



NATIONAL BANK OF KAZAKHSTAN

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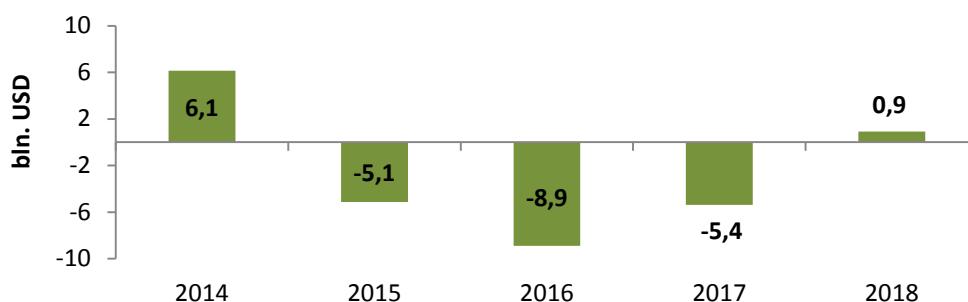
On the publication of the preliminary estimate of the Balance of Payments of the Republic of Kazakhstan for 2018

February 5th, 2019

Almaty

According to preliminary estimates, the balance of payments of the current account turned to a surplus and amounted to US\$ 0.9 billion for the first time since 2014.

Current account balance



The improvement was due to significant growth (57.9%) of the trade balance surplus which amounted to US\$ 27.4 billion.

As the result of favorable oil prices, export of goods increased by 25.2% and amounted to US\$ 61.9 billion. Export of oil and gas condensate (62.2% of total export) grew by 42.2%. Import of goods increased by 7.5% to US\$ 34.5 billion. The biggest growth (16.9%) was in investment goods (37.3% from total import).

Import of consumer and intermediate goods increased by 4.7% and 4.1% accordingly. The balance of payments improvement was restrained by income payable to foreign direct investors which increased by 27.3% to US\$ 20.9 billion.

Floating exchange rate regime allowed tenge to react to changes in external factors. As the result, a slight weakening of the real exchange rate in 2018 (2.1% y/y) sustained price competitiveness of Kazakhstani producers. In general current account surplus assumes that nominal tenge rate has a potential to strengthening.

According to preliminary data, the financial account (excluding transactions with reserve assets of the National Bank) formed with a positive balance of US\$ 4.5 billion that was primarily related to the reduction of residents' liabilities.

On foreign direct investment, net capital inflow increased by 9.8% and amounted to US\$ 4.1 billion. The main source of inflow was a reinvestment of nonresidents' income to the capital of Kazakhstani enterprises.

The growth of assets of the National Fund of Kazakhstan and also the redemption of liabilities by Kazakhstani banks and enterprises led to net outflow on portfolio investment (US\$ 5.8 billion). Alongside with that new issue of Eurobonds by the Ministry of Finance of the Republic of Kazakhstan in the 4th quarter of 2018 partly compensated for the reduction of residents' liabilities. As of January 1, 2019, the reserve assets (excluding assets of the National

Fund of Kazakhstan) were estimated at US\$ 30.9 billion which cover funding of 8.1 months of import of goods and services of the Republic of Kazakhstan.

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