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PUBLIC INFORMATION NOTICE

Developments on the currency market

November 1, 2022

By the end of October, KZT exchange rate gained 1.7% having appreciated to 468.23 KZT/ USD. An average daily trading volume on the Kazakhstan Stock Exchange rose from USD 91 million to USD 121 million over the month. Total trading volume composed $2.4 bln.

Sales of foreign exchange earnings by entities of the quasi-public sector over the past month amounted to about $528.6mln. Quasi-public sector companies sell FX earnings independently on the foreign exchange market through second-tier banks.

Sales of foreign currency to ensure transfers from the National Fund to the republican budget in October totaled USD 362 million. Sales from the National Fund accounted for 15% of the total trading volume, not more than USD 30 million per day.

Remarkably, when implementing FX transactions from the National Fund, the National Bank follows the principle of non-interference in formation of a market trend and acts as a price-taker. Thus, in order to maintain current conditions on the foreign exchange market, the National Bank does not place its own orders for FX operations, but satisfies existing bid orders. This practice allows to minimize the impact of operations from the National Fund on the foreign exchange market.

In October, the National Bank did not carry out foreign exchange interventions. In addition, the monetary regulator did not make transactions for purchase/sale of foreign currency for pension assets of the UAPF and other funds held in trust.

In the short term, tenge volatility will depend on changes in the geopolitical situation, expectations of domestic participants and the situation on global markets. The National Bank will continue to follow the flexible exchange rate regime, which eliminates accumulation of imbalances and ensures safety of FX reserves.

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