

## Kazakhstan

Inflation in December 2020 remained at 0.9% mom. In annual terms, price growth accelerated to 7.5% from 5.4% yoy in December 2019, which is the highest metrics since 2017. Actual inflation was close to our forecast of 7.3% yoy. See more - [Inflation accelerated at the end of 2020](#).

The Ministry of Finance of Kazakhstan raised T14.9bn on the market last week, having placed 3.4-year bonds at 10%. At the announced 15bn tenge placement, the total applications for the purchase of those bonds amounted to T39.3bn tenge. 74.4% of the bonds was bought by commercial banks of Kazakhstan.

The last time the Ministry of Finance placed bonds with the same maturity (3.2 years) in mid-November 2020 at 10.39%. The decline in profitability was due to the stabilization of the global economic situation and the decline in devaluation expectations for the Kazakh currency in response to rising oil prices. To top it all, the inflation at the end of 2020 (7.5%) was much lower than the forecasts of the National Bank (8-8.5%).

In 2020 the domestic market money raise of the Ministry of Finance totaled circa T2.8trn, evidencing double increase compared to the previous year. It should be noted that the volume of placements of the Ministry of Finance on the domestic market increased significantly for the second year in a row. In 2021, the Ministry of Finance plans to raise T1.9trn in the domestic market.

On the secondary bond market of the Ministry of Finance of Kazakhstan there was a sluggish activity – the only transaction with 2-year maturity bond with a yield of 9.9% was performed. Meanwhile, the previous week there were trades on 1-year bonds at the yield at 9.76% and on 8-year at 9.9% on the secondary market.

**Corporate sector.** On Friday, specialized trade was held for the placement of 1.8-year bonds of Kazakhstan Sustainability Fund. As a result of the trade, bonds placement amounted T4.5bn with the yield to maturity of 10.49%. With the announced T4.5bn, the total applications to purchase those bonds amounted to T17bn. The whole placement was bought commercial banks of Kazakhstan. We note that in December the Kazakhstan Sustainability Fund placed bonds with the same maturity with the yield of 10.78%.

Fincraft Group LLP repurchased its NCOMb1 (K2D00005949) bonds worth of T36.1bn and NCOMb2 (K'2P0006190) worth of T25bn at face value.

Last week, Eastcomtrans LLT announced a repurchase of its Eurobonds prior to scheduled date on February 5, 2021. During 2019, the issuer repurchased its bonds at a total of \$1.5mn, and in 2020 at \$4.5 mn. At the time of the repurchase, there were \$26mn in circulation. In April 2013 the company's Eurobonds totaled \$100 million.

## Russian Federation

According to the Central Bank of the Russian Federation, annual inflation was 4.9% in December this year. As per Central Bank's forecast, annual inflation in 2021 will be 3.5-4.0% and in the future will hover at 4%.

At the end of 2020, the Ministry of Finance of the Russian Federation made a record high of 5.3 trn rubles placement of its federal loan bonds verses (FLB) 2.1 trn rubles in 2019. Initially, net money raise in the domestic market in 2020 was planned circa 1.74 trn rubles while the gross - 2.32 trn rubles.

## Uzbekistan

Inflation in December 2020 decreased from 15.2% yoy last year to 11.1%. It was primarily due to the pandemic impact on economy (0.4% yoy GDP for 9M2020, 5.9% yoy for 9M2019), as well as a significant decrease in inflation of paid services (+7.1% yoy in 2020, +15.2% yoy in 2019) amidst slowing food prices (+15.3% yoy in 2020, +18.6% yoy in

Bond yields table

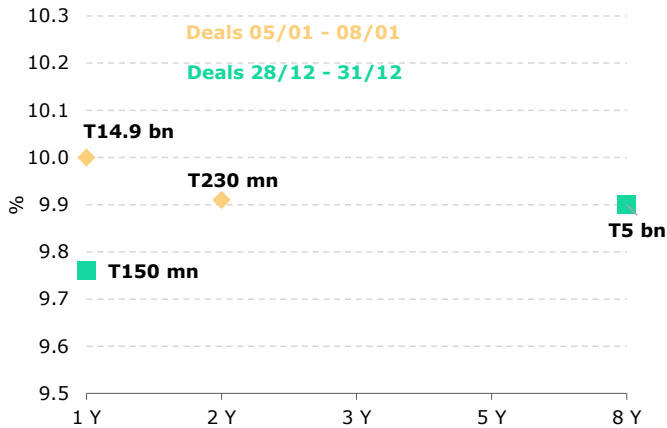
Country	Years to maturity	Yld (ask), %	1W, p.p	Year to Date, p.p
<b>Emerging markets (local currency)</b>				
Kazakhstan	10.3	10.02	0.000	0.420
Russia	9.2	5.96	0.070	0.070
Vietnam	9.8	2.15	0.029	0.029
Brazil	10.0	7.56	0.702	0.702
Turkey	2.2	13.65	-0.03	-0.03
<b>Developed markets (local currency)</b>				
USA	9.6	1.13	0.236	0.228
Canada	9.4	0.83	0.162	0.134
Germany	9.6	-0.53	0.046	0.046
Spain	9.8	0.06	0.015	0.015
Portugal	9.8	-0.01	-0.033	-0.033
Italy	10.2	0.56	0.023	0.023
<b>Emerging markets (USD)</b>				
Russia	14.2	2.92	0.142	0.142
Belarus	9.1	5.88	0.064	0.064
Turkey	7.8	5.24	0.231	0.231
Serbia	9.9	2.24	0.064	0.064
Romania	10.1	2.28	0.124	0.124
Mexico	9.3	2.43	0.200	0.200
Oman	8.6	5.38	-0.032	-0.032
Ecuador	9.6	8.49	0.744	0.744
Egypt	11.4	6.00	0.078	0.078
China	9.8	1.40	0.243	0.217
India	9.0	2.64	0.319	0.319
<b>Developed markets (USD)</b>				
Finland	9.4	1.20	0.185	0.185
Belgium	9.4	1.28	0.181	0.181
Italy	8.8	2.29	0.141	0.141

2019) and non-food goods (8.8% yoy in 2020, 10.9% yoy in 2019). Under prevailing economic deceleration and slowing inflation (projected at 8%-11%) the regulator is likely to continue easing the monetary policy after lowering the key rate from 16% to 14% in 2020.

## **Turkey**

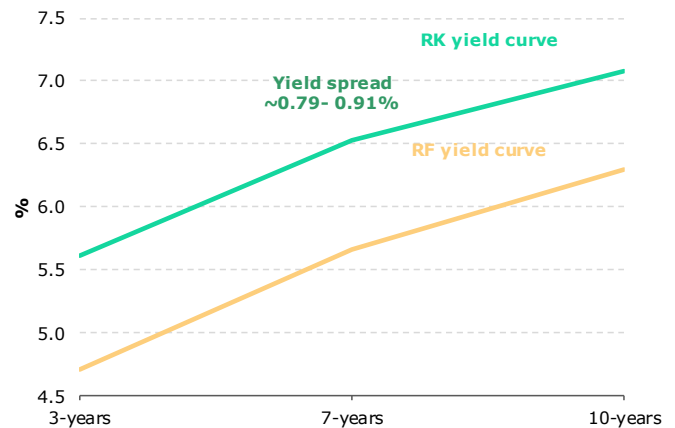
On December 24 of 2020, the Central Bank of Turkey hiked the key rate by 2pp to 17% per annum. Starting from July 2019, the Central Bank of Turkey dynamically lowered the key rate from 24% to 10.25% until November 2020, when the regulator made an abrupt increase to 15%. This decision was taken amidst a heavy weakening of the Turkish lira. Its historical low was registered on November 6 - 8.5876 lira per dollar. The tightening of monetary conditions is intended to have a deterrent impact on inflation, which accelerated from 11.89% yoy in October to 14.60% yoy in December last year. Along with the impact of inflation it will support the FX rate of the national currency. The volte-face in the monetary policy and the commitment to maintain tough monetary conditions in the future amidst the high inflation expectations will increase investor confidence in the policy of the Central Bank of Turkey and evidence its growing regulatory independence.

Fig 1. Bonds trade volume and yields of the Ministry of Finance on primary and secondary markets as of 28/12-06/01



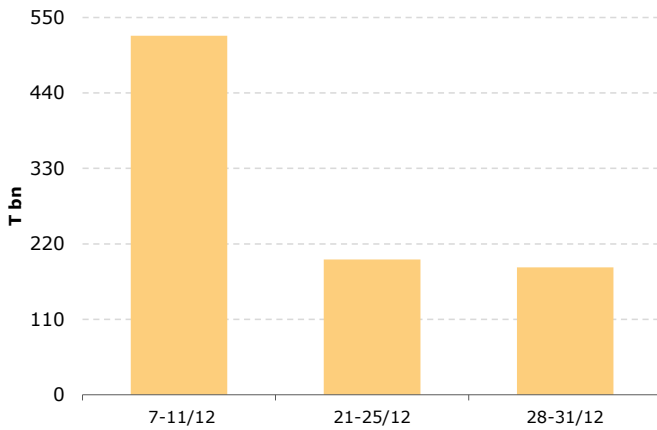
Source: KASE

Fig 2. Ruble bonds yield curves of Kazakhstan and FLB of the Russian Federation



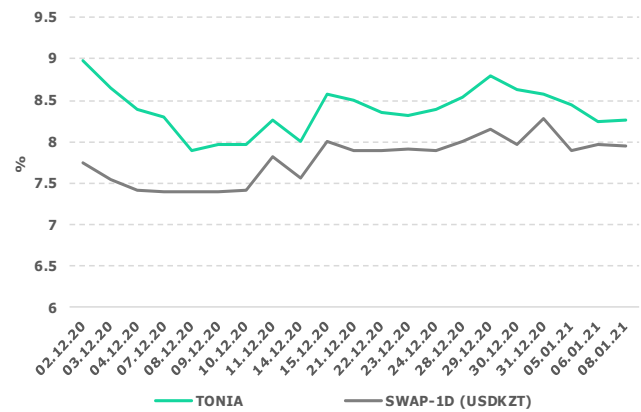
Source: Bloomberg

Fig 3. 28-days placement of NBK's notes (Dec 2020)



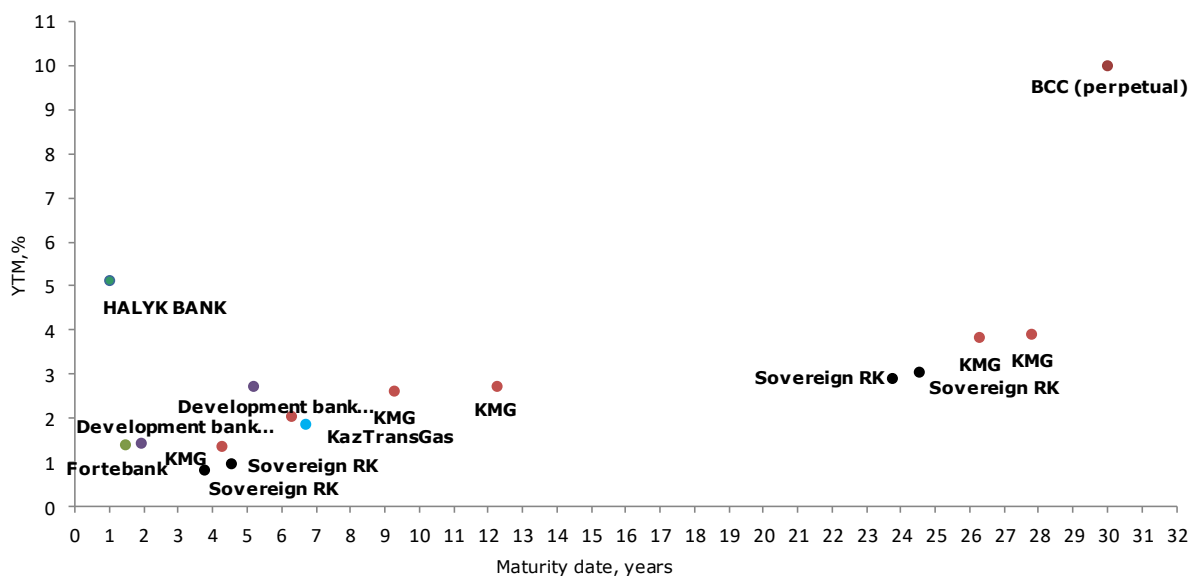
Source: HSK

Fig 4. Money market indicators in Kazakhstan



Source: KASE

Fig 5. Kazakhstan issuers Eurobonds yields in USD



## Current Eurobonds yields

Company	Crncy	Amt outstan. mln	Cpn	Date		Years to maturity	Price		Yld (bid), %	Yld (ask), %
				Issue	Maturity		Bid	Ask		
<b>Sovereign</b>										
REPUBLIC OF KAZAKHSTAN	USD	1500	3.9	14.10.2014	14.10.2024	3.76	110.94	111.49	0.91	0.77
REPUBLIC OF KAZAKHSTAN	USD	2500	5.1	21.07.2015	21.07.2025	4.52	118.02	118.59	1.04	0.92
REPUBLIC OF KAZAKHSTAN	USD	1000	4.9	14.10.2014	14.10.2044	23.77	132.64	133.89	2.95	2.89
REPUBLIC OF KAZAKHSTAN	USD	1500	6.5	21.07.2015	21.07.2045	24.54	158.46	159.52	3.09	3.04
REPUBLIC OF KAZAKHSTAN	EUR	525	2.4	09.11.2018	09.11.2028	7.83	114.51	115.58	0.49	0.37
REPUBLIC OF KAZAKHSTAN	EUR	500	0.6	30.09.2019	30.09.2026	5.72	100.55	101.36	0.50	0.36
REPUBLIC OF KAZAKHSTAN	EUR	525	1.6	09.11.2018	09.11.2023	2.82	103.21	103.94	0.40	0.15
REPUBLIC OF KAZAKHSTAN	EUR	650	1.5	30.09.2019	30.09.2034	13.72	104.72	105.85	1.13	1.04
REPUBLIC OF KAZAKHSTAN	RUB	10000	7.0	23.09.2020	11.09.2030	9.67	100.17	100.40	7.09	7.06
REPUBLIC OF KAZAKHSTAN	RUB	20000	5.4	23.09.2020	20.09.2023	2.69	99.80	99.90	5.55	5.51
REPUBLIC OF KAZAKHSTAN	RUB	10000	6.6	23.09.2020	15.09.2027	6.68	100.11	100.75	6.63	6.51
REPUBLIC OF UZBEKISTAN	USD	500	4.8	20.02.2019	20.02.2024	3.11	108.35	109.39	1.97	1.64
REPUBLIC OF UZBEKISTAN	USD	500	5.4	20.02.2019	20.02.2029	8.11	116.45	117.50	3.07	2.93
REPUBLIC OF UZBEKISTAN	USD	555	3.7	25.11.2020	25.11.2030	9.87	104.96	106.31	3.11	2.96
RUSSIAN FEDERATION	USD	2499.9	12.8	24.06.1998	24.06.2028	7.45	170.05	170.76	2.42	2.34
RUSSIAN FEDERATION	EUR	1250	1.9	20.11.2020	20.11.2032	11.86	100.90	101.35	1.77	1.72
RUSSIAN FEDERATION	EUR	1750	2.9	04.12.2018	04.12.2025	4.90	110.34	110.97	0.72	0.59
CHINA GOVT INTL BOND	EUR	2000	0.3	25.11.2020	25.11.2030	9.87	99.87	100.47	0.26	0.20
CHINA GOVT INTL BOND	USD	2250	0.6	21.10.2020	21.10.2025	4.78	99.22	99.47	0.72	0.66
CHINA GOVERNMENT BOND	CNY	1000	3.5	29.06.2012	29.06.2027	6.46	104.53	105.70	2.71	2.52
TAJIKISTAN INT BOND	USD	500	7.1	14.09.2017	14.09.2027	6.67	85.58	87.85	10.15	9.63
<b>Banks</b>										
JSC HALYK BANK	USD	248	5.5	21.12.2012	21.12.2022	1.94	100.12	101.23	5.44	4.83
SBERBANK	USD	1000	5.3	23.05.2013	23.05.2023	0.42	106.92	107.59	2.23	1.95
FORTEBANK JSC	USD	75	14.0	30.06.2010	30.06.2022	1.46	116.47	118.22	2.49	1.40
TINKOFF	USD	300	9.3	15.06.2017	perpetual		105.46	106.63	7.80	7.71
UZPROMSTROYBANK	USD	300	5.8	02.12.2019	02.12.2024	3.89	104.48	105.63	4.48	4.17
BANK CENTERCREDIT	USD	81	6.3	03.03.2006	бессроч.		61.61	63.61	10.13	9.82
BANK OF GEORGIA JSC	USD	350	6.0	26.07.2016	26.07.2023	2.53	105.10	105.85	3.87	3.57
BANK OF GEORGIA JSC	USD	100	11.1	28.03.2019	perpetual		104.55	108.42	9.35	9.00
TBC BANK JSC	USD	300	5.8	19.06.2019	19.06.2024	3.44	104.05	105.10	4.47	4.14
TBC BANK JSC	USD	125	10.8	03.07.2019	perpetual		102.50	105.42	9.74	9.46
<b>Quasi-public</b>										
DEVELOPMENT BANK OF KZ	USD	1264	4.1	10.12.2012	10.12.2022	1.91	104.73	105.39	1.60	1.26
DEVELOPMENT BANK OF KZ	USD	107	6.0	23.03.2006	23.03.2026	5.19	114.67	116.71	2.94	2.55
KAZAKHSTAN TEMIR ZHOLY	USD	883	7.0	10.07.2012	10.07.2042	21.50	146.73	148.28	3.90	3.68
KAZAKHSTAN TEMIR ZHOLY	CHF	250	3.3	05.12.2018	05.12.2023	2.90	104.28	107.00	1.72	0.80
KAZAKHSTAN TEMIR ZHOLY	CHF	185	3.6	20.06.2014	20.06.2022	1.44	103.16	104.39	1.48	0.68
KAZMUNAYGAS NATIONAL CO	USD	500	4.8	24.04.2018	24.04.2025	4.28	113.60	114.39	1.46	1.29
KAZMUNAYGAS NATIONAL CO	USD	1000	4.8	19.04.2017	19.04.2027	6.27	115.47	116.18	2.10	1.99
KAZMUNAYGAS NATIONAL CO	USD	750	3.5	14.10.2020	14.04.2033	12.26	107.81	108.47	2.75	2.69
KAZMUNAYGAS NATIONAL CO	USD	1250	5.4	24.04.2018	24.04.2030	9.28	122.20	122.95	2.66	2.58
KAZMUNAYGAS NATIONAL CO	USD	1250	5.8	19.04.2017	19.04.2047	26.28	131.06	132.12	3.86	3.81
KAZMUNAYGAS NATIONAL CO	USD	1500	6.4	24.04.2018	24.10.2048	27.80	141.20	142.02	3.93	3.89
KAZTRANSYGAS JSC	USD	706	4.4	26.09.2017	26.09.2027	6.71	114.93	115.80	1.99	1.86

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