



PRESS - RELEASE № 3

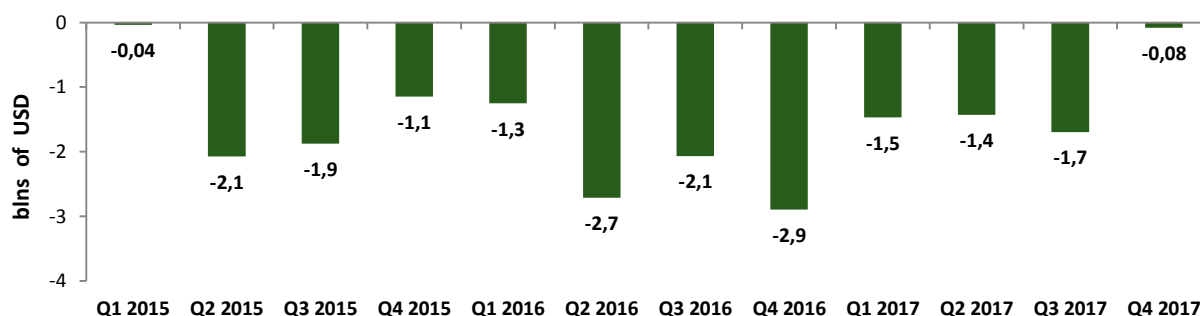
**On the publication of preliminary estimate
of the Balance of Payments of the Republic of Kazakhstan for 2017**

February 2, 2017

Almaty

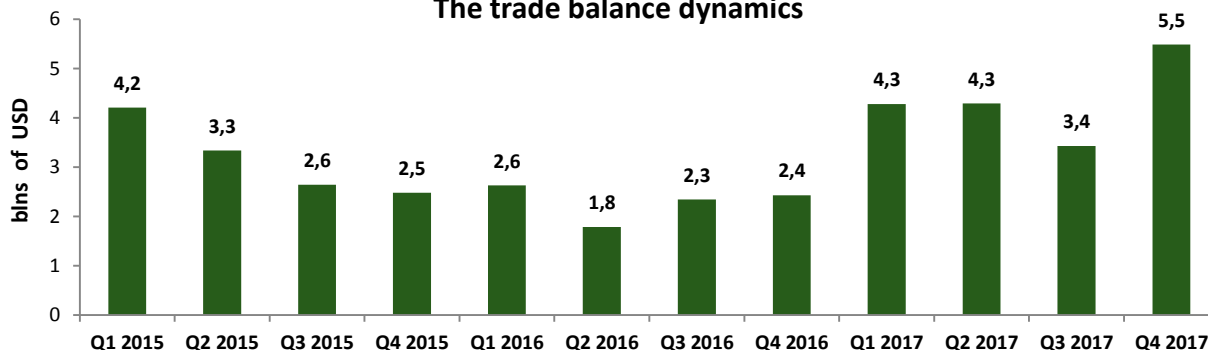
According to the preliminary estimation the current account deficit in 2017 has almost halved compared to the same indicator in 2016 and amounted to US\$ 4.7 billion. In the 4th quarter of 2017 the current account was almost balanced, a minor deficit amounted to US\$ 80.9 million. The recovery of prices for the main export goods and an adequate exchange rate policy has allowed for the first time to avoid significant current account deficit on quarterly basis, which was observed during the years 2015-2017.

The current account dynamics



The improvement of the current account in comparison with the previous year was due to an almost twofold increase in the **trade surplus** to US\$ 17.5 billion (US\$ 9.2 billion for 2016). In the 4th quarter of 2017, the trade balance amounted to US\$ 5.5 billion, which is the maximum value of the quarterly indicator for the last three years.

The trade balance dynamics



Export of goods on yearly basis has increased by 32.2% or by US\$ 12.0 billion and amounted to US\$ 49.3 billion. Exports of oil and gas condensate rose by 37.8%, both due to higher prices and growth in physical volumes, including those related to the launch of commercial production on the “Kashagan” oil field. Exports of ferrous and non-ferrous metals increased by 51.6% and 27.1% respectively.

Import of goods on yearly basis has increased by 13.1% and amounted to US\$ 31.8 billion while the second half of last year saw a slowdown in the growth of imports.

The increase in export earnings contributed to the growth of **income** payable to foreign direct investors for 2017 by 36.3% to US\$ 15.7 billion, while more than a third of this income was reinvested to the financing of Kazakhstan subsidiaries.

According to preliminary data for 2017, net capital inflow of the **financial account** (excluding transactions with reserve assets of the National Bank) amounted to US\$ 5.5 billion. At the same time, in 4th quarter, net capital outflow in amount of US\$ 1.2 billion was registered on transactions in financial account due to growth in foreign assets of residents and repayment by residents of their debts.

On **foreign direct investment (FDI)**, net capital inflow declined from US\$ 13.5 billion in 2016 and amounted to US\$ 3.5 billion. Repayments of intercompany lending to affiliated companies made by Kazakhstani enterprises mainly in the second half of 2017 contributed to a reduction in the net inflow of FDI.

On **portfolio investment**, the net inflow of capital amounted to US\$ 5.5 billion due to the sale of foreign securities by residents as well as by issue of Eurobonds by Kazakhstani organizations and banks on international capital markets. At the same time, foreign assets of the National Fund of the Republic of Kazakhstan have grown in the 4th quarter of 2017.

As of January 1, 2018, the **reserve assets** (excluding assets of the National Fund of Kazakhstan) were estimated at US\$ 30.7 billion (at the beginning of 2017 US\$ 29.5 billion) which cover funding of about 8.7 months of import of goods and services of the Republic of Kazakhstan.

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