



NATIONAL BANK OF KAZAKHSTAN

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

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Almaty

In the first half of 2018, the **current account deficit decreased 2 times** to US\$ 1.4 billion (US\$ 2.9 billion in the first half of 2017).

The stable economic situation in the partner countries and growth in oil and gas condensate production beneficially influenced the export dynamics - the **export** of goods increased by 21.8% and amounted to US\$ 28.6 billion. The growth of domestic economy contributed to an increase in **imports** of goods by 7.8% to US\$ 16.1 billion. As a result, trade balance improved by 46.2% to US\$ 12.5 billion.

As before, the main restraint factor to the reduction of the current account deficit is **income** of foreign direct investors that due to the growth of export earnings increased by 32.8% to US\$ 11.2 billion. More than half of this income was directed to financing Kazakhstani subsidiaries.

According to the preliminary data, the **financial account** (excluding transactions with reserve assets of the National Bank) was almost balanced and formed with a small positive balance in a sum of US\$ 12 million. Net capital outflow caused by the reduction of residents' liabilities is compensated by the reduction in foreign assets of residents.

On **foreign direct investment**, net capital inflow of increased 1.5 times and amounted to US\$ 4.8 billion. The main source of inflow of capital was repayment by foreign affiliated companies of their debt obligations to Kazakhstani enterprises. At the same time, this period was characterized by payments of large dividends by both: nonresidents in favor of Kazakhstani enterprises and by residents to foreign investors (so-called "super-dividends"). In the balance of payments, such transactions are classified as capital withdrawal from direct investments.

On **portfolio investment**, the net outflow of capital amounted to US\$ 2.0 billion mainly due to repurchase by JSC "KazMunaiGas Exploration Production" of its shares and global depositary receipts on the market and purchase by residents of Eurobonds of the Ministry of Finance of the Republic of Kazakhstan on the secondary market.

As of July 1, 2018, the **reserve assets** (excluding assets of the National Fund of Kazakhstan) were estimated at US\$ 30.1 billion which cover funding of about 8.2 months of import of goods and services of the Republic of Kazakhstan.

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