



NATIONAL BANK OF KAZAKHSTAN

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On the publication of preliminary estimate of the balance of payments of the Republic of Kazakhstan for the first half of 2017

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Almaty

In the first half of 2017, the **current account** deficit decreased by 30.5% and amounted to US\$ 2.6 billion. At the same time, in the 2nd quarter of 2017 the deficit decreased by 16.2% (to US\$ 1.2 billion) relative to the previous quarter and more than 2 times compared to the second quarter of last year.

On the one hand, the relative increase of world oil prices and the launch of production on the «Kashagan» oil field, ensured an increase in export earnings, and on the other hand, contributed to the growth in the income of foreign direct investors. The average price of Brent crude oil for the first half of 2017 was US\$ 52.2 per barrel (average price per barrel for the first half of 2016 was US\$ 40.2). The positive **trade balance** increased almost twice from US\$ 4.6 billion in the first half of 2016 to US\$ 8.6 billion in the first half of this year.

Export of goods increased by 36.2% or US\$ 6.2 billion compared to the first half of 2016 and amounted to US\$ 23.4 billion. At the same time, the cost of exports of oil and gas condensate rose by 44.7%, ferrous and non-ferrous metals – by 69.6% and 25.1% respectively.

Import of goods compared to the first half of 2016 increased by 16.8% and amounted to US\$ 14.8 billion. The growth occurred in all groups of the main commodities nomenclature. The largest increase occurred in the import of consumer non-food products.

Income payable to foreign direct investors increased 1.5 times to US\$ 8.1 billion compared to the first half of 2016, and in general, the negative **investment income balance** in the first half of 2017 amounted to US\$ 8.4 billion. More than 50% of foreign direct investors' income was reinvested by them into the subsidiaries in Kazakhstan.

According to preliminary data, net capital inflow of the **financial account** (excluding transactions with reserve assets of the National Bank) amounted to US\$ 2.6 billion.

On **foreign direct investment**, net capital inflow amounted to US\$ 4.1 billion and was mainly due to the reinvestment of income into Kazakhstani enterprises capital and to the increase in intercompany lending to affiliated companies.

On **portfolio investment**, the net inflow of capital amounted to US\$ 2.2 billion which was mainly due to the issue of Eurobonds by nonbanking organizations on international capital markets.

The capital outflow on **other investments** was due to the growth of short-term assets of residents in foreign accounts and increase of accounts receivables of nonbanking organizations, as well as due to reduction of liabilities on long-term loans by banks and nonbanking organizations.

As of June 30, 2017, the **reserve assets** (excluding assets of the National Fund of Kazakhstan) were estimated at US\$ 30.0 billion which cover funding of about 8.7 months of import of goods and services of the Republic of Kazakhstan.

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