

# Kazakhstan Credit Rating Discussion

## Kazakhstan macro 2020: trends and prospects

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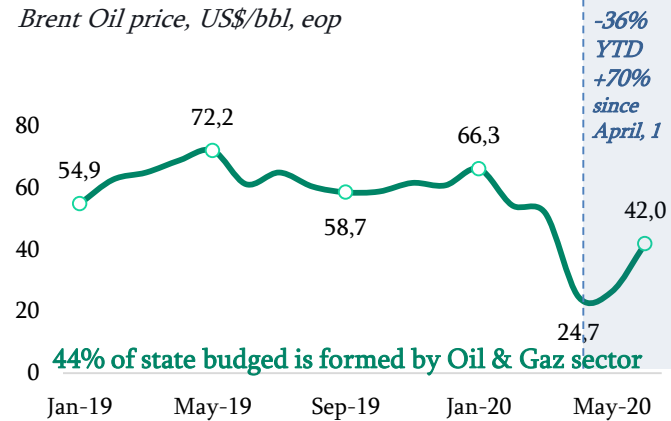
# External pressure: COVID-19 and collapse in oil prices

## COVID shutdown...

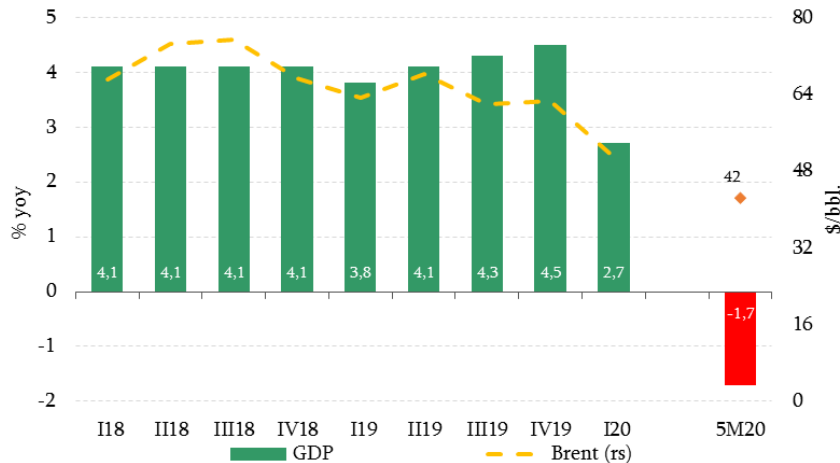
- Quarantine lockdown since March 2020
- The most vulnerable industries are SMEs, non-food retail, aviation, transport
- Capital-intensive investment projects put on hold
- Expenses optimization
- **Since 11 May 2020 Kazakhstan removed state of emergency**

## ...and lower oil prices...

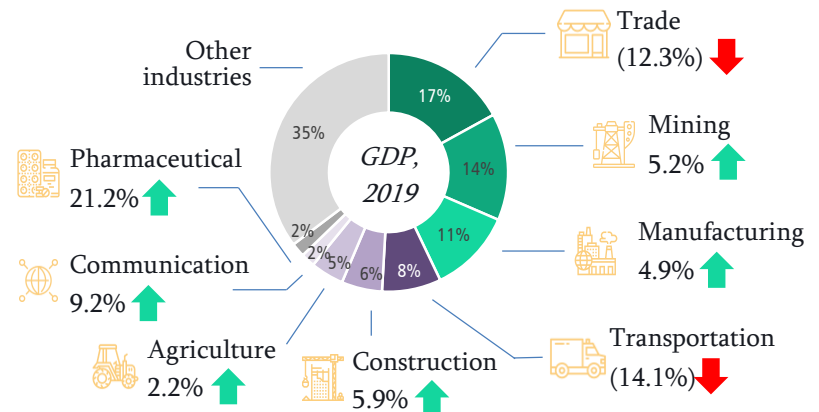
Brent Oil price, US\$/bbl, eop



## ...resulted in -1,7% 5M2020 GDP growth



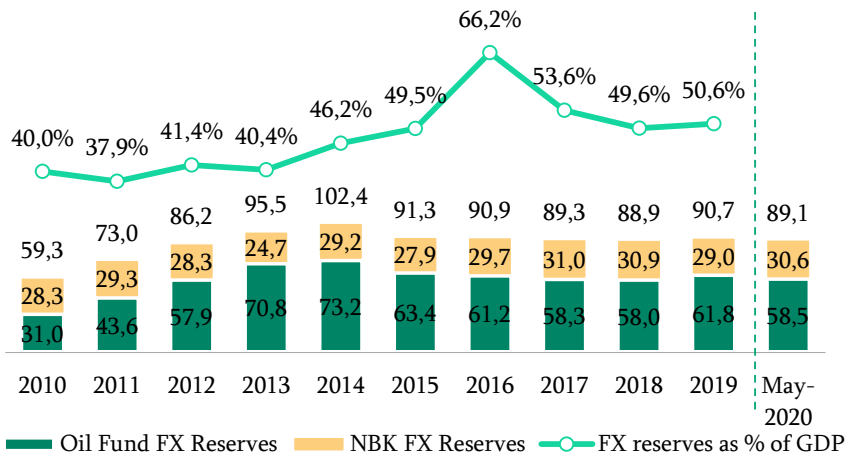
## Sectoral performance, 5M2020 vs 5M2019



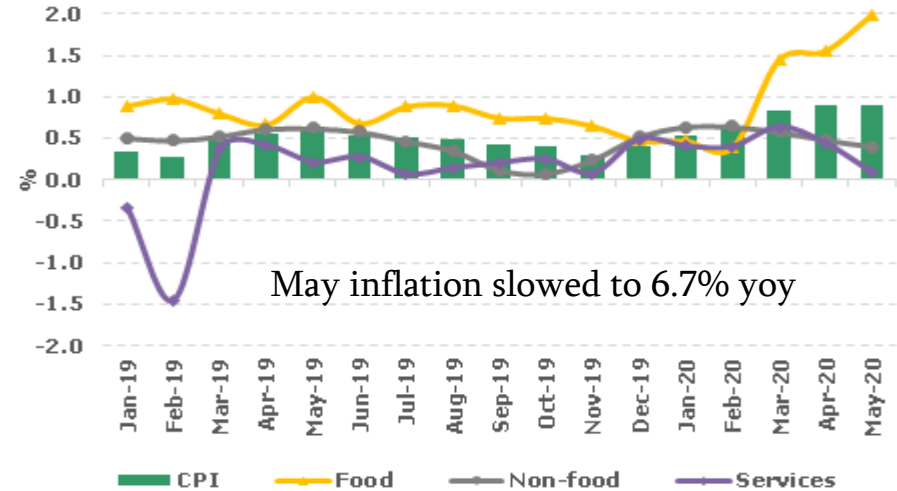
# Substantial FX buffers, flexible monetary policy

## Reserves represent almost half of GDP

US\$bn

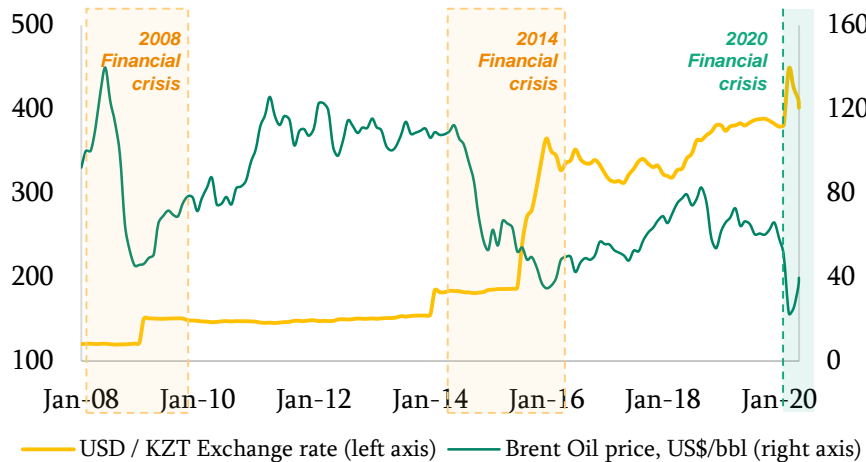


## Inflation increasing (mom)



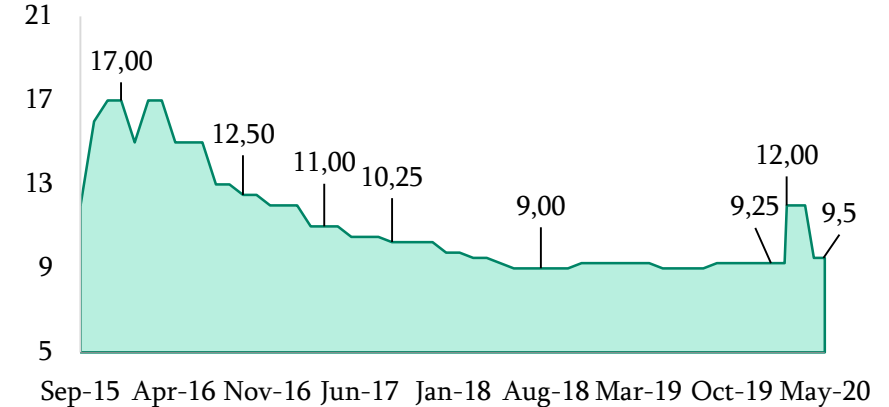
## Floating KZT exchange rate

KZT exchange rate vs. oil prices



## Relatively tight monetary stance

Key interest rate, %

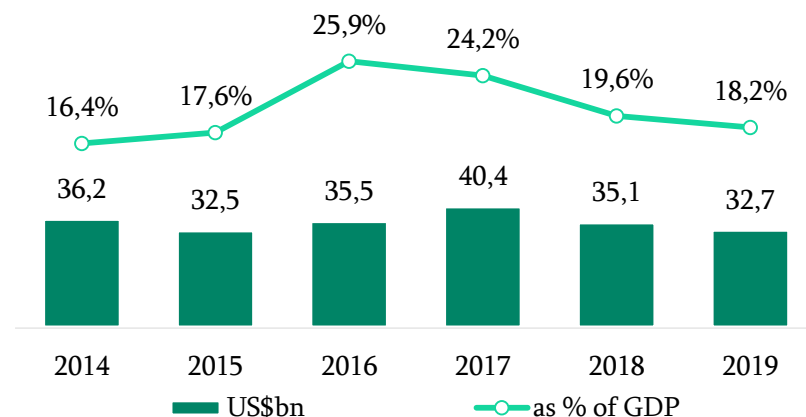


# Extensive fiscal support to smoothen the downturn

## 2020 budget adjusted

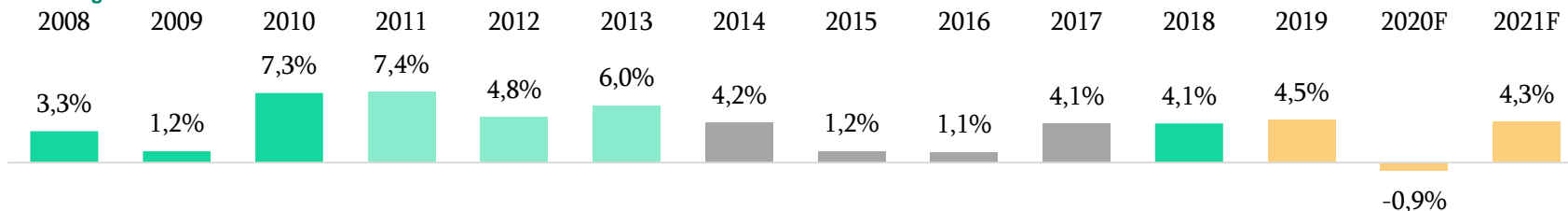
	Before COVID - 19	Adjusted
Real GDP Growth	4.1%	(0.9%)
Exchange Rate	380 USD/KZT	440 KZT/USD
Export	\$53.4 bn	\$35.1 bn
Import	\$34.1 bn	\$26.6 bn
Budget Deficit <sup>(2)</sup>	2.1%	3.5%
National Fund Transfers	₸2.7 tn / \$7.1 bn	₸4.8 tn / \$10.8 bn

## Kazakhstan central government debt



## Kazakhstan is in better shape to withstand current crisis

### Real GDP growth



2008

2014

2019

International FX reserves

USD 47.4 bn

USD 102.4 bn

USD 90.7 bn

FX reserves, % of GDP

36%

46%

50%

Exchange rate regime

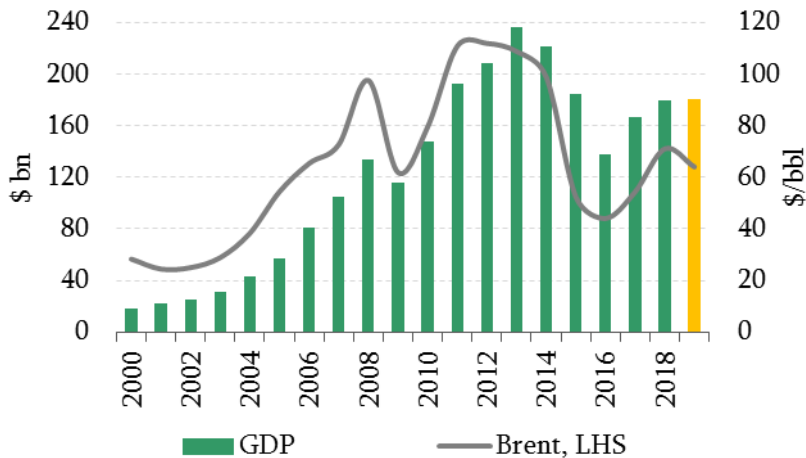
fixed

fixed

floating (inflation targeting)

# Prospects for Kazakhstan's economy

## Oil price to remain major driver



## Oil production set to decline



## Scenario analysis depending on oil price

Main macroeconomic indicators	2018	2019	Scenario 0		Scenario 1		Scenario 2	
			2020	2021	2020	2021	2020	2021
Oil Brent, average, USD/bbl.	71,6	64,2	35,0	45,0	25,0	35,0	45,0	55,0
Real GDP, % yoy	4,1	4,5	-1,1	4,1	-2,3	3,5	1,3	3,5
Exchange rate USDKZT, eop	384,2	381,2	450,0	438,4	468,6	445,1	409,7	400,8
CPI, % change yoy	5,3	5,4	8,7	6,7	10,3	8,0	7,9	6,1
Government debt, % GDP	24,9	23,9	26,1	26,3	27,8	27,1	25,2	24,7
Budget balance consolidated, % GDP	-1,3	-1,9	-3,2	-2,6	-3,8	-3,2	-2,9	-2,4

**Thank You!**