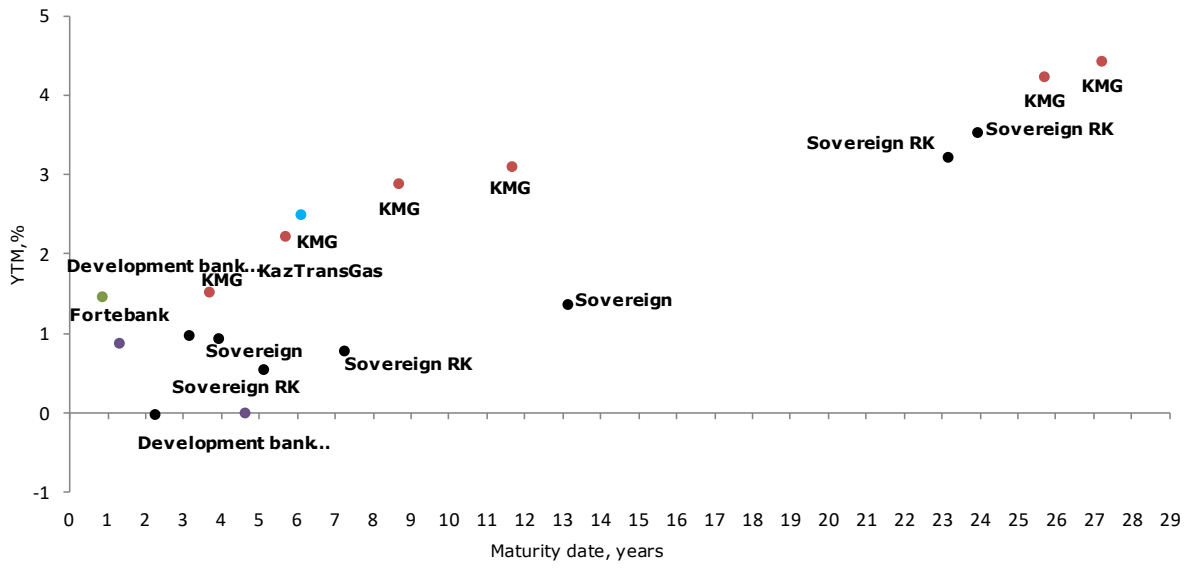
Source: Central Bank of the RF

Figure 6. OFZs by type (billion rubles)



Source: Central Bank of the RF

Fig 7. Kazakhstani issuers' Eurobonds yields in USD



Source: Bloomberg

Current Eurobonds yields

Company	Country	Crncy	Amt outstan . mln	Cpn	Date		YTM, %	Price		Yld (ask), %	1 W, p.p	YTD, p.p
					Issue	Maturity		Bid	Ask			
Sovereign												
Kazakhstan	KZ	USD	1500	3.9	14.10.2014	14.10.2024	3.16	108.75	109.25	0.90	0.01	0.16
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	3.93	115.86	116.35	0.88	-0.01	-0.02
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	23.18	126.43	127.21	3.20	0.02	0.43
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	23.94	147.38	148.28	3.50	0.02	0.58
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	7.24	112.35	112.35	0.62	-0.32	-0.32
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	5.12	99.90	100.69	0.46	-0.01	0.13
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	2.23	103.27	103.75	-0.13	0.00	-0.25
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	13.13	101.20	102.15	1.32	0.00	0.30
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.51	105.79	106.54	2.06	-0.07	0.39
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.52	110.52	111.64	3.59	-0.01	0.62
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	9.28	98.22	99.28	3.79	0.07	0.81
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	6.86	167.55	168.23	2.03	0.00	-0.22
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	11.27	98.82	99.36	1.91	0.01	0.18
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	4.30	109.76	110.23	0.47	-0.03	-0.12
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	9.28	98.66	99.46	0.31	-0.01	0.09
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	4.18	98.58	98.98	0.80	0.02	0.27
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	7.21	119.34	119.98	6.26	-0.02	0.33
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	5.04	109.88	110.46	5.35	-0.09	0.38
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	4.04	108.95	109.69	5.07	-0.07	0.39
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	3.04	108.60	109.35	4.43	-0.09	0.17
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.58	103.96	104.63	6.67	-0.08	0.58
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	11.12	104.83	105.49	6.67	-0.06	0.57
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	8.45	93.52	94.29	5.23	0.00	0.36
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.53	99.74	100.76	6.34	0.18	2.01
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.54	87.06	88.72	8.05	0.15	2.19
Banks												
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.76	105.54	106.08	1.74	-0.03	-0.27
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	0.87	115.31	115.99	1.59	0.09	0.16
TINKOFF	RU	USD	300	9.3	15.06.2017	perpetual	0.00	104.87	105.94	7.98	-0.01	0.01
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	3.30	105.89	106.94	3.50	-0.01	-0.63
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	1.94	106.16	106.93	2.33	0.03	-0.01
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	2.84	108.09	108.56	2.60	-1.64	-1.65
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	4.26	104.13	105.03	4.20	0.03	-0.75
Corporate												
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	1.32	103.99	104.50	0.68	0.02	-0.59
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.60	114.62	115.66	2.38	0.21	-0.23
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	20.91	139.02	140.28	4.07	-0.02	0.43
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	250	3.3	05.12.2018	05.12.2023	2.30	106.23	106.86	0.25	-0.07	-0.51
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	0.84	102.56	103.02	0.04	-0.01	-0.26
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.69	111.22	111.83	1.44	0.07	0.21
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.67	113.04	113.79	2.15	0.08	0.23
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.67	103.48	104.31	3.06	0.00	0.50
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.69	118.55	119.43	2.84	0.01	0.36
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.69	122.97	123.97	4.21	0.03	0.53
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	27.21	129.95	131.00	4.41	0.02	0.64
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	6.11	110.08	110.98	2.43	0.02	0.58
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.71	93.34	95.09	8.82	0.04	4.06
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.59	123.94	125.23	3.52	-0.02	0.34
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.57	105.14	105.88	0.97	-0.04	-0.24

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