

Kazakhstan

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

Last week, the Ministry of Finance of the Republic of Kazakhstan placed three bond issues for a total of KZT35bn (KZT135bn in the previous week). The rates changed insignificantly, while, as before, securities with maturities of up to 5 years were more popular. 4-year government securities have not been issued since March of this year, when market rates were significantly lower, therefore, the increase in the placement rate compared to the previous issue was significant.

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.
25-May	5.1	10.49	9.8	54%	0.04
26-May	14.1	9.75	3.0	123%	-0.02
28-May	16.1	9.90	4.0	220%	0.53

Notes of the National Bank. The National Bank held one auction for the placement of notes for a total amount of **KZT414 bn** with a yield of 8.99 %.

In the period from May 14 to 21, foreign investors increased the investments in NBK notes from **KZT512 bn** to **KZT539 bn**, and the share in the total volume of notes in circulation increased from 16.6 % to 16.8%.

The liquidity surplus of the banking system of the Republic of Kazakhstan decreased from a maximum value of T5.7 trln to T5.5 trln, which is probably due to the payment of tax payments. Nevertheless, there is a general increase in the volume of liquidity surplus in the banking system of the Republic of Kazakhstan as a whole. If its fluctuations until mid-May of this year were observed in the range of T4.5-5.5 trln, now the range of changes in the volume of liquidity surplus will shift to the level of T5-6 trln.

Regional Market

The RF Ministry of Finance held two auctions for the placement of OFZ-PD for 10 and 14 years. The total amount of the placement was **RUB37 bn**. Bond rates are kept at the same level without the formation of any definite trend.

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.
26-May	27.8	7.22	10.0	297%	0.03
26-May	9.3	7.27	14.0	330%	0.00

Non-residents continue to reduce their positions in OFZ RF. During the period from April 1 to May 1, the share of foreign investment in OFZs decreased from 21% to 19.5%. Moreover, the amount of Russian ruble debt held by non-residents has also declined in absolute terms for the third month in a row.

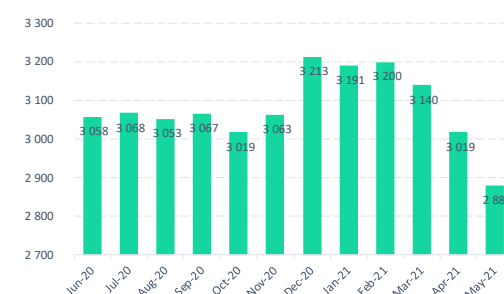
The Ministry of Finance of Ukraine did not conduct OVDP placements. GS with a maturity of one to three years on the secondary market for individual issues traded in the range of 11.55% -12.5%, which is 20-40 bps higher compared to the last IPO. In conditions of insufficient market liquidity, this is quite a typical situation and it does mean that the next placement of government securities on the primary market will lead to an increase in rates.

The Turkish Ministry of Finance held four auctions for the placement of government securities, two with a fixed coupon and two with a floating one. The yield on fixed-rate bonds rose 20-50 bps. etc. both in the primary and in the secondary market. The yield on floating rate bonds rose even more significantly. The growth in rates here was reflected in the price discount, which increased the liquidity premium by 80-100 bps. The

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	7.05	0.040	1.180
Vietnam	9.4	2.30	-0.039	0.174
Brazil	9.6	8.97	-0.455	2.104
Turkey	9.5	18.01	0.58	5.51
Developed markets (local currency)				
USA	9.2	1.55	-0.026	0.645
Canada	9.0	1.44	-0.025	0.734
Germany	9.2	-0.23	-0.053	0.342
Spain	9.4	0.40	-0.085	0.356
Portugal	9.4	0.34	-0.088	0.315
Italy	9.8	0.82	-0.115	0.282
Emerging markets (USD)				
Russia	13.8	3.38	-0.028	0.602
Belarus	8.7	7.57	0.602	1.760
Turkey	7.4	6.01	0.055	1.001
Serbia	9.5	2.88	-0.081	0.704
Romania	9.7	2.66	-0.086	0.504
Mexico	8.9	2.79	-0.089	0.561
Oman	8.2	4.98	0.082	-0.432
Ecuador	9.2	6.11	0.010	-1.640
Egypt	11.0	6.43	-0.093	0.509
China	9.4	1.71	-0.053	0.530
India	8.6	3.06	-0.088	0.448
Developed markets (USD)				
Finland	9.0	1.62	-0.046	0.613
Belgium	9.0	1.71	-0.029	0.617
Italy	8.4	2.46	-0.095	0.314

OFZ RF in portfolios of non-residents



weakening of the Turkish lira to a historic low of 8.61 per dollar creates nervousness in the government debt market.

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

Date	Volume, TRY bn	YTM%	Circulation period, years	Demand / supply	Change in yield in the previous
24-May	3.4	18.90	4.5	64%	0.28
24-May	5.0	TLREF	5.0	64%	0.78
25-May	0.7	18.59	1.5	49%	0.48
25-May	1.3	FLOAT	6.5	54%	0.97

Turkish government securities yield curve

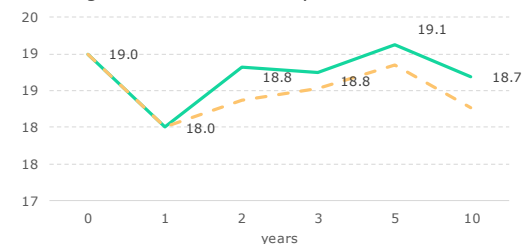
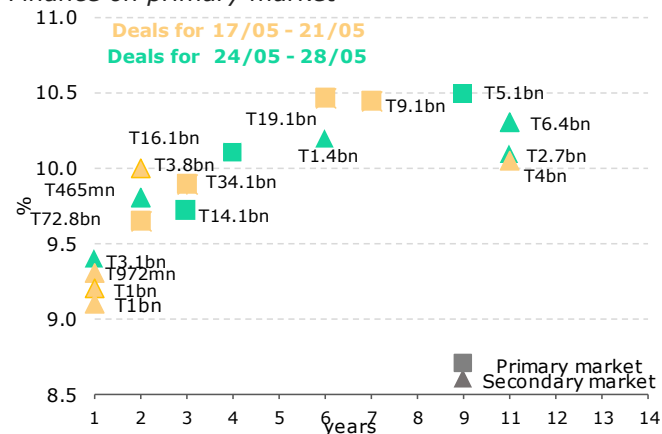
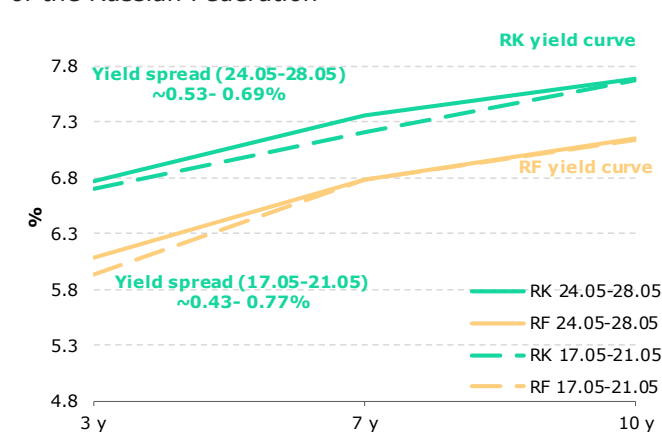


Fig 1. Bonds trade volume and yields of the Ministry of Finance on primary market



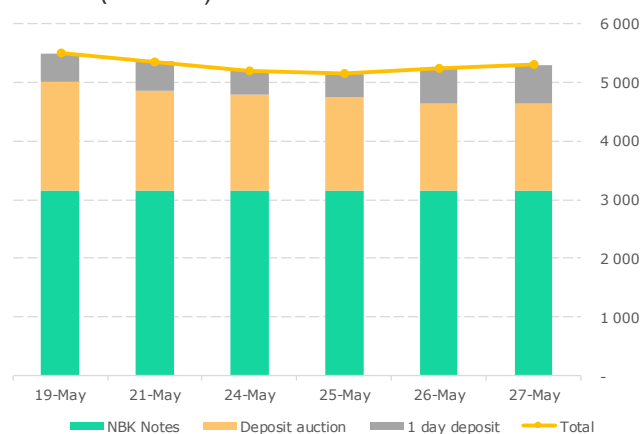
Source: KASE

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



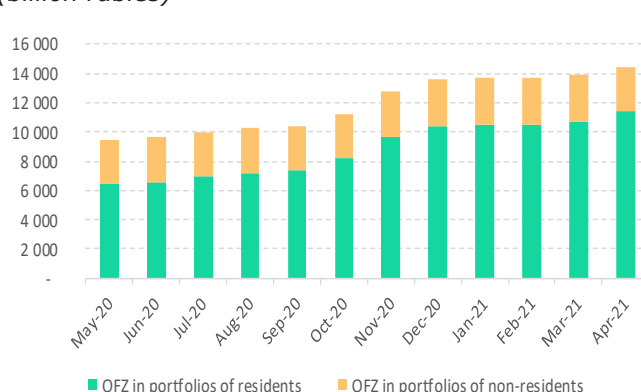
Source: Bloomberg

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



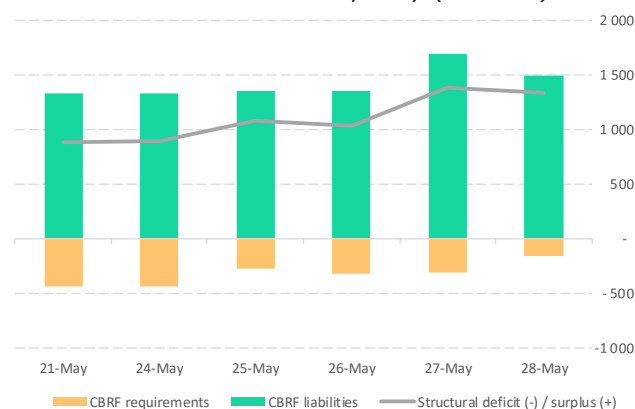
Source: NBK

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



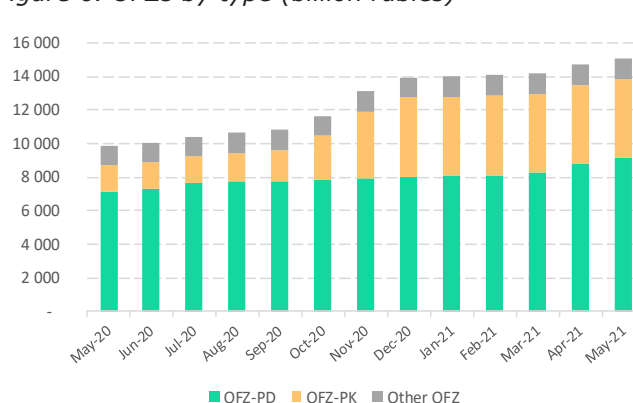
Source: Central Bank of the RF

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



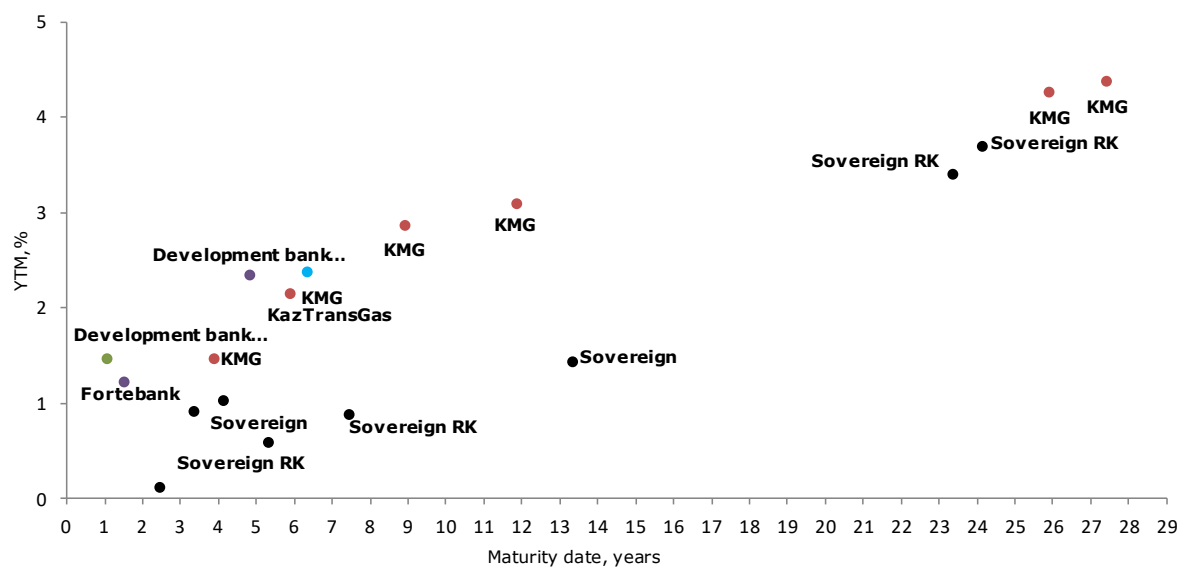
Source: Central Bank of the RF

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	3.37	109.61	109.99	0.86	0.00	0.12
Kazakhstan	KZ	USD	2500	5.1	21.07.2015	21.07.2025	4.13	116.32	116.78	0.98	-0.03	0.07
Kazakhstan	KZ	USD	1000	4.9	14.10.2014	14.10.2044	23.38	123.18	124.06	3.38	-0.04	0.61
Kazakhstan	KZ	USD	1500	6.5	21.07.2015	21.07.2045	24.15	144.14	145.12	3.67	-0.02	0.74
Kazakhstan	KZ	EUR	525	2.4	09.11.2018	09.11.2028	7.44	111.00	111.00	0.84	-0.10	-0.10
Kazakhstan	KZ	EUR	500	0.6	30.09.2019	30.09.2026	5.33	99.64	100.41	0.52	-0.01	0.19
Kazakhstan	KZ	EUR	525	1.6	09.11.2018	09.11.2023	2.44	103.21	103.79	0.00	-0.02	-0.13
Kazakhstan	KZ	EUR	650	1.5	30.09.2019	30.09.2034	13.33	100.32	101.38	1.39	-0.01	0.36
Uzbekistan	UZ	USD	500	4.8	20.02.2019	20.02.2024	2.72	106.48	107.11	2.05	-0.07	0.37
Uzbekistan	UZ	USD	500	5.4	20.02.2019	20.02.2029	7.72	111.50	112.25	3.55	-0.03	0.58
Uzbekistan	UZ	USD	555	3.7	25.11.2020	25.11.2030	9.48	98.85	99.78	3.73	-0.02	0.74
Russia	RU	USD	2500	12.8	24.06.1998	24.06.2028	7.06	166.64	167.24	2.36	-0.04	0.10
Russia	RU	EUR	1250	1.9	20.11.2020	20.11.2032	11.47	97.03	97.53	2.09	0.04	0.36
Russia	RU	EUR	1750	2.9	04.12.2018	04.12.2025	4.51	109.07	109.59	0.70	-0.01	0.12
China	CH	EUR	2000	0.3	25.11.2020	25.11.2030	9.48	97.80	98.50	0.41	-0.01	0.19
China	CH	USD	2250	0.6	21.10.2020	21.10.2025	4.39	98.41	98.70	0.85	-0.04	0.32
Ukraine	UK	USD	1600	9.8	01.11.2018	01.11.2028	7.42	119.64	120.31	6.28	-0.14	0.35
Ukraine	UK	USD	1318	7.8	12.11.2015	01.09.2026	5.25	111.39	112.02	5.11	-0.21	0.13
Ukraine	UK	USD	1329	7.8	12.11.2015	01.09.2025	4.25	110.77	111.51	4.72	-0.29	0.05
Ukraine	UK	USD	1339	7.8	12.11.2015	01.09.2024	3.25	110.02	110.76	4.17	-0.25	-0.09
Ukraine	UK	USD	2600	7.3	30.07.2020	15.03.2033	11.79	104.96	105.63	6.56	-0.12	0.46
Ukraine	UK	USD	3000	7.4	25.09.2017	25.09.2032	11.32	105.96	106.63	6.54	-0.11	0.44
Ukraine	UK	EUR	1250	4.4	27.01.2020	27.01.2030	8.66	93.45	94.14	5.23	-0.13	0.37
Belarus	BK	USD	800	6.9	29.06.2017	28.02.2023	1.74	99.94	101.13	6.17	1.30	1.84
Belarus	BK	USD	600	6.2	28.02.2018	28.02.2030	8.75	90.13	91.34	7.57	0.60	1.71
Banks												
SBERBANK	RU	USD	1000	5.3	23.05.2013	23.05.2023	1.97	105.66	106.35	1.96	-0.10	-0.06
FORTEBANK JSC	KZ	USD	75	14.0	30.06.2010	30.06.2022	1.07	116.69	118.00	1.47	-0.05	0.04
TINKOFF	RU	USD	300	9.3	15.06.2017	perpetual	0.00	104.89	106.15	7.98	-0.01	0.01
UZPROMSTROYBANK	UZ	USD	300	5.8	02.12.2019	02.12.2024	3.50	105.49	106.66	3.70	-0.20	-0.42
BANK OF GEORGIA JSC	GG	USD	350	6.0	26.07.2016	26.07.2023	2.15	105.76	106.62	2.80	0.15	-0.64
TBC BANK JSC	GG	USD	300	5.8	19.06.2019	19.06.2024	3.05	107.39	108.43	2.84	-1.40	-1.41
Ipoteka Bank	UZ	USD	300	5.5	19.11.2020	19.11.2025	4.47	104.66	105.55	4.13	-0.15	-0.82
Corporate												
DEVELOPMENT BANK OF KZ	KZ	USD	1264	4.1	10.12.2012	10.12.2022	1.52	104.08	104.64	1.04	-0.06	-0.23
DEVELOPMENT BANK OF KZ	KZ	USD	107	6.0	23.03.2006	23.03.2026	4.81	115.42	117.60	2.13	-0.10	-0.40
KAZAKHSTAN TEMIR ZHOLY	KZ	USD	883	7.0	10.07.2012	10.07.2042	21.12	134.74	136.11	4.32	-0.02	0.69
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	250	3.3	05.12.2018	05.12.2023	2.51	106.64	107.08	0.41	-0.01	-0.35
KAZAKHSTAN TEMIR ZHOLY	KZ	CHF	185	3.6	20.06.2014	20.06.2022	1.05	103.15	103.70	0.12	0.00	-0.19
KAZMUNAYGAS NATIONAL CO	KZ	USD	500	4.8	24.04.2018	24.04.2025	3.89	112.02	112.73	1.38	-0.06	0.15
KAZMUNAYGAS NATIONAL CO	KZ	USD	1000	4.8	19.04.2017	19.04.2027	5.88	113.86	114.64	2.09	-0.06	0.17
KAZMUNAYGAS NATIONAL CO	KZ	USD	750	3.5	14.10.2020	14.04.2033	11.87	103.62	104.40	3.06	-0.03	0.50
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.4	24.04.2018	24.04.2030	8.90	119.11	119.94	2.82	-0.08	0.35
KAZMUNAYGAS NATIONAL CO	KZ	USD	1250	5.8	19.04.2017	19.04.2047	25.89	122.80	123.80	4.23	-0.11	0.55
KAZMUNAYGAS NATIONAL CO	KZ	USD	1500	6.4	24.04.2018	24.10.2048	27.41	131.32	132.28	4.35	-0.11	0.57
KazTransGas	KZ	USD	706	4.4	26.09.2017	26.09.2027	6.32	111.30	112.04	2.32	-0.02	0.47
Development Bank of Belarus	BK	USD	500	6.8	02.05.2019	02.05.2024	2.92	93.44	94.71	8.84	1.47	4.08
SOCAR	AZ	USD	750	7.0	18.03.2015	18.03.2030	8.79	124.54	126.00	3.49	-0.06	0.31
SOCAR	AZ	USD	1000	4.8	13.03.2013	13.03.2023	1.78	106.02	106.89	0.84	-0.20	-0.37
Georgian Railway	GG	USD	500	7.8	05.07.2012	11.07.2022	1.10	107.06	107.50	0.93	-1.07	-2.36

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