



NATIONAL BANK OF KAZAKHSTAN

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**On the publication of a preliminary estimate
of the balance of payments of the Republic of Kazakhstan for 2016
and real exchange rate of tenge**

February 7, 2017

Almaty

1. THE BALANCE OF PAYMENTS

For 2016 the current account deficit of balance of payments amounted to 8.2 billion US dollars with a trade surplus of 9.4 billion US dollars. In 2015 the current account deficit amounted to 5.5 billion US dollars while trade surplus amounted to 12.7 billion US dollars.

The increase of current account deficit was due to growth in the volume of investments in oil and gas projects realized by foreign investors and due to a reduction in export revenues.

Export of goods amounted to 37.2 billion US dollars that is 19.9% lower than in 2015. Despite the positive trends of world oil prices for the second half of the last year, the average price for oil in 2016 (US\$ 42.8 per barrel for Brent crude oil) remained lower than in 2015 (US\$ 50.8 per barrel for Brent crude oil). The value of exports of oil and gas condensate decreased by 27.6% compared to 2015, while in the second half of the year exports of oil and gas condensate began to grow and in 4th quarter showed an increase of 7.0% compared to the 4th quarter of 2015.

Import of goods amounted to 27.8 billion US dollars (33.8 billion US dollars in 2015). Reduction of this figure by 17.8% compared to 2015 was mainly due to decline in import of nonfood consumer and investment goods.

The negative balance of investment income increased by 14.2% mainly due to growth of foreign direct investors' income and amounted to 11.3 billion US dollars. At the same time more than 60% of income payable to foreign investors remained in the country and served as an internal source of financing of their enterprises in Kazakhstan primarily in the oil and gas sector.

Foreign direct investments mainly into the joint ventures of oil and gas industry were the main source of capital inflows into the country. In the 3rd quarter of 2016 a peak of foreign direct investments inflows in amount of 6.3 billion US dollars was recorded and in the whole of 2016 it amounted to 14.3 billion US dollars which is four times higher than in 2015.

In 2016 capital inflow was also ensured by the Government to attract loans from international organizations and the use of the National Fund. In general net capital inflows on the financial account (excluding transactions with reserve assets of the National Bank) in 2016 were estimated at 9.3 billion US dollars (10 billion US dollars in 2015).

For 2016 there was a significant reduction in volume of capital outflows under unclassified articles in the balance of payments transactions. In 2016, net errors and omissions in balance of payments formed with the negative balance of 1.7 billion US dollars (minus 5.4 billion US dollars in 2015).

As of December 31, 2016, the reserve assets (excluding assets of the National Fund of Kazakhstan) amounted to 29.5 billion US dollars (27.9 billion US dollars at the end of 2015) which covers funding of about 9 months of import of goods and services of Republic of Kazakhstan.

2. ABOUT REAL EXCHANGE RATE

During 2016 tenge appreciated in real terms by 6.1% (based on the index of the real effective exchange rate against currencies of 37 countries), and from the beginning of 2014 to December 2016 tenge weakened by 21.0%.

The weakening of tenge against the Russian ruble in 2016 in real terms (adjusted for changes in relative prices) was 8.3%, and since the beginning of 2014 the weakening of tenge in real terms was 10.1%.

Data on the currencies of main trading partners are presented in the table.

Changes in the index of the real exchange rate of the tenge

	January – December 2016	January 2014 – December 2016
To Russian Ruble	weakening by 8.3%	weakening by 10.1%
To US Dollar	strengthening by 2.6%	weakening by 41.1%
To Euro	strengthening by 5.3%	weakening by 22.7%
To Chinese Yuan	strengthening by 10.8%	weakening by 33.6%
To Belarusian Ruble	strengthening by 1.7%	weakening by 11.8%
To Kyrgyz Som	strengthening by 2.8%	weakening by 24.6%

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