

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 issues of bonds for a total of KZT28.6bn (the previous week – also 2 issues for a total of KZT33.3bn). Both 5-year and longer-term bonds were in almost the same demand. The yield on both placements did not change.

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.
16-Aug	12.1	10.50	5.0	70%	0.00
18-Aug	16.5	10.75	13.6	66%	0.00

Notes of the National Bank of the Republic of Kazakhstan. On August 16, an auction was held on the placement of NBK notes with a maturity of 28 days for a total amount of KZT367.6bn with a yield of 9.2343% (9.225% in the previous week). On August 18, another auction was held on the placement of NBK notes with a maturity of 182 days for the amount of KZT100bn and a yield of 9.4427% (the yield of a similar issue placed in the end of July was 9.1179%).

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 -KZT590.6 bn, while the net borrowing balance of the National Bank was formed at the end of the week at -KZT434.3 bn.

Placements by corporate issuers. On August 18, the Moody's rating agency upgraded its long-term rating for **Development Bank of Kazakhstan JSC** to the level of "Baa2", the rating outlook was changed from "Positive" to "Stable".

On August 20, **Kazakhstan Stability Fund JSC** placed 1-year bonds in the volume of T4.5 bn with a yield of 9.85% per annum (which corresponds to the yield of bonds with a similar maturity, placed on August 13). The share of institutional investors in the total volume of applications was 43.6%, while the share of other legal entities was 56.4%.

On August 20, **VTB Bank JSC (Kazakhstan)** placed 3-year bonds in the volume of KZT2.5 bn with a yield of 11.04% per annum. In the total volume of placement, institutional investors accounted for 60.1%, and other legal entities – for 39.9%.

On the same day, placement of 7-year bonds of **KazAgroFinance JSC** in the volume of KZT40 bn took place with a yield of 11.90% per annum. The share of broker-dealer organizations that redeemed the company's bonds amounted to 30%, while other legal entities accounted for 41.6%.

Regional market

Last week, **the Ministry of Finance of Russia** marked out two issues of long-term OFZ-PD bonds totaling **RUB126.3 bn**, which was a record result since April this year. At the same time, the aggregate demand for these OFZ issues also turned out to be the maximum over the past four months (RUB231 bn). The yield on 10-year bonds worth RUB95 bn remained unchanged, while the yield on 20-year bonds increased by 6 bps. It should be noted that the Ministry of Finance is interested in lengthening the debt and increasing the volume of placements of long-term bonds (in early August, the volume of a similar placement was 1.5 times lower).

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.
18-Aug	95.0	7.09	10.1	199%	0.00
18-Aug	31.3	7.35	20.0	138%	0.06

The Ministry of Finance of Ukraine placed three OVDP bond issues with maturities ranging from 1 to 3 years for a total of UAH789 mn (3 issues were

Bond yields

Country	YTM, %	Yld (ask), %	1W, p.p	YTD, p.p
Emerging markets (local currency)				
Kazakhstan	10.0	10.58	0.030	0.930
Russia	10.1	7.09	0.000	-0.180
Vietnam	9.2	1.83	-0.185	-0.286
Brazil	9.4	10.80	1.506	3.934
Turkey	9.2	16.80	-0.63	4.30
Developed markets (local currency)				
USA	9.0	1.19	-0.035	0.281
Canada	8.8	1.06	-0.059	0.360
Germany	9.0	-0.57	-0.023	0.001
Spain	9.2	0.07	-0.004	0.032
Portugal	9.2	-0.04	0.005	-0.061
Italy	9.6	0.53	0.008	-0.012
Emerging markets (USD)				
Russia	13.6	3.07	-0.018	0.292
Belarus	8.5	8.17	0.112	2.354
Turkey	7.2	5.63	0.013	0.622
Serbia	9.3	2.54	-0.011	0.365
Romania	9.5	2.42	-0.008	0.262
Mexico	8.7	2.56	-0.047	0.328
Oman	7.9	5.03	0.158	-0.384
Ecuador	8.9	6.67	0.058	-1.075
Egypt	10.8	6.77	-0.115	0.846
China	9.2	1.33	-0.062	0.155
India	8.4	2.82	-0.018	0.208
Developed markets (USD)				
Finland	8.7	1.24	-0.057	0.224
Belgium	8.8	1.33	-0.058	0.234
Italy	8.2	2.05	-0.018	-0.094

placed for a total of UAH2.7 bn on the previous week). The yield rates on bonds of the Ministry of Finance of Ukraine remained practically unchanged in comparison with the placements last week.

According to the published data on inflation, the growth of consumer prices in Ukraine in July accelerated in annual terms from 9.5% in June to 10.2% in July. The last time double-digit consumer inflation in Ukraine was recorded in 2018.

Tab. 3. Auctions results 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.
17-Aug	553	11.14	1.0	-0.01
17-Aug	49	11.30	1.5	0.00
17-Aug	187	12.30	3.0	0.00

After a 3-week break, **the Ministry of Finance of Turkey** held 4 auctions for the placement of government securities for a total of 19.6 bn liras. The most significant change was in the yield of the shortest bonds (-9 bp). The highest yield growth was demonstrated by 10-year bonds, indexed for inflation (+6 bp).

Tab. 4. Auctions results of 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.
16-Aug	5.0	18.81	2.0	67%	-0.09
16-Aug	5.1	21.81	5.0	62%	0.03
17-Aug	2.0	17.48	9.0	51%	0.05
17-Aug	7.4	20.76	10.0	67%	0.06

Inflation versus NBU rate

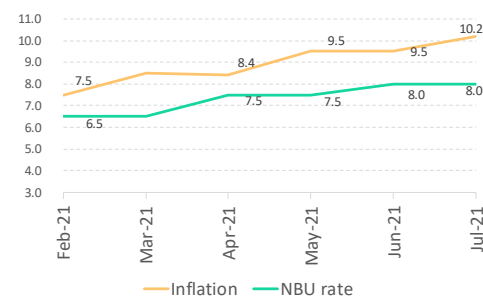
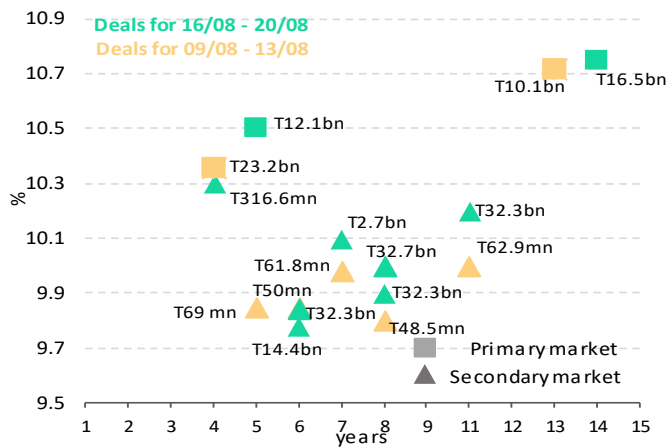
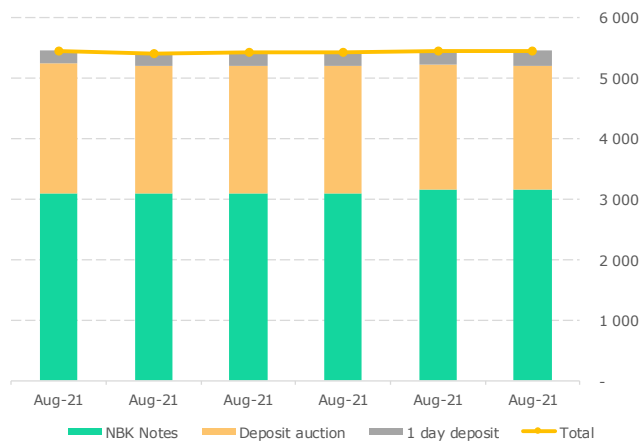


Fig 1. Bonds trade volume and yields of the Ministry of Finance of RK on the primary market



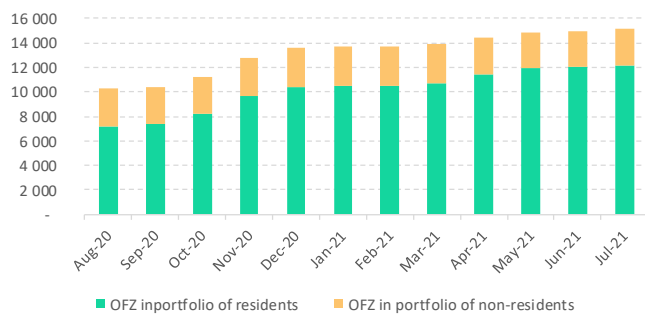
Source: KASE

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



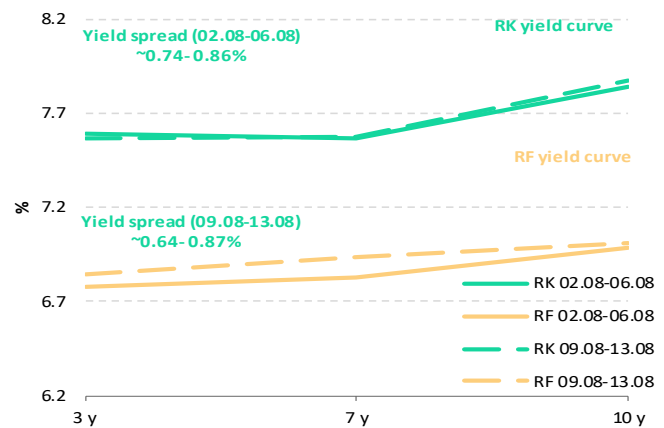
Source: NBK

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



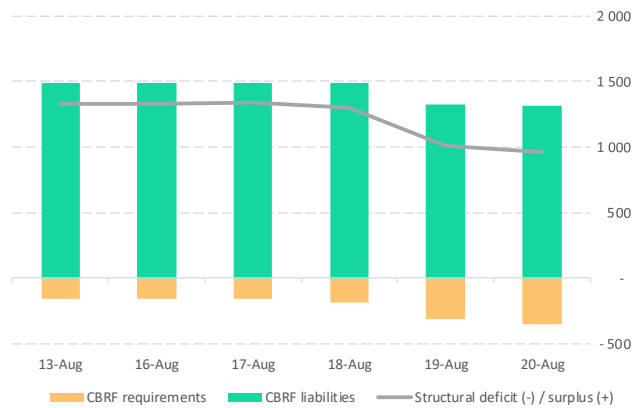
Source: Central Bank of the RF

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



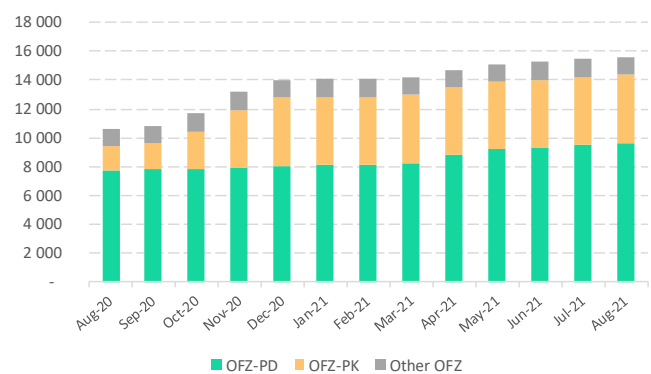
Source: Bloomberg

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



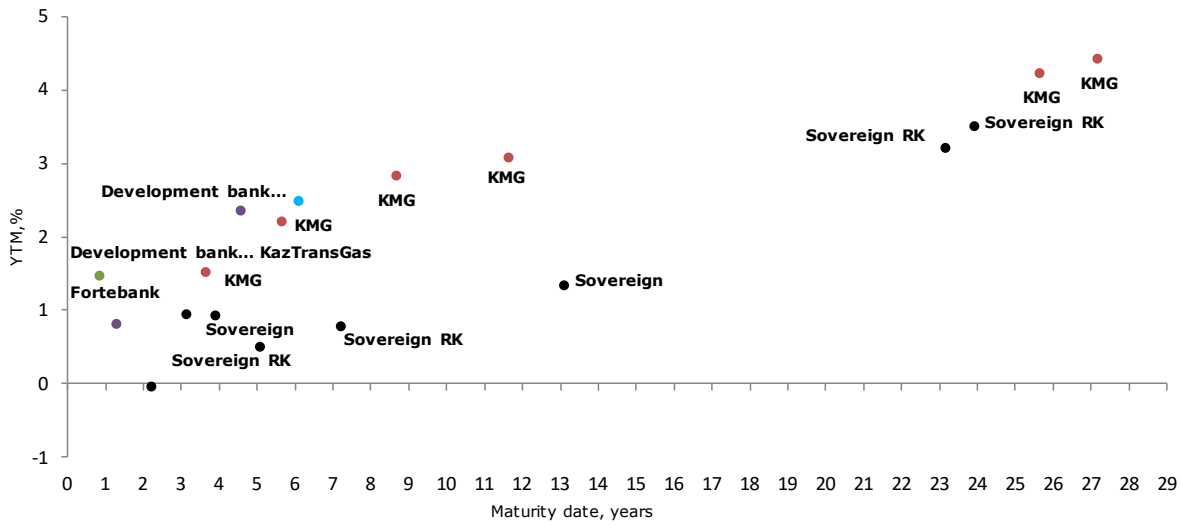
Source: Central Bank of the RF

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	3.14	108.79	109.27	0.87	-0.02	0.14
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	3.91	115.86	116.26	0.88	0.00	-0.02
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	23.16	126.91	127.55	3.18	-0.02	0.41
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	23.92	147.70	148.54	3.49	-0.01	0.56
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	7.22	112.35	112.35	0.62	-0.32	-0.32
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	5.10	100.16	100.89	0.42	-0.04	0.09
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	2.21	103.31	103.77	-0.15	-0.02	-0.27
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	13.11	101.49	102.36	1.30	-0.02	0.28
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.49	105.53	106.23	2.17	0.11	0.49
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.50	110.32	111.10	3.67	0.07	0.70
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	9.26	98.33	99.12	3.81	0.02	0.83
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	6.84	167.68	168.37	2.00	-0.04	-0.26
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	11.25	98.92	99.43	1.91	-0.01	0.18
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	4.28	109.74	110.22	0.46	-0.01	-0.13
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	9.26	99.05	99.83	0.27	-0.04	0.05
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	4.16	98.69	99.06	0.78	-0.02	0.25
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	7.19	118.99	119.56	6.32	0.06	0.39
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	5.02	109.62	110.16	5.41	0.06	0.44
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	4.02	108.77	109.41	5.13	0.06	0.45
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	3.02	108.40	108.99	4.53	0.10	0.28
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.56	103.54	104.16	6.73	0.06	0.63
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	11.10	104.47	105.10	6.72	0.05	0.62
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	8.43	93.19	93.89	5.29	0.06	0.42
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.52	99.67	100.73	6.36	0.02	2.03
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.52	86.46	88.11	8.17	0.11	2.30
Banks												
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.75	105.52	106.13	1.67	-0.07	-0.34
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	0.85	114.87	115.55	1.59	0.09	0.16
TINKOFF	RU	USD	300	9.3	15.06.2017	perpetual	0.00	104.95	105.88	7.97	0.00	0.02
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	3.28	105.63	106.72	3.56	0.06	-0.57
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	1.92	105.65	107.31	2.10	-0.20	-0.24
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	2.82	107.73	108.34	2.66	-1.55	-1.67
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	4.24	103.74	104.69	4.28	0.08	-0.67
Corporate												
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	1.30	104.03	104.51	0.62	-0.06	-0.65
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.58	115.47	115.94	2.31	-0.02	-0.30
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	20.89	138.99	140.18	4.07	0.00	0.44
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	250	3.3	05.12.2018	05.12.2023	2.28	106.29	106.69	0.30	0.05	-0.46
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	0.82	102.50	102.95	0.04	-0.01	-0.27
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.67	111.18	111.74	1.45	0.01	0.22
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.65	113.15	113.76	2.15	0.00	0.23
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.65	103.87	104.53	3.03	-0.02	0.48
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.67	119.13	119.77	2.79	-0.04	0.31
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.67	123.24	124.18	4.20	-0.01	0.52
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	27.19	130.36	131.33	4.39	-0.02	0.62
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	6.09	110.26	110.94	2.43	0.00	0.58
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.69	93.51	94.45	9.12	0.31	4.36
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.57	123.86	124.99	3.54	0.02	0.36
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.55	105.11	105.61	1.09	0.12	-0.12

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