



**NATIONAL BANK  
OF THE REPUBLIC OF KAZAKHSTAN  
PRESS-RELEASE NO. 8  
March 6, 2013**

**Regarding the Situation in the Financial  
Market**

**1. Inflation**

According to the official data from the Agency of Statistics of the Republic of Kazakhstan, in February 2013 the inflation was at 0.8% (in February 2012 – 0.4%). Prices for foodstuffs increased by 0.4% (by 0.6%), for non-food products – by 0.2% (by 0.3%), and for paid services – by 1.8% (by 0.2%).

In February 2013, in the foodstuffs market the highest increase was demonstrated in prices for fruits and vegetables – by 1.7%, including cabbage – by 4.0%, beetroot – by 3.9%, potatoes – by 2.9%, as well as semolina – by 1.9%, macaroni products – by 1.4%, flour – by 1.1%, dairy products – by 0.6%, and fish and seafood – by 0.5%. At the same time, prices for sugar and buckwheat decreased by 0.5%.

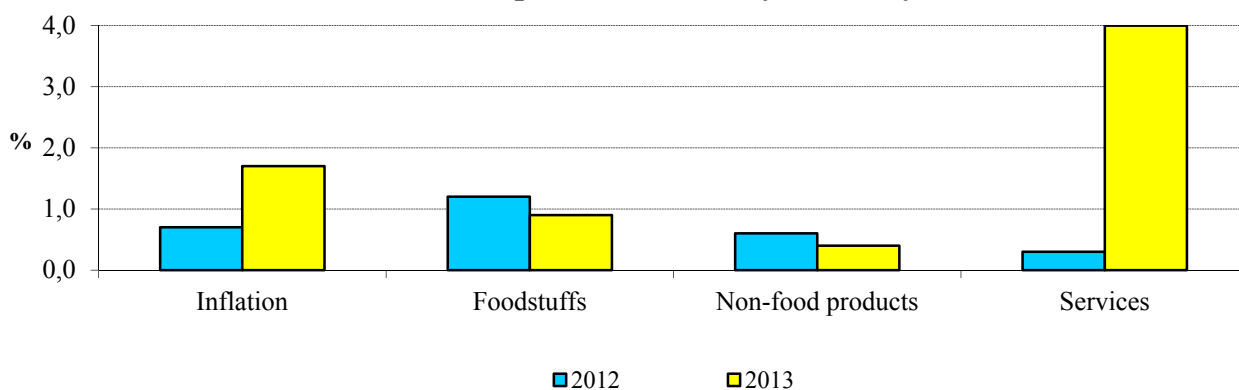
In the group of non-food products, prices for clothes and footwear increased by 0.3%, domestic goods – by 0.4%, and medications – by 0.2%. The cost of gasoline slightly decreased by 0.4%, and the cost of diesel fuel – by 1.3%.

In the group of paid services, payments for utilities increased by 1.3%. The cold water tariffs increased by 7.2%, tariffs for the sewage system – by 15.1%, electricity – by 1.7%, and housing rent – by 1.1%. In addition, during February 2013 there was an increase in prices for communication services by 11.0%, including telephone and facsimile services – by 13.2%, as well as healthcare services – by 1.1%. The price of transport services decreased by 0.5%.

During January-February 2013, inflation accounted for 1.7% (during January-February 2012 – 0.7%). Since the beginning of 2013, the price of foodstuffs increased by 0.9% (1.2%), of non-food products – by 0.4% (0.6%), and of paid services – by 4.0% (0.3%) (Figure 1).

Figure 1

**Inflation and its Components in January-February 2012 and 2013**



In February 2013, the annual inflation accounted for 7.0% (in December 2012 – 6.0%). Over the last 12 months the price of foodstuffs has increased by 5.0% (by 5.3%), the price of non-food products – by 3.3% (by 3.5%), and of paid services – by 13.4% (by 9.3%).

**2. International Reserves and Monetary Aggregates**

In February 2013, international reserves of the National Bank decreased. Gross international reserves of the National Bank decreased by 1.1% to US\$ 26.6 bln. (since the beginning of the year - the decrease by 5.8%). Net international reserves of the National Bank decreased by 1.1% and amounted to US\$ 26.1 bln. (since the beginning of the year - the decrease by 5.9%) mainly due to the sale of foreign exchange with an aim to replenish the National Fund's assets. As a result, during February 2013 net currency reserves (FCC) decreased by 1.1%. Assets denominated in gold decreased by 1.0% as a result of conducted transactions and the decrease in its price in the global markets.

During February 2013, the country's total international reserves including assets of the National Fund denominated in foreign currency (according to preliminary data - US\$ 59.5 bln.) increased by 0.8% to US\$ 86.2 bln. (since the beginning of the year – the growth by 0.1%).

During February 2013, the reserve money contracted by 4.3% and amounted to KZT 2628.8 bln. (since the beginning of the year – the contraction by 9.0%). Narrow reserve money, i.e. reserve money excluding time deposits of banks with the National Bank, contracted by 4.1% to KZT 2559.9 bln.

During January 2013, the money supply decreased by 0.3% to KZT 10495.9 bln. The volume of cash in circulation decreased by 6.9% to KZT 1422.4 bln., and deposits in the banking system increased by 0.9% and amounted to KZT 9073.5 bln. The share of deposits in the structure of money supply increased from 85.5% in December 2012 to 86.4% in January 2013 due to the growth in the volume of deposits against the decreased volume of cash in circulation.

The money multiplier increased from 3.64 in December 2012 to 3.82 at end-January 2013. The increase in the money multiplier occurred because of lower rates of the decrease in money supply versus the rates of contraction in the reserve money.

### **3. Foreign Exchange Market**

In February 2013, the exchange rate of the Tenge versus the US Dollar was fluctuating within the range of KZT 150.23–150.88 per 1 US Dollar. At end-month, the stock exchange rate of the Tenge amounted to KZT 150.37 per 1 US Dollar.

In February 2013, the volume of stock exchange transactions at the Kazakhstan Stock Exchange including transactions at supplementary auctions increased as compared to January 2013 by 28.3% and amounted to US\$ 4.2 bln. In the off-exchange foreign currency market the transaction volume increased by 1.7% and amounted to US\$ 1.7 bln.

The total transaction volume in the domestic foreign exchange market increased by 16.2% and amounted to US\$ 5.8 bln.

### **4. Government Securities Market**

In February 2013, 5 auctions offering government securities of the Ministry of Finance were held. The following government securities were placed through these auctions: 12-month MEKKAMs (KZT 24.3 bln.), 4-year MEOKAMs (KZT 2.1 bln.), 5-year MEOKAMs (KZT 9.8 bln.), 6-year MEUKAMs (KZT 15.1 bln.), and 19-year MEUZHKAMs (KZT 5.0 bln.).

The effective yield of the placed securities was as follows: for 12-month MEKKAMs – 2.90%, for 5-year MEOKAMs – 4.04%, for 4-year MEOKAMs – 3.23%, for 6-year MEUKAMs – 5.75%, and for 19-year MEUZHKAMs – 0.01% above the inflation rate.

At end-February 2013, the volume of securities issued into circulation by the Ministry of Finance amounted to KZT 3003.8 bln., having increased by 1.9% as compared to the previous month.

***Short-term Notes of the National Bank of Kazakhstan.*** In February 2013 as compared to January 2013, the volume of issued notes of the National Bank increased by 61.4% and amounted to KZT 18.5 bln.

Two auctions were held to place 3-months notes (KZT 10.1 bln. and KZT 8.4 bln.).

The effective yield on the placed notes was 1.05%

At end-February 2013 as compared to January 2012, the volume of notes in circulation decreased by 17.1% and amounted to KZT 124.9 bln.

## **5. Interbank Money Market**

In January 2013 as compared to December 2012, the total volume of placed interbank deposits increased by 60.3%, amounting to the equivalent of KZT 2608.8 bln.

The volume of placed interbank deposits in the Tenge increased by 2.6 times and amounted to KZT 317.4 bln. (12.2% of the total volume of placed deposits). The average-weighted interest rate on placed interbank deposits in the Tenge in January 2013 increased from 1.23% to 1.28%.

In January 2013 as compared to December 2012, the volume of deposits attracted by the National Bank from banks increased by 53.4% and amounted to KZT 14.8 bln. (85.5% of the total volume of placed deposits). The average-weighted interest rate on placed interbank deposits in the US Dollars in January 2013 decreased from 0.13% to 0.09%.

The volumes of deposits placed in the Euro and the Russian ruble are insignificant – 0.2 and 2.2% of the total volume of placed deposits, respectively.

During January 2013, the share of interbank foreign currency deposits decreased from 92.5% to 87.8% of the total volume of placed deposits. The share of foreign currency deposits placed with non-resident banks decreased from 92.1% to 87.4% of the total volume of placed interbank deposits.

The volume of deposits taken by the National Bank from banks in January 2013 as compared to December 2012 almost tripled amounting to KZT 312,5 bln.

## **6. Deposit Market**

During January 2013, the total volume of deposits of residents with depository institutions increased by 0.9% to KZT 9073.5 bln. Also, both deposits of legal entities and individuals have increased over the month by 0.9% to KZT 5671.1 bln. and KZT 3402.4 bln., respectively.

In January 2013, the volume of foreign currency deposits increased by 4.2% to KZT 2795.9 bln. (legal entities – the growth by 7.6%, and individuals – the growth by 0.6%), and the volume of deposits in the domestic currency decreased by 0.5% to KZT 6277.6 bln. (legal entities – the decrease by 1.3%, and individuals – the growth by 1.1%). Over the month, the percentage of deposits in the Tenge has decreased from 70.2% to 69.2%.

During January 2013, household deposits at banks (including non-residents) increased by 0.9% to KZT 3438.5 bln. In the structure of household deposits, deposits in the Tenge increased by 1.0% to KZT 2093.6 bln., and foreign currency deposits increased by 0.6% to KZT 1344.9 bln. The percentage of deposits in the Tenge within households' deposits has increased from 60.8% to 60.9% over the month.

During January 2013, time deposits decreased by 0.4% to KZT 5911.2 bln. The percentage of deposits in the Tenge within time deposits increased by 0.5% to KZT 3980.4 bln., and foreign currency deposits decreased by 2.3% to KZT 1930.8 bln.

In January 2013, the average-weighted interest rate on the Tenge time deposits of non-bank legal entities accounted for 3.0% (in December 2012 - 3.6%), and on deposits of individuals – for 7.9% (8.3%).

## **7. Credit Market.**

The total volume of bank credits to the economy during January 2013 decreased by 0.6% amounting to KZT 9902.4 bln.

The volume of credits in the domestic currency decreased by 0.3% to KZT 7018.2 bln., in foreign currency – decreased by 1.1% to KZT 2884,2 bln. The percentage of the Tenge credits has increased from 70.7% to 70.9% over the month.

In January 2013, long-term lending increased by 0.3%, amounting to KZT 8024.9 bln., and short-term lending decreased by 4.0% to KZT 1877.5 bln. The percentage of long-term credits has increased from 80.4% to 81.0% over the month.

During January 2013, the volume of credits to legal entities decreased by 1.1% to KZT 7022.8 bln., and the volume of credits to individuals increased by 0.9% to KZT 2879.7 bln. The percentage of credits to individuals increased from 28.7% to 29.1% over the month.

During January 2013, credits to small businesses decreased by 1.5% to KZT 1391.2 bln., accounting for 14.0% of total credits to the economy.

In the sectoral breakdown, the most significant amount of credits to the economy falls on such sectors as trade (the share in the total volume is 19.8%), construction (14.0%), industry (11.9%), transport (4.2%) and agriculture (3.3%).

In January 2013, the average-weighted interest rate on credits in the domestic currency to non-bank legal entities accounted for 10.6% (in December 2012 – 10.3%), and to individuals – 22.0% (21.2%).