

Kazakhstan

On 24 February 2022, the National Bank of the Republic of Kazakhstan set the base rate at 13.5%, hiking it by 325 bps due to severe worsening of the geopolitical stance. As of 25 February, USDKZT weakened to 465.99, losing 8.7% of its value since the week before. Last week NBK mitigated FX fluctuations by foreign currency interventions in the amount of \$176 mln, including \$138 mln on 24 February alone.

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 KZT56.7 bln (last week there were three bond issues for a total of KZT57.3 bln). The 15-year bonds evidenced the strongest demand of 98% vs supply and the bonds' yield amounted to 11.10%. 83.7% of the placement was purchased by institutional investors, and 16.3% - by other legal entities. Yield on 7-year bonds amounted to 10.97% (November 2021 issue - KZT3.0 bln with a yield of 10.75%).

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
23 Feb	30.7	11.10	14.5	98%	0.05
23 Feb	26.0	10.97	7.4	80%	0.22

Source: KASE

Notes of the National Bank of the Republic of Kazakhstan. On 21 February 2022, an auction for 29-day notes placement was held in the amount of KZT180.7 bln with a yield of 10.232% (previous week – yield of 10.2266% on a placement in the amount of KZT270.0 bln).

The weekly net borrowing balance of the Ministry of Finance and the National Bank of the Republic of Kazakhstan in the government securities market amounted to minus KZT113.4 bln, with the weekly net borrowing balance of the National Bank in the amount of minus KZT166.7 bln.

On 21 February 2022, **Asian Development Bank** placed 9-year bonds in the amount of KZT14.0 bln with a yield of 11.0%. Demand for social securities made 140% of the supply. 35.7% of the issue's total was purchased by institutional investors, and 64.3% - by other legal entities.

Regional market

The Ministry of Finance of Russia did not hold any government securities auctions during the period 21-25 February 2022.

USDRUB FX rate was 86.93 as of 25 February, weakening by 14.75% in value since the week before.

On 26 February 2022, S&P downgraded Russia's credit rating from BBB- to BB+ with a "Negative" outlook. Moody's placed its Russia rating (Baa3) on review to downgrade.

Due to geopolitical developments, on 28 February the Board of directors of Central Bank of Russia had an emergency meeting, and hiked the key policy rate from 9.5% to 20%.

Bond yields

Country	Maturity, years	Yld (ask), %	1W, p.p	YTD, p.p
Emerging markets (local currency)				
Kazakhstan	10.0	11.00	-0.040	0.220
Russia	9.6	12.92	3.160	4.240
Vietnam	9.9	2.15	0.011	-
Brazil	10.8	11.67	-0.003	-
Turkey	8.7	22.45	1.68	-0.49
Developed markets (local currency)				
USA	9.0	1.90	0.061	0.502
Canada	9.8	1.93	0.023	0.456
Germany	8.5	0.12	0.038	0.389
Spain	11.4	1.22	0.008	0.565
Portugal	12.1	1.23	0.004	0.585
Italy	11.5	1.88	0.012	0.597
Emerging markets (USD)				
Russia	13.1	8.19	3.399	4.874
Belarus	9.0	-	-	-
Turkey	9.3	8.09	0.283	0.634
Serbia	11.0	3.81	0.486	1.516
Romania	9.0	4.04	0.418	1.296
Mexico	12.0	4.15	-0.004	-
Oman	25.0	7.00	0.109	1.985
Ecuador	8.4	6.21	-0.242	-0.508
Egypt	10.3	9.70	0.419	1.410
China	17.8	2.85	0.070	0.474
India	8.9	3.75	0.722	-
Developed markets (USD)				
Finland	8.2	2.04	0.086	0.613
Belgium	8.2	2.11	0.086	0.553
Italy	7.6	3.20	0.108	0.690

Source: Bloomberg, Halyk Finance calculations

On 22 February 2022, **the Ministry of Finance of Ukraine** issued **five** OVDP placements with maturities of 3 months – 4 years for a total of UAH 3.2 bln (last week – 2 placements for a total of UAH 67 mln). The 3-month bonds evidenced the biggest yield increase (+10 bps).

On 26 February 2022, S&P downgraded Ukraine’s credit rating from B to B- with a “Negative” outlook. Fitch downgraded Ukraine’s credit rating from B to CCC. Moody’s placed its Ukraine rating (B3) on review to downgrade.

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
22 Feb	2 969	11.60	0.3	0.10
22 Feb	228	11.93	1.0	0.00
22 Feb	26	12.00	1.0	0.07
22 Feb	27	13.00	2.0	0.00
22 Feb	4	13.09	4.0	0.00

Source: NBU

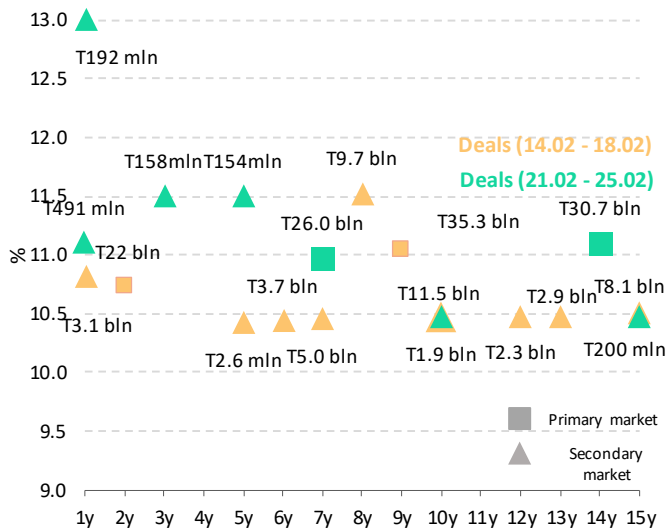
On 21-22 February 2022, **The Ministry of Finance of Turkey** held four government securities auctions for a total of TRY22.3 bln. The 4-year bonds evidenced the biggest yield increase (+57 bps).

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
21 Feb	6.0	22.26	4.5	133%	0.37
21 Feb	6.6	20.57	6.6	152%	0.05
22 Feb	2.0	22.46	4.4	208%	0.57
22 Feb	7.6	CPI+3	10.0	521%	-

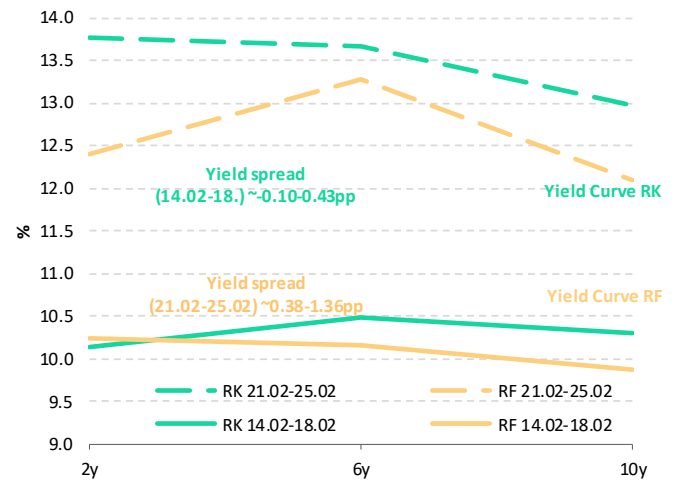
Source: MFT

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



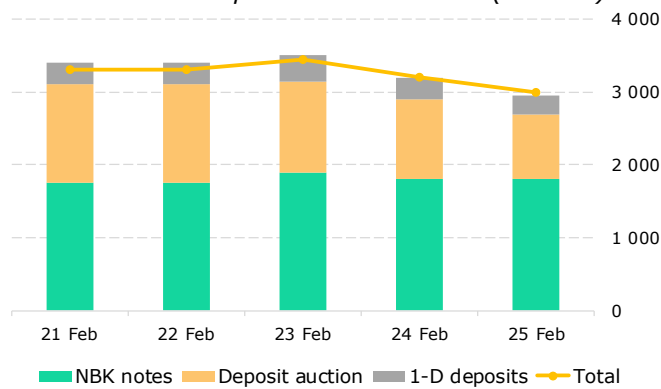
Source: KASE

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



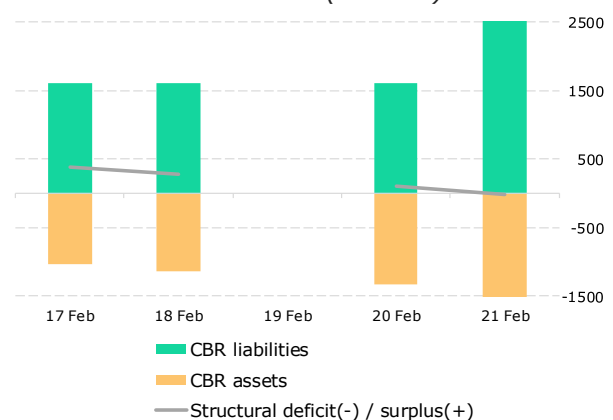
Source: Bloomberg

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



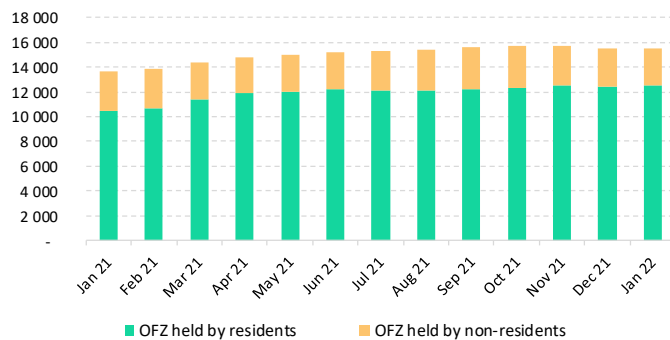
Source: NBK

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



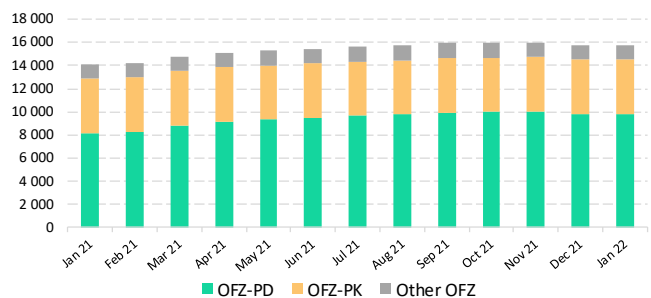
Source: Central Bank of Russia

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

Eurobond yields

Entity	Country	Crncy	Amt outstan . mln	Cpn	Date		Maturit y, years	Price		Yld (bid), %	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	2.63	104.20	104.91	2.22	1.94	0.29	0.89
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	3.39	107.36	108.03	2.83	2.63	0.33	1.26
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	22.64	104.43	105.14	4.56	4.51	0.37	1.12
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	23.41	120.49	121.53	5.00	4.94	0.40	1.26
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	6.70	100.63	101.61	2.27	2.11	0.32	1.11
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	4.59	93.30	94.05	2.15	1.97	0.38	1.21
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	1.70	100.82	101.53	1.06	0.64	0.19	0.50
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	12.59	88.31	89.47	2.60	2.48	0.29	1.03
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	1.98	101.86	102.39	3.76	3.48	0.75	0.98
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	6.98	100.77	101.68	5.24	5.09	0.37	0.84
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	8.75	87.84	89.81	5.47	5.16	0.34	1.01
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	6.32	106.92	108.31	11.18	10.89	6.28	8.09
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	10.73	64.11	69.84	6.63	5.68	2.54	3.81
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	3.77	78.12	80.26	10.15	9.33	6.60	8.46
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	8.75	92.07	93.06	1.21	1.09	0.03	0.54
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	3.65	94.72	94.99	2.06	1.99	0.08	0.78
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	6.68	48.29	51.18	26.75	25.22	13.31	15.83
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	4.51	47.98	51.30	29.28	27.13	14.62	18.35
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	3.51	47.63	50.78	34.74	32.20	18.40	23.41
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	2.51	48.08	52.27	44.02	39.49	24.04	30.82
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.05	44.33	48.67	19.87	18.19	7.41	9.39
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	10.58	44.33	48.67	20.40	18.67	7.78	9.84
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	7.92	44.43	48.21	18.13	16.59	7.33	9.03
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.00	40.00	60.03	131.51	68.88	58.59	61.44
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.01	49.65	60.03	18.51	14.93	4.28	5.21
Banks													
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.23	95.13	98.93	9.53	6.16	2.08	3.85
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	0.33	104.09	104.78	1.53	-0.42	-0.22	-3.65
TINKOFF	RU	USD	300	9.3	15.06.2017	бесспор.	0.00	97.03	97.82	9.73	9.65	0.28	0.56
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	2.76	95.70	99.16	7.50	6.08	0.12	1.35
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	1.41	104.29	106.06	2.86	1.61	-0.69	-0.72
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	2.31	103.76	104.95	4.02	3.49	0.23	0.37
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	3.73	97.99	98.96	6.11	5.81	0.17	0.98
Corporate													
Samruk-Kazyna	KZ	USD	500	2.0	28.10.2021	28.10.2026	4.67	93.73	94.68	3.47	3.24	0.16	1.07
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	0.78	100.32	101.08	3.70	2.70	0.58	1.55
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.07	103.75	105.65	4.97	4.46	1.80	1.92
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	20.38	120.28	121.53	5.31	5.22	0.09	0.81
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	0.31	99.28	100.20	5.92	2.91	2.32	2.60
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.15	103.66	104.37	3.51	3.28	0.33	1.36
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.14	103.27	104.16	4.04	3.85	0.24	1.31
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.13	91.88	92.82	4.43	4.32	0.29	1.28
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.16	106.36	107.35	4.44	4.30	0.21	1.27
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.15	105.21	106.23	5.37	5.30	0.19	1.02
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	26.67	111.97	112.96	5.51	5.45	0.24	1.10
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	5.58	100.17	101.02	4.34	4.17	0.41	1.56
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.18	87.15	89.03	-	-	-	-
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.05	117.05	118.51	4.41	4.21	0.14	0.33
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.04	101.70	102.49	3.06	2.29	0.29	0.84

Source: Bloomberg

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