



NATIONAL BANK OF KAZAKHSTAN

## INFORMATION MESSAGE

*January 3, 2019*

### On the Balance of Payments of the Republic of Kazakhstan

In the 3<sup>rd</sup> quarter of 2018, the current account for the first time since 2014 was formed with a surplus of US\$ 0.2 billion. In total for the 9 months of 2018, the current account deficit decreased by almost 10 times compared to the 9 months of 2017 - from US\$ 4.6 billion to US\$ 0.5 billion that demonstrates an improvement of economic situation in the country.

The improvement of the current account for the 9 months of 2018 was due to a 64% increase in the **trade surplus** considering favorable situation on the global commodity market. **Export of goods** increased by 28.3% to US\$ 45.4 billion, while **import of goods** increased by only 9.6% to US\$ 25.5 billion.

The increase of export earnings led to a 31.8% increase in **income of foreign direct investors** to US\$ 16.1 billion, which slowed down improvement of the current account. However, more than 60% of this income was directed on financing of subsidiaries in Kazakhstan.

In a **financial account** (excluding transactions with reserve assets of the National Bank) net capital outflow was equal to US\$ 1.7 billion and was caused by the reduction of residents' liabilities which was partly compensated by the reduction of their foreign assets.

On **direct investment**, net capital inflow amounted to US\$ 4.9 billion due to repayment by foreign affiliated companies of their debt obligations to Kazakhstani residents and reinvestment of non-residents' income into the capital of Kazakhstani enterprises.

On **portfolio investment**, the net outflow of capital in amount of US\$ 3.0 billion was due to a decrease in residents' liabilities due to redemption of previously issued Eurobonds, repurchase by JSC "KazMunaiGas Exploration Production" of its shares and global depositary receipts as well as purchase by residents of Eurobonds of the Ministry of Finance of the Republic of Kazakhstan on the secondary market.

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