



# NATIONAL BANK OF KAZAKHSTAN

## PRESS RELEASE

### Situation on Financial Market in June 2022

28 July 2022

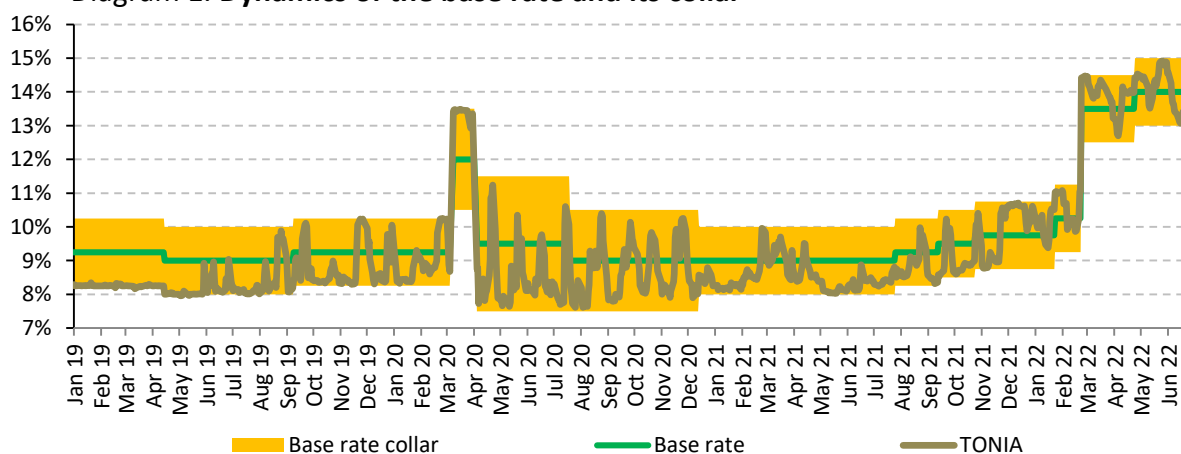
Nur-Sultan

#### 1. Operations of the National Bank in Monetary Policy

On July 26, 2022 the National Bank given a balance of inflation risks in short-term and mid-term prospects, decided to set the base rate at 14.5% p.a. with an interest collar of +/- 1.00 p.p.

TONIA<sup>1</sup> indicator, which is a target rate when conducting monetary policy operations on the money market, was formed within the interest rate collar in June 2022 (diagram 1). In June 2022, the weighted average value of TONIA was 13.6% p.a. (14.4% in May 2022).

Diagram 1. Dynamics of the base rate and its collar



**Monetary policy instruments.** At the end of June 2022, negative balance of operations of the National Bank (open position of the National Bank) on the money market totaled 3.1 trillion KZT.

Volume of liquidity withdrawn through deposit auctions amounted to 727.7 billion KZT, bank deposits with the National Bank – 520.5 billion KZT.

Volume of short-term notes in circulation at the end of June 2022 was 1,796.2 billion KZT, a 5.6% increase for the month.

In June 2022, five auctions of NBK notes were held for a total amount of 1,460.9 billion KZT, including four auctions to place 1-month notes for an amount of 1,360.4 billion KZT (weighted average yield – 13.99%), one auction to place 3-month notes for an amount of 100.0 billion KZT (14.10% yield).

<sup>1</sup> A weighted average value of yield of one-day repo operations with securities of public stock basket with a 5% cut of transactions with the lowest and highest yield.

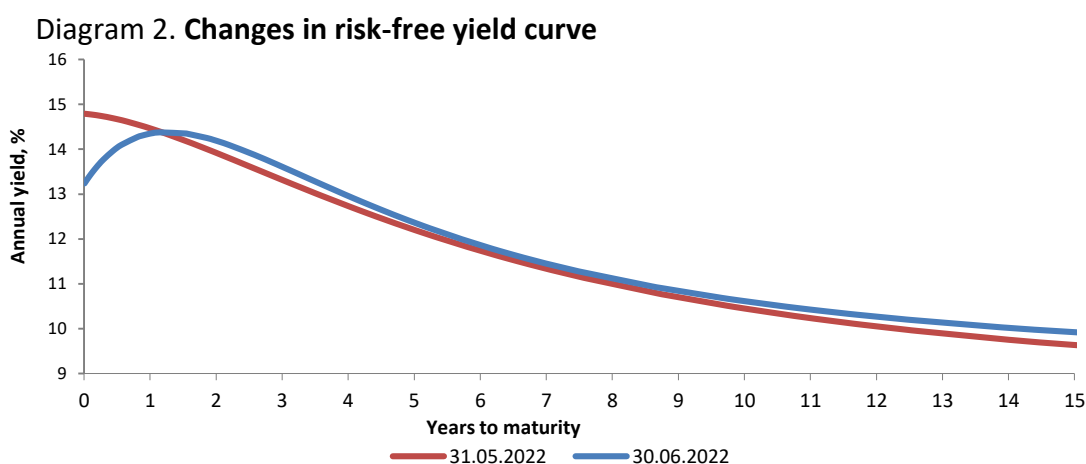
Repayment volume of short-term notes of the National Bank in June 2022 made 1,638.6 billion KZT.

## 2. Government Securities of the Ministry of Finance of the Republic of Kazakhstan

In June 2022, the Ministry of Finance of the Republic of Kazakhstan made 14 placements of mid-term (MEOKAM) and long-term (MEUKAM) government securities in the amount of 511.0 billion KZT with maturity from 1 year to 5 years. The yield on them ranged from 13.62% to 14.50% per annum.

Volume of securities of the Ministry of Finance of the Republic of Kazakhstan in circulation in June 2022 rose by 3.98% to 11,692.5 billion KZT<sup>2</sup>.

In June 2022, risk-free yield curve<sup>3</sup> generally maintains the trend of a higher yield on securities. In particular, yields in a section with maturity one year and above rose against a previous period. Along with that, at a short section below one year, a declined yield is reported relative to May 2022.



Source: KASE

## 3. FX Market

In June 2022, KZT exchange rate fluctuated within the range of 425.41 – 470.24 USD/KZT. At the end of June 2022, USD/KZT stock exchange rate was 470.24 USD/KZT, having lost 13.3% for the month.

Total volume of transactions in the USD/KZT currency pair for the month totaled USD 12.1 billion, including volume of stock exchange trading on the Kazakhstan Stock Exchange – USD 2.1 billion, volume of operations on the OTC foreign exchange market – USD 10.0 billion. In the overall volume of operations on the OTC market, one subsidiary bank accounted for 81.8% or USD 8.2 billion (81.5% in May 2022 or USD 7.0 billion), which was due to hedging their equity capital from currency risks. These transactions are carried out within the bank group and do not affect the ratio of demand or supply of foreign currency on the domestic foreign exchange market.

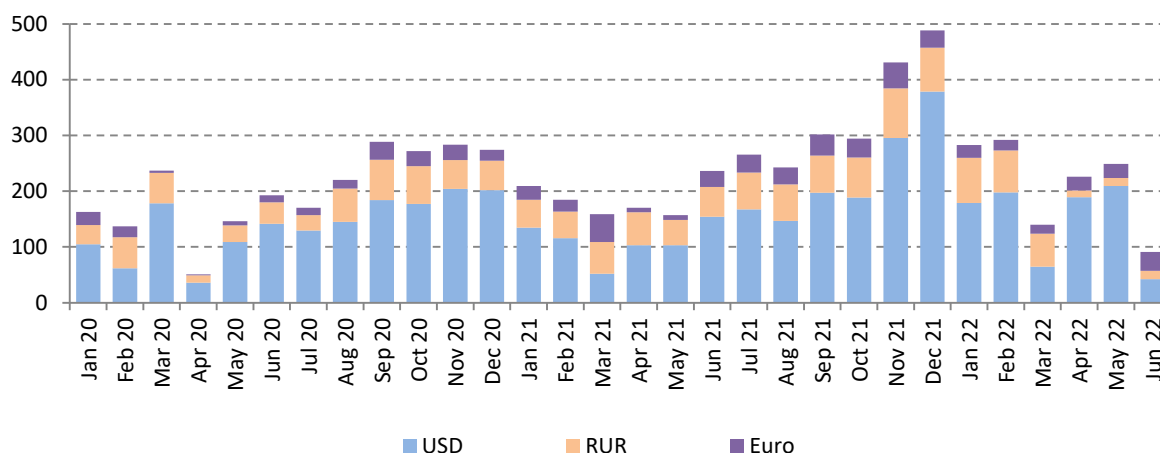
In June 2022, households bought on a net basis foreign currency in cash for an amount equivalent to 91.5 billion KZT. As compared to the previous month, these expenses plunged by 2.7 times (249.7 billion KZT in May 2022), volume of net purchases fell by 2.6-fold year-on-year (237.0 billion KZT). The bulk of expenses were directed to buy USD – 46.4% or 42.4 billion KZT,

<sup>2</sup> Outstanding KZT public stock (excluding public stock in foreign currency).

<sup>3</sup> Method of the yield function determination of public stock of the Republic of Kazakhstan, posted on an official website of the Kazakhstan Stock Exchange, was used to plot the yield curve.

Russian rubles – 16.4%, or 15.0 billion KZT, Euro – 36.7% or 33.6 billion KZT. By type of currency, spending on USD purchases for the month plummeted by 4.9-fold (a 3.6-fold drop on y/y basis), purchase of the Russian rubles grew by 5.7% (down by 3.5 times on y/y basis) and purchase of Euro soared by 31.0% (a 15.1 rise on y/y basis).

Diagram 3. **Dynamics of net sales of foreign currency in cash by exchange bureaus, billion KZT**



#### 4. International Reserves and Monetary Aggregates

Gross international reserves of the National Bank for June 2022, according to tentative data, shrank by 2.3% and totaled USD 32.0 billion.

Decrease in gold and foreign exchange reserves was connected with an outflow of clients' funds from currency accounts with the National Bank and also a falling gold price.

International reserves of the country as a whole, including assets of the National Fund in foreign currency (USD 51.9 billion), made USD 83.9 billion at the end of June 2022.

Monetary base in June 2022 expanded by 8.2% and amounted to 10,688.8 billion KZT (a 2.5% contraction since the beginning of the year). Narrow monetary base, that is, the monetary base excluding fixed-term deposits of second-tier banks with the National Bank, widened by 0.8% to 7,096.5 billion KZT (2.2% since the beginning of the year).

Money supply in June 2022 rose by 7.4% and totaled 30,423.2 billion KZT (by 1.1% year to date), cash in circulation broadened by 6.0% to 3,260.2 billion KZT (up by 8.8% since the beginning of the year).

#### 5. Deposit Market

Volume of residents' deposits in the depository institutions at the end of June 2022 amounted to 27,162.9 billion KZT, a 7.6% increase for the month (8.1% up y/y). Corporate deposits for the month grew by 8.2% to 13,801.2 billion KZT, retail deposits expanded by 7.0% to 13,361.7 billion KZT.

Volume of deposits in the national currency for the month grew by 4.5%, to 17,581.2 billion KZT, in foreign currency rose by 13.9% to 9,581.7 billion KZT. Dollarization level at the end of June 2022 was 35.3% (36.0% in December 2021).

Corporate deposits in the national currency in June 2022 rose by 3.2% to 8,715.6 billion KZT, in foreign currency soared by 18.1% to 5,085.6 billion KZT (36.8% of corporate deposits).

Retail deposits in KZT grew by 5.8% to 8,865.6 billion KZT, in foreign currency went up by 9.5% to 4,496.1 billion KZT (33.6% of retail deposits).

Fixed-term deposits totaled 18,225.8 billion KZT, up by 7.6% for the month. In their structure, deposits in the national currency amounted to 11,950.0 billion KZT, in foreign currency – 6,275.8 billion KZT.

Weighted average interest rate on fixed-term deposits in the national currency of non-bank legal entities in June 2022 was 11.6% (7.3% in June 2021), on retail deposits – 11.4% (8.6%).

## **6. Credit Market**

Volume of bank lending to the economy at the end of June 2022 stood at 20,050.8 billion KZT with a 2.7% increase for the month (a 27.5% surge y/y). Volume of corporate loans for the month rose by 2.4% up to 8,080.9 billion KZT, and retail loans by 2.9% up to 11,969.9 billion KZT.

Volume of loans in the national currency for the month increased by 1.9% to 18,245.9 billion KZT. In their structure, corporate loans declined by 0.1%, while retail loans grew by 2.9%. Volume of loans in foreign currency expanded by 11.8% to 1,804.9 billion KZT. In their structure, corporate loans increased by 11.9% and retail loans shrank by 5.1%. Tenge loans accounted for 91.0% at the end of June 2022 (89.7% in December 2021).

Volume of long-term loans for the month grew by 2.8% to 16,599.8 billion KZT, volume of short-term loans by 2.1% to 3,451.0 billion KZT.

Lending to small businesses in June 2022 rose by 4.5% to 4,168.1 billion KZT (51.6% of the total volume of corporate loans).

In June 2022, weighted average interest rate on loans issued in national currency to non-bank legal entities was 15.8% (11.6% in June 2021), to individuals – 17.2% (16.6%).

## **7. Payment Systems**

As of July 1, 2022, 19 payment systems are operated in the Republic of Kazakhstan, including payment systems of the National Bank, money transfer systems, and payment card systems.

In June 2022, 5.2 million transactions amounting to 63.3 trillion KZT were carried out through the payment systems of the National Bank (Interbank Money Transfer System and Interbank Clearing System) (as compared to May 2022, up by 1.1% in terms of number, by 20.0% in terms of amount). On average, 234.7 thousand transactions worth 2.9 trillion KZT were made through these payment systems daily.

As of July 1, 2022, 19 banks and “Kazpost” JSC are issuers of payment cards in the Republic of Kazakhstan. Total number of issued and distributed payment cards amounted to 60.2 million cards. In June 2022, 50.2% of payment cards (30.2 million payment cards) were used for non-cash transactions and/or cash withdrawals.

In June 2022, 768.7 million transactions were carried out for an amount of 10.8 trillion KZT using payment cards of Kazakhstan's issuers (compared to May 2022, number of transactions rose by 4.0%, amount – by 11.0%). Non-cash payment transactions in terms of number of transactions using payment cards of Kazakhstan's issuers accounted for 97.0% (745.6 million transactions). Volume of non-cash transactions for the same period accounted for 81.9% (8.8 trillion KZT).

In June 2022, total volume of money sent via international money transfer systems was 0.28 million transfers in the amount of 118.4 billion KZT. Volume of money transfers rose by 7.5% as compared to May 2022. In the total volume of sent transfers, 93.6% of the total number (0.26 million transactions) and 88.2% of the total amount (104.4 billion KZT) of transactions were sent outside Kazakhstan. In Kazakhstan, 6.4% of the total number (0.02 million transactions) and 11.8% of the total amount (14.0 billion KZT) were made via money transfer systems. 0.18 million transactions in the amount of 91.9 billion KZT were received from abroad, via international money transfer systems.

## **8. Pension System**

Pension savings of contributors (recipients) as of July 1, 2022 totaled 13,384.5 billion KZT, an increase of 613.7 billion KZT or up by 4.8% in June 2022.

In June 2022, net income from investment of pension assets expanded by 505.4 billion KZT up to 7,246.6 billion KZT as of July 1, 2022.

Number of individual pension accounts of contributors for compulsory pension contributions (given individual pension accounts that do not have pension savings) as of July 1, 2022 totaled 10.9 million accounts.

Amount of pension payments in June 2022 was 36.7 billion KZT.

As of July 1, 2022, government securities of the Republic of Kazakhstan and non-government securities of Kazakhstan's issuers (42.6% and 21.4% of the total volume of pension assets, respectively) account for a bulk of UAPF total investment portfolio.

**For more details mass media can contact:**

+7 (7172) 775 210

e-mail: [press@nationalbank.kz](mailto:press@nationalbank.kz)

[www.nationalbank.kz](http://www.nationalbank.kz)