

Kazakhstan

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

Last week, the Ministry of Finance of the Republic of Kazakhstan placed two bond issues for a total of KZT57.3 bln (last week there were three bond issues for a total of KZT44.7 bln). The 9-year bonds evidenced the strongest demand of 118% vs supply, and their yield amounted to 11.04%. 74.5% of the placement was purchased by institutional investors, 19.8% - by other legal entities, and 5.7% - by brokers. Yield on 2-year bonds amounted to 10.73% (the previous similar issue occurred in November last year for a total of KZT42.1 bln with a yield of 10.48%). 40.5% of that issue was purchased by banks, 32.7% - by institutional investors, 26.3% - by other legal entities whilst 0.5% - by brokers.

Tab.1. Results of government securities auctions of the Ministry of Finance of the Republic of Kazakhstan

Date	Volume, KZT bln	YTM, %	Maturity, years	Demand / Supply	Change in yield from a previous similar issue, pp
16 Feb	35.3	11.04	0.0	118%	11.04
16 Feb	22.0	10.73	0.0	28%	10.73

Source: KASE

Notes of the National Bank of the Republic of Kazakhstan. On 14 February 2022, an auction for 28-day notes placement was held in the amount of KZT270.0 bln with a yield of 10.2266% (the yield of 28-day notes issued in the previous week amounted to 10.1882%, the placement amounted to KZT389.9 bln). On 16 February 2022, an auction for 182-day notes placement was held in the amount of KZT100.0 bln with a yield of 10.5315% (the yield of 182-day notes issued in the previous month amounted to 10.0233%, the placement amounted to KZT41.5 bln).

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 KZT 384 261 mln, with the weekly net borrowing balance of the National Bank of the Republic of Kazakhstan in the amount of minus KZT 427 736 mln.

Corporate issuers. On 15 February 2022, **Subsidiary bank "Home Credit and Finance Bank" JSC** placed 2-year bonds in the amount of KZT4.8 bln with a yield of 12.8%. Demand for those securities amounted to 138% of the supply. 16.7% of the issue's total was purchased by brokers, 21.8% - by institutional investors, and 61.5% - by other legal entities. On 17 February 2022, **"Microfinance organisation OnlineKazFinance" LLC** placed 3-year bonds in the amount of KZT1.5 bln with a yield of 17.5%. 46.6% of the issue's total accounted for brokers, 49.3% - for institutional investors, and 4.1% - for other legal entities.

Regional market

The Ministry of Finance of Russia did not hold any government securities auctions during the period 14-18 February 2022, claiming an increased volatility in the financial markets.

On 15 February 2022, **the Ministry of Finance of Ukraine** placed two OVDP issues with maturities of 6 and 12 months for a total of UAH 67 mln (last week there were also two issues, albeit for a larger total of UAH1.75 bln). The 6-month bonds evidenced the biggest yield increase (+10 bps).

Bond yields

Country	Maturity, years	YTM (ask), %	YTM change, weekly, pp	YTM change, YTD, pp
Emerging markets (local currency)				
Kazakhstan	9.1	11.04	-	0.260
Russia	9.6	9.76	0.100	1.080
Vietnam	9.9	2.14	0.062	-
Brazil	10.9	11.68	0.038	-
Turkey	8.7	20.77	-0.02	-2.17
Developed markets (local currency)				
USA	9.0	1.84	-0.021	0.441
Canada	9.8	1.91	0.020	0.433
Germany	8.5	0.09	-0.117	0.351
Spain	11.4	1.21	-0.094	0.557
Portugal	12.2	1.22	-0.063	0.581
Italy	11.5	1.87	-0.089	0.585
Emerging markets (USD)				
Russia	13.1	4.79	0.337	1.475
Belarus	9.0	10.16	-0.282	0.505
Turkey	9.3	7.81	0.179	0.351
Serbia	11.0	3.33	0.076	1.031
Romania	9.0	3.62	0.041	0.878
Mexico	12.0	4.16	-0.002	-
Oman	25.1	6.89	-0.001	1.876
Ecuador	8.4	6.45	0.041	-0.266
Egypt	10.3	9.29	-0.010	0.991
China	17.8	2.78	0.010	0.404
India	8.9	3.76	0.765	1.130
Developed markets (USD)				
Finland	8.2	1.96	-0.134	0.528
Belgium	8.3	2.03	-0.121	0.467
Italy	7.7	3.10	-0.114	0.582

Source: Bloomberg, Halyk Finance calculations

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

Date	Volume, UAH mln	YTM, %	Maturity, years	Change in yield from a previous similar issue, pp
15 Feb	55	11.60	0.5	0.10
15 Feb	11	11.93	1.0	0.03

Source: NBU

On 17 February 2022, **Central Bank of the Republic of Turkey (CBRT)** announced a decision to leave the key rate unchanged at 14% despite further acceleration of inflation from 36.08% yoy in December 2021 to 48.69% in January 2022 (record high since 2003). For CBRT, this is the second decision to leave the key rate unchanged after a round of key policy rate cuts (one-week repo auction rate). The regulator claims that high inflation rates are not the result of economic fundamentals in the country, but are the result of changes in global energy prices, food prices, supply restrictions as well as changes in the demand. The Bank's management expects that disinflation will occur as a result of price stabilisation measures applied and due to high base effect of the last year.

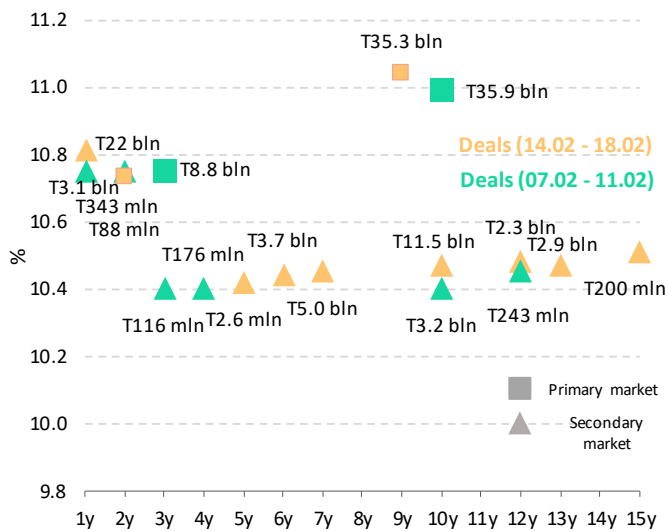
The Ministry of Finance of Turkey held three government securities auctions for a total of TRY24.5 bln. The 1-year bonds evidenced a substantial decrease in yield (-4.61 pp). There was also an additional issue of fixed rent rate lease certificates in the amount of TRY5.6 bln with a yield of 20.2%. This issue was assigned to four banks (Citigroup, Dubai Islamic Bank, HSBC, Kuwait Finance House).

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

Date	Volume, TRY mln	YTM, %	Maturity, years	Demand / Supply	Change in yield from a previous similar issue, pp
14 Feb	8.6	20.17	1.6	143%	-1.87
14 Feb	11.7	CPI+3	3.3	224%	-
15 Feb	4.2	19.25	0.9	243%	-4.61

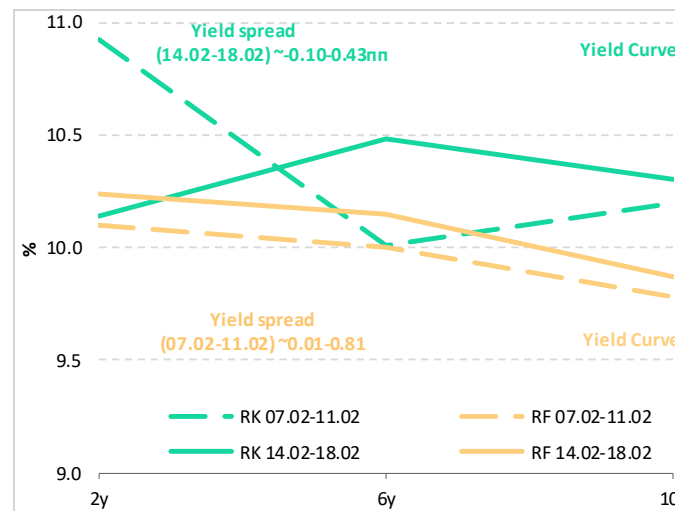
Source: MFT

Fig 1. Primary and secondary market yields and trade volume of bonds issued by the Ministry of Finance of RoK



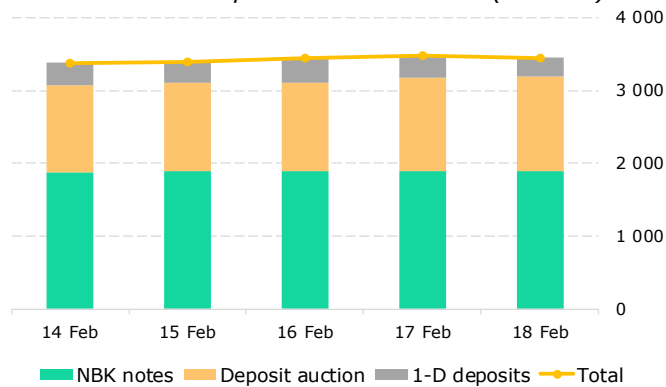
Source: KASE

Fig 2. Yield curve of RUB-denominated bonds issued by governments of Kazakhstan and Russia (OFZ)



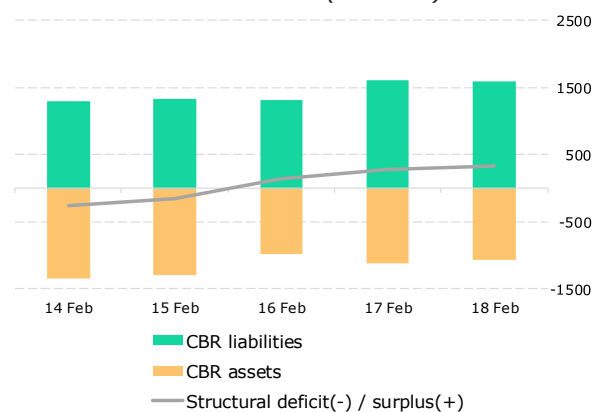
Source: Bloomberg

Fig 3. Key instruments for liquidity sterilization of the National Bank of Republic of Kazakhstan (KZT bln)



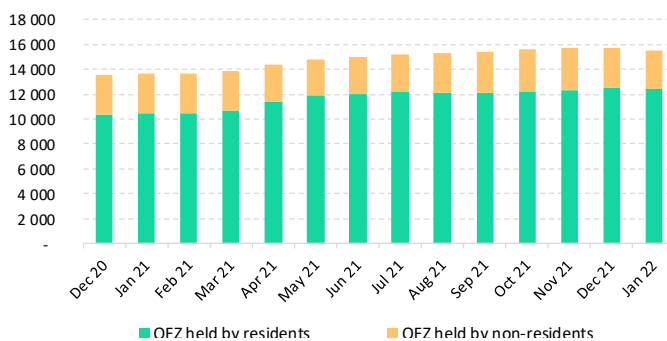
Source: NBK

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



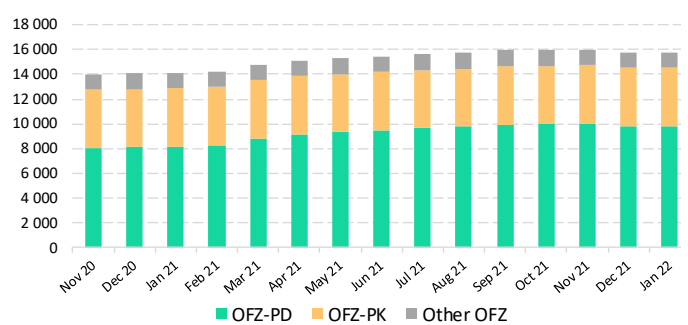
Source: Central Bank of Russia

Fig 5. OFZ market volume and share of non-residents (RUB bln)



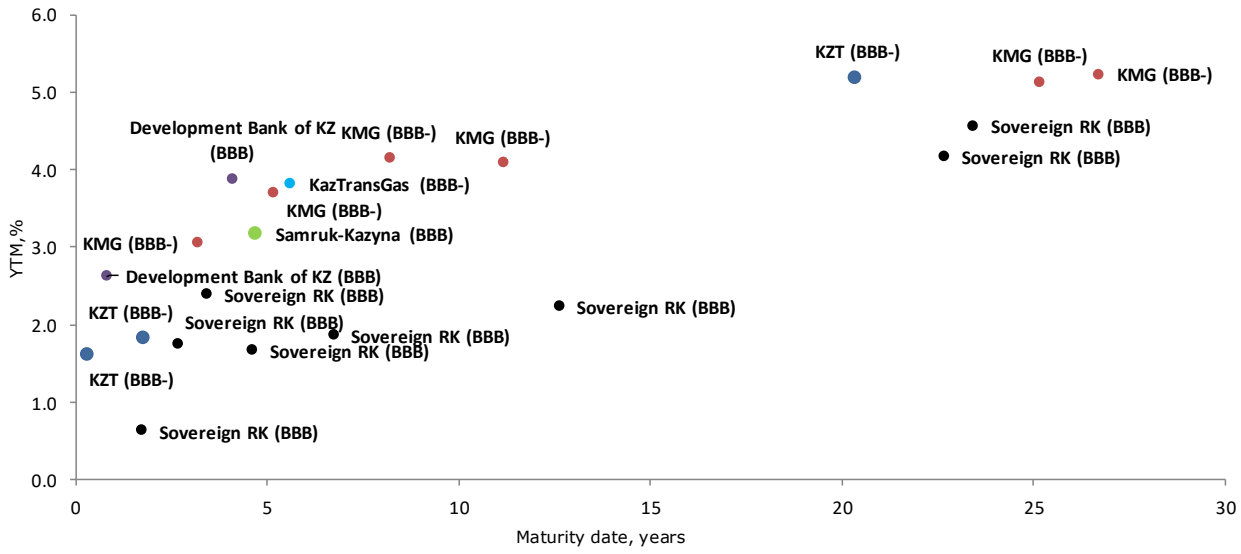
Source: Central Bank of Russia

Fig 6. OFZ types (RUB bln)



Source: Central Bank of Russia

Fig 7. Yield curve of USD-denominated Eurobonds issued by governmental and corporate entities in Kazakhstan (Fitch ratings)



Source: Bloomberg

Eurobond yields

Company	Country	Crncy	Amt outstan . Mln	Cpn	Date		YTM, %	Price		Yield (bid), %	Yield (ask), %	YTM change, weekly, pp	YTM change, YTD, pp
					Issue	Maturity		Bid	Ask				
Sovereign													
Kazakhstan	KZ	USD	1500	3.9	14.10.2014	14.10.2024	2.65	105.15	105.73	1.87	1.65	0.09	0.59
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	3.41	108.55	109.21	2.49	2.30	0.08	0.93
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	22.66	109.78	110.71	4.20	4.14	0.08	0.75
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	23.43	127.04	128.17	4.60	4.54	0.16	0.86
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	6.72	102.62	103.62	1.95	1.80	0.15	0.80
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	4.61	94.87	95.65	1.77	1.59	0.14	0.83
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	1.72	101.20	101.88	0.84	0.45	0.00	0.31
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	12.61	91.42	92.44	2.29	2.19	0.10	0.74
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.00	103.24	103.88	3.06	2.73	-0.16	0.23
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.00	103.13	103.88	4.84	4.72	0.02	0.47
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	8.76	90.94	92.03	4.99	4.83	0.06	0.67
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	6.34	143.56	144.28	4.72	4.61	0.59	1.81
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	10.75	87.49	88.38	3.25	3.14	0.30	1.27
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	3.79	99.76	100.52	2.94	2.73	0.56	1.86
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	8.76	92.59	93.30	1.14	1.06	0.04	0.51
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	3.67	94.93	95.23	1.99	1.91	-0.04	0.70
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	6.70	89.27	90.17	12.13	11.92	0.71	2.52
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	4.53	83.16	83.90	12.76	12.52	1.14	3.74
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	3.53	82.46	83.56	14.25	13.80	1.88	5.01
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	2.53	83.28	84.39	16.07	15.45	2.87	6.78
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.07	76.33	77.50	11.00	10.78	0.72	1.98
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	10.60	77.12	78.23	11.10	10.89	0.78	2.06
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	7.94	72.19	73.37	9.53	9.26	0.68	1.70
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.02	95.94	96.79	11.22	10.29	0.48	2.85
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.02	75.36	76.39	10.89	10.65	0.05	0.93
Banks													
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.25	100.57	101.41	4.08	4.08	0.01	1.77
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	0.35	104.33	105.02	1.62	-0.21	3.11	-3.43
TINKOFF	RU	USD	300	9.3	15.06.2017	бессроч.	0.00	99.78	101.00	9.42	9.31	0.00	0.27
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	2.78	98.40	99.44	6.38	5.97	0.09	1.23
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	1.42	104.29	104.57	2.90	2.71	0.41	0.38
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	2.33	103.28	105.01	4.25	3.48	0.23	0.36
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	3.75	98.67	99.52	5.90	5.64	0.05	0.80
Corporate													
Samruk-Kazyna	KZ	USD	500	2.0	28.10.2021	28.10.2026	4.68	94.51	95.31	3.28	3.08	0.03	0.91
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	0.80	100.75	101.57	3.16	2.12	-0.05	0.97
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.08	106.66	109.09	4.21	3.59	0.92	1.05
Kazakhstan Temir Zholy	KZ	USD	883	7.0	10.07.2012	10.07.2042	20.39	121.62	122.84	5.21	5.13	0.02	0.72
Kazakhstan Temir Zholy	KZ	CHF	250	3.3	05.12.2018	05.12.2023	1.79	101.61	103.38	2.31	1.32	-0.22	1.07
Kazakhstan Temir Zholy	KZ	CHF	185	3.6	20.06.2014	20.06.2022	0.33	100.32	100.99	2.60	0.58	-0.08	0.27
KazMunayGas	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.17	104.64	105.42	3.20	2.95	0.08	1.03
KazMunayGas	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.16	104.39	105.33	3.80	3.61	0.12	1.07
KazMunayGas	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.15	94.20	95.28	4.16	4.03	0.15	0.99
KazMunayGas	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.18	107.89	108.88	4.22	4.09	0.17	1.06
KazMunayGas	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.17	108.02	109.05	5.18	5.11	0.07	0.83
KazMunayGas	KZ	USD	1500	6.4	24.04.2018	24.10.2048	26.69	115.66	116.72	5.27	5.21	0.09	0.86
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	5.60	102.31	103.09	3.91	3.76	0.14	1.15
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.19	87.15	89.03	13.72	12.62	0.04	0.65
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.07	118.13	119.57	4.27	4.08	0.07	0.20
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.05	102.06	102.85	2.76	2.01	0.46	0.55

Source: Bloomberg

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