

Kazakhstan

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

Last week, the Ministry of Finance of the Republic of Kazakhstan placed four bond issues for a total of KZT135bn (KZT20bn in the previous week). The demand for 2-3 year government securities was expectedly high on the part of banks, while rates on 3-year bonds increased slightly. The yield on 7-year government securities remained at the same level of 10.4%, however, the shorter 6-year bonds were met at a slightly higher rate (10.47%) and this does not seem quite consistent from the side of the MOF.

Tab. 1. Results of auctions of the Ministry of Finance

Date	Volume, KZT bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
17-May	72.8	9.65	1.9	190%	0.00
18-May	34.1	9.77	2.7	350%	0.05
19-May	19.1	10.47	6.0	53%	0.27
21-May	9.1	10.40	6.9	60%	0.00

Notes of the National Bank. The National Bank held two auctions for the placement of notes for a total of **KZT541bn**. The yield on 28-day and 182-day notes amounted to 9% and 9.14%, respectively.

In the period from May 6 to May 14, foreign investors increased the investments in NBK notes from **T456bn** to **T512bn**, and the share of ownership increased from 14.6% to 16.6%.

The liquidity surplus of the banking system of the Republic of Kazakhstan, after 4 months of stabilization at circa T5trln, began to grow again on May 6 and reached T5.7trln. As a rule, the growth of the liquidity surplus is associated with various programs of the National Bank for direct emission, financing of the economy in addition to the standard budget expenditures of the Government of the Republic of Kazakhstan. The surplus growth may also be associated with transfers from the National Fund, temporarily not covered by the sales of US dollars in the foreign exchange market.

Regional Market

The Ministry of Finance of the RF held two auctions for the placement of OFZ-PD for periods of 7 and 18 years and one auction of OFZ-IN for a period of 9 years. The total amount of the placement amounted to **RUB48bn**. Interest rates on the bonds are kept at a stable level with small fluctuations in the range of 5-7 bps.

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

Date	Volume, RUB bn	YTM, %	Circulation period, years	Demand / supply	Change in yield in the previous similar place.
19-May	23.7	7.00	7.0	104%	-0.07
19-May	8.3	7.31	18.0	240%	0.00
19-May	15.5	CPI+2.69%	9.00	232%	-0.05

The Ministry of Finance of the RF placed Eurobonds denominated in euros for a total of 1.5bn euros. The issue consisted of two tranches in 2027 and 2036 with a yield of 1.37% and 2.65%, respectively. The 15-year tranche was placed for the first time, and its issue lengthened the yield curve for sovereign bonds of the Russian Federation.

The liquidity surplus of the Russian banks decreased by RUB2.3trln from a peak amount of RUB3.2trln on May 12 to RUB886bn on May 21. The reasons for this decline are still unknown. Presumably, this could have happened due to a combination of several factors, such as the growth of funds of the Ministry of Finance of the RF in the account with the Central Bank of the RF, increased demand for cash and an increase in the volume of correspondent accounts of banks to cover reserve requirements.

Bond yields

Country	YTM, %	Yld (ask), %	1W, p.p	YTD, p.p
Emerging markets (local currency)				
Kazakhstan	10.0	10.40	0.050	0.660
Russia	8.9	7.01	-0.030	1.120
Vietnam	9.5	2.33	0.003	0.213
Brazil	9.6	9.42	0.035	2.560
Turkey	9.5	17.47	0.04	4.97
Developed markets (local currency)				
USA	9.2	1.58	-0.008	0.671
Canada	9.0	1.46	-0.024	0.759
Germany	9.2	-0.18	-0.002	0.395
Spain	9.4	0.48	-0.032	0.441
Portugal	9.4	0.43	-0.037	0.403
Italy	9.9	0.98	-0.046	0.439
Emerging markets (USD)				
Russia	13.9	3.40	-0.016	0.630
Belarus	8.8	6.97	0.016	1.158
Turkey	7.4	5.95	-0.089	0.946
Serbia	9.5	2.96	0.014	0.785
Romania	9.7	2.74	0.007	0.590
Mexico	8.9	2.88	0.010	0.650
Oman	8.2	4.90	-0.044	-0.515
Ecuador	9.2	6.10	-0.288	-1.649
Egypt	11.0	6.53	-0.138	0.602
China	9.4	1.76	0.016	0.583
India	8.7	3.16	-0.129	0.502
Developed markets (USD)				
Finland	9.0	1.67	-0.039	0.659
Belgium	9.0	1.74	0.007	0.646
Italy	8.4	2.55	-0.009	0.409

The Ministry of Finance of Ukraine placed four OVDP issues for a period of 3 months to 2 years for a total of UAH4.5bn. The bond yield rates changed insignificantly.

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

Date	Volume, UAH mln	YTM, %	Circulation period, years	Change in yield in the previous similar place.
18-May	530	8.48	0.25	-0.02
18-May	2 030	11.19	1.0	-0.01
18-May	248	11.30	1.5	0
18-May	1 642	12.02	2.0	0.06

The Turkish Ministry of Finance did not place public debt last week. Secondary market rates increased within 20-30 bps. on bonds with a maturity of 2-5 years, and the one-day TLREF rate returned to the level of 19%.

Turkish government securities yield curve

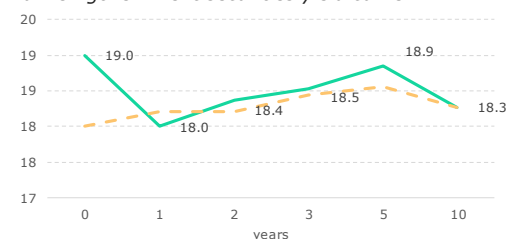
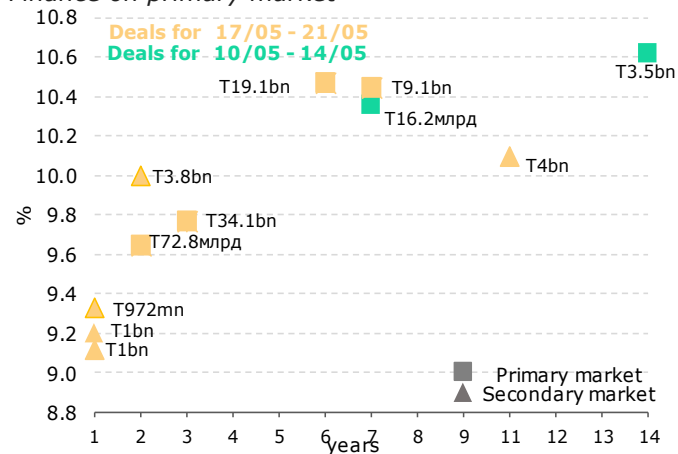
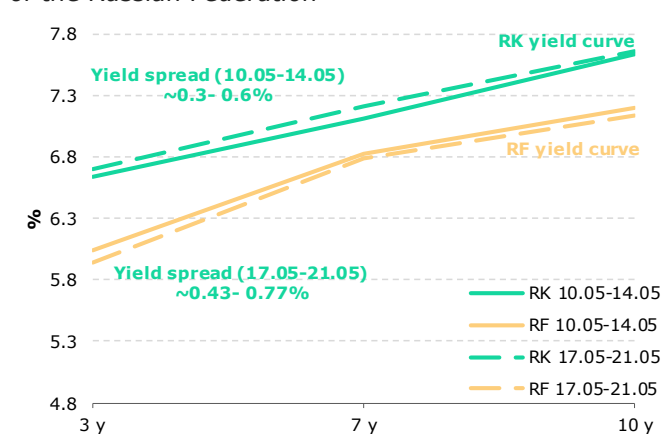


Fig 1. Bonds trade volume and yields of the Ministry of Finance on primary market



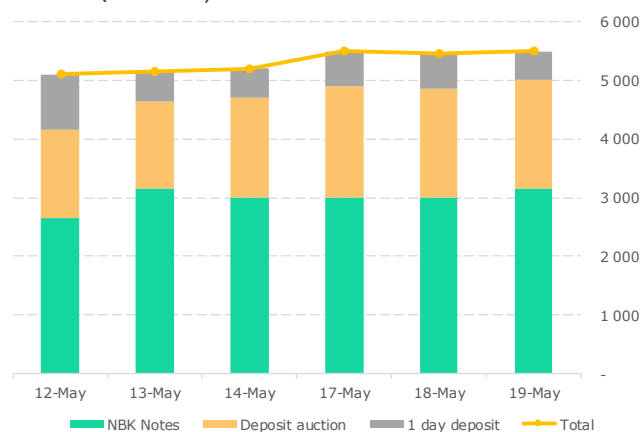
Source: KASE

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



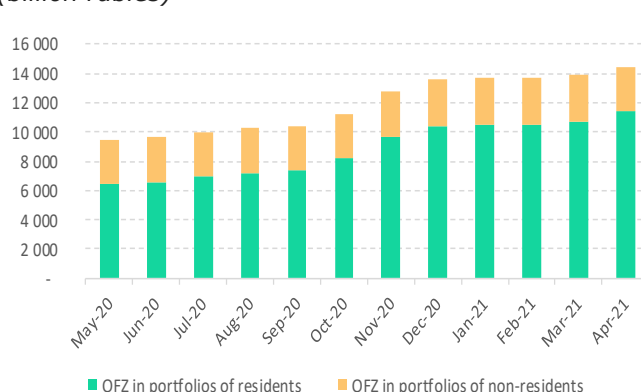
Source: Bloomberg

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



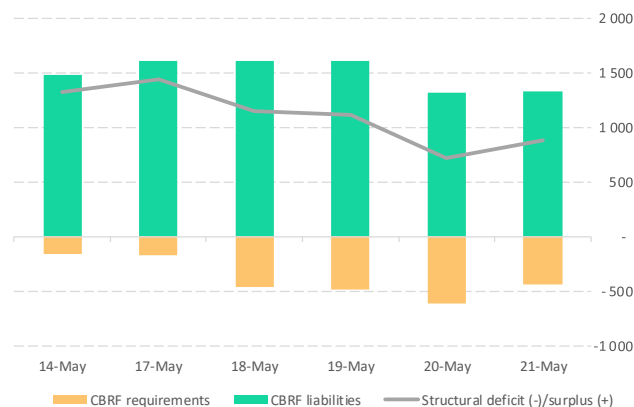
Source: NBK

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



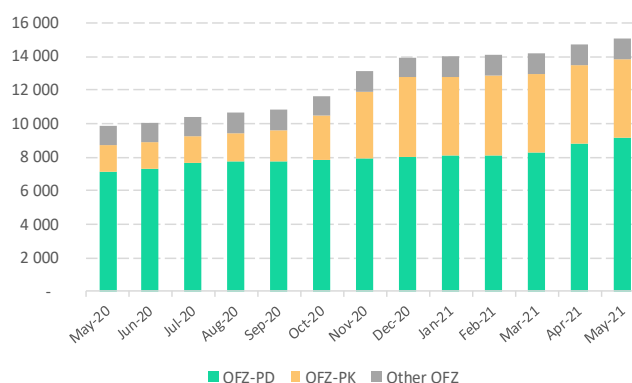
Source: Central Bank of the RF

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



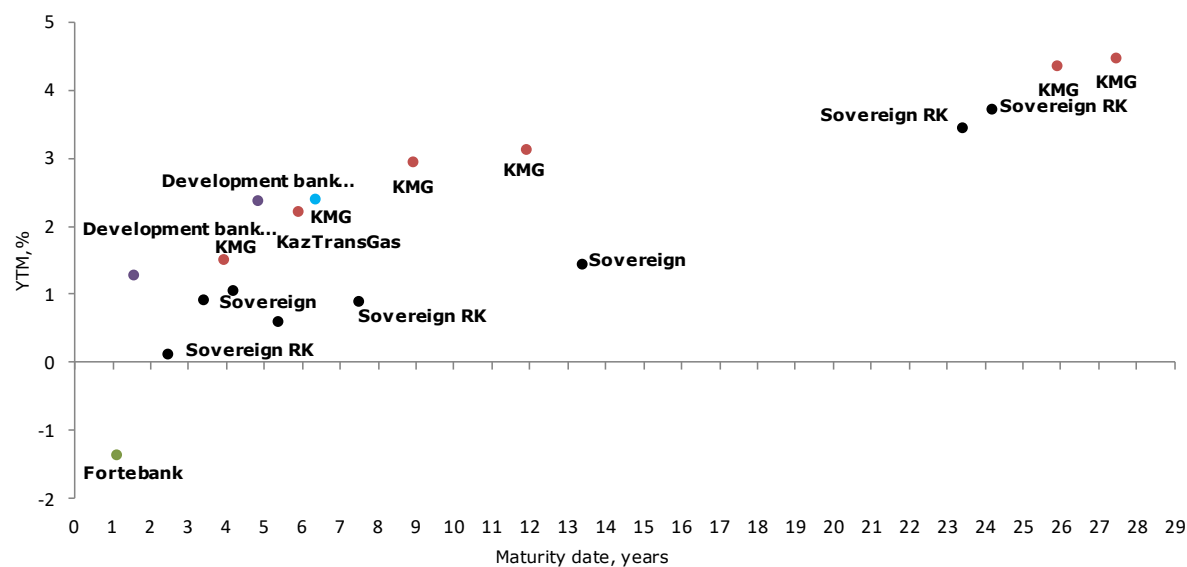
Source: Central Bank of the RF

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	3.39	109.59	110.04	0.86	0.01	0.12
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	4.16	116.27	116.73	1.00	0.03	0.10
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	23.41	122.58	123.38	3.42	-0.02	0.65
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	24.17	143.74	144.70	3.69	-0.02	0.76
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	7.47	111.00	111.00	0.85	-0.09	-0.09
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	5.35	99.59	100.37	0.53	-0.01	0.20
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	2.46	103.23	103.77	0.02	-0.06	-0.10
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	13.36	100.29	101.29	1.39	0.00	0.37
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.74	106.29	106.98	2.11	0.13	0.44
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.75	111.17	112.08	3.57	0.02	0.60
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	9.51	98.59	99.66	3.74	0.07	0.76
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	7.09	166.41	167.08	2.39	-0.02	0.14
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	11.50	97.42	97.98	2.05	0.08	0.32
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	4.53	109.03	109.60	0.71	0.01	0.12
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	9.51	97.66	98.40	0.42	0.05	0.20
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	4.41	98.15	98.54	0.89	0.01	0.36
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	7.44	118.76	119.44	6.42	-0.30	0.49
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	5.27	110.44	111.05	5.31	-0.35	0.34
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	4.27	109.66	110.39	5.01	-0.32	0.33
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	3.27	109.28	110.02	4.42	-0.45	0.16
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.81	103.96	104.63	6.68	-0.24	0.58
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	11.35	105.04	105.71	6.65	-0.22	0.56
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	8.68	92.56	93.30	5.36	-0.10	0.49
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.76	102.13	103.33	4.87	-0.27	0.54
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.77	93.90	95.01	6.97	0.02	1.10
Banks												
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.99	105.54	106.22	2.05	-0.06	0.04
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	1.10	116.42	117.65	-1.85	-2.34	-4.12
TINKOFF	RU	USD	300	9.3	15.06.2017	perpetual	0.00	104.83	105.98	8.02	0.00	0.03
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	3.53	104.64	106.01	3.90	-0.28	-0.22
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	2.17	105.83	107.00	2.65	-0.24	-0.79
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	3.07	107.47	108.83	2.73	-1.51	-1.52
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	4.49	104.13	104.97	4.27	-0.08	-0.68
Corporate												
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	1.55	104.06	104.61	1.10	-0.04	-0.17
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.83	115.78	117.16	2.23	-0.02	-0.29
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	21.14	134.42	135.76	4.35	-0.02	0.71
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	250	3.3	05.12.2018	05.12.2023	2.53	106.65	107.09	0.42	0.00	-0.34
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	1.07	103.18	103.75	0.12	0.01	-0.18
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.92	111.94	112.55	1.44	-0.02	0.21
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.90	113.62	114.34	2.15	-0.04	0.23
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.90	103.32	104.08	3.09	-0.06	0.53
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.92	118.55	119.33	2.90	-0.05	0.42
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.92	120.95	121.88	4.34	-0.12	0.65
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	27.44	129.24	130.23	4.45	-0.15	0.68
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	6.34	111.27	111.97	2.33	-0.02	0.48
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.94	97.09	98.36	7.38	-0.08	2.62
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.82	124.16	125.53	3.55	-0.03	0.37
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.80	105.83	106.60	1.04	-0.03	-0.17
Georgian Railway	GG	USD	500	7.8	05.07.2012	11.07.2022	1.13	105.38	106.38	2.00	-0.15	-1.29

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