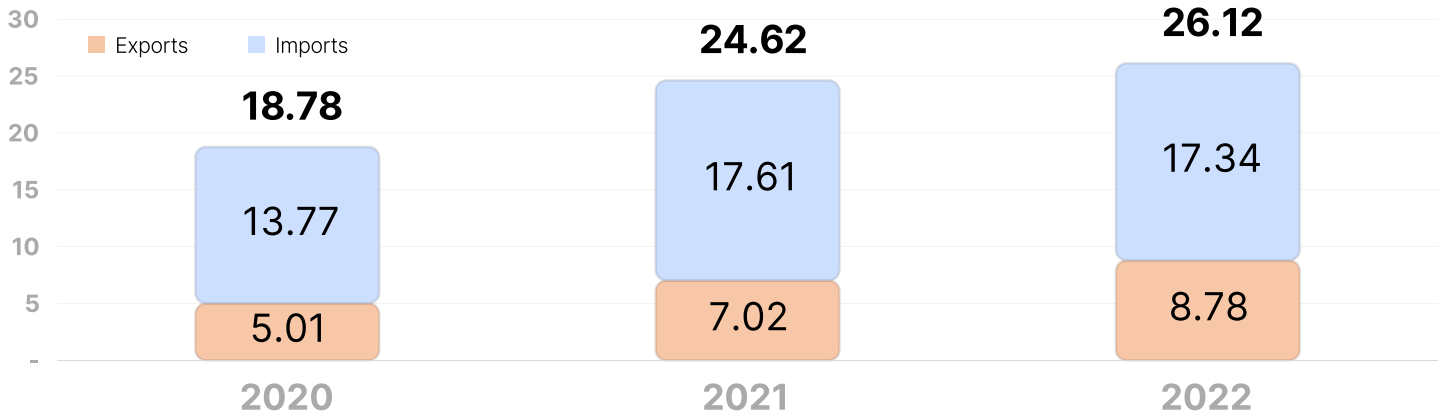


The volume of bilateral trade between Kazakhstan and Russia has reached a record \$ 26.1 billion

Source: https://www.inform.kz/ru/ob-em-dvustoronney-torgovli-kazahstana-i-rossii-dostig-rekordnyh-26-1-mlrd_a4055805

Kazakhstan and Russia turnover



Source: Bureau of the National Statistics of Kazakhstan



Ayat Suraganov

Analyst

“On April 11, the Ministers of Foreign Affairs of Kazakhstan and Russia, Murat Nurtleu and Sergey Lavrov met and discussed topical issues related to the current state and prospects for the development of cooperation between the two countries, as well as interaction within the framework of integration associations, including the CIS, the EAEU and the CSTO.

Following the meeting, a schedule of measures on cooperation between Foreign Affairs for 2023-2024 was signed.

The Minister of Foreign Affairs of the Republic of Kazakhstan stated that "Russia is the main trade and economic partner of Kazakhstan, and the volume of bilateral trade in 2022 reached a record \$ 26.1 billion". Should be noted that the trade turnover between the countries increased by 6% in comparison with 2021: exports from Kazakhstan increased by 25%, and imports from Russia decreased by 1%.

The main export products are ferrous metals (\$1.5 billion), inorganic chemistry products (\$1.4 billion), and mechanical equipment and machinery (\$0.8 billion).

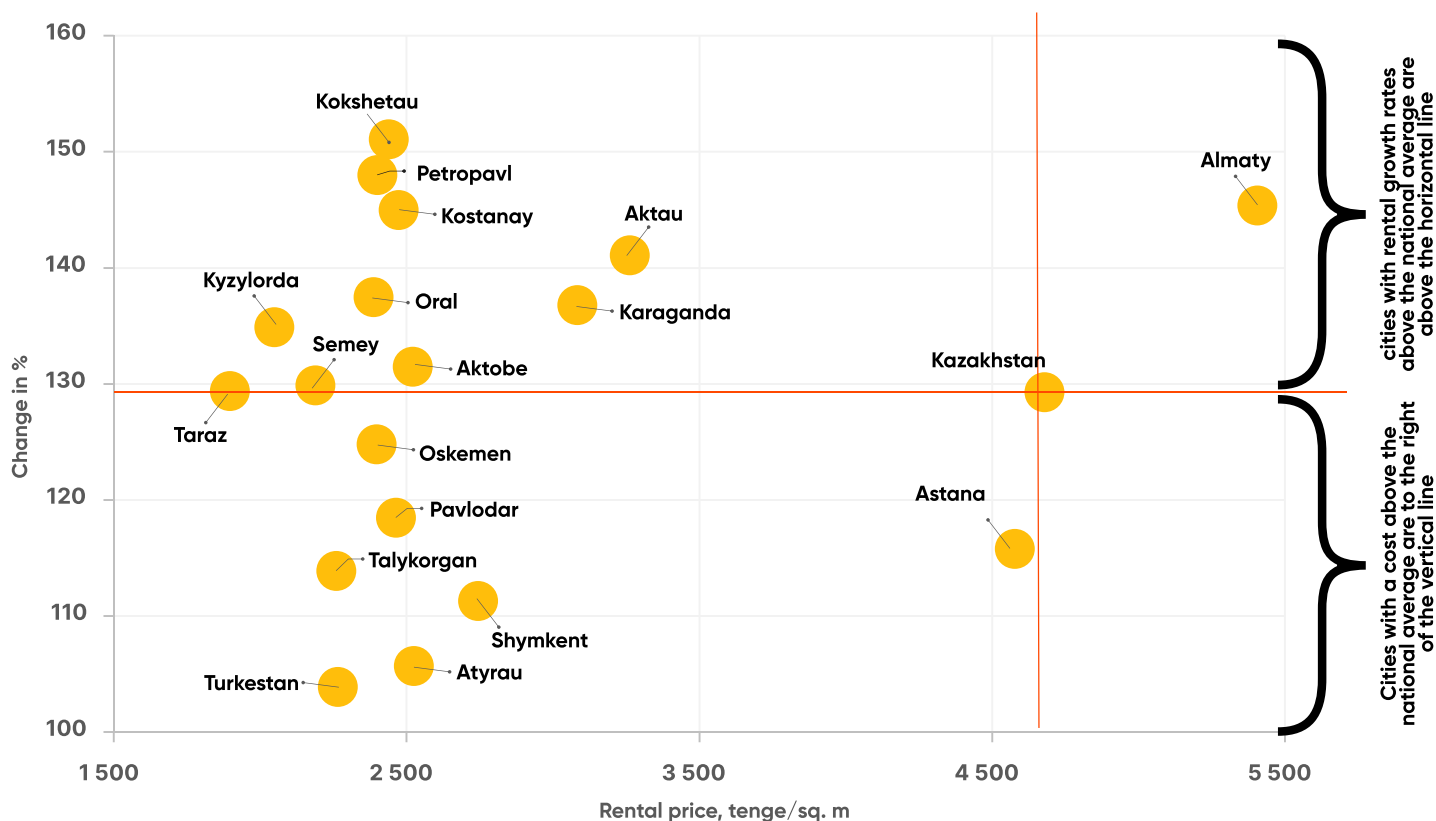
And the main imported goods are ferrous metals (1.5 billion dollars), mechanical equipment and machinery (1.4 billion), and fuel (1.3 billion).”



Rental housing has become much more expensive in Kazakhstan

Source: <https://ism.kz/statistika-cen-na-zhil-e-v-kazahstane-mart-2023-goda>

The situation in the rental housing market



Gulnaz Aldibekova

Analyst

“According to the results of March 2023, we still see an upward trend in apartment rents. Thus, according to the Bureau of National Statistics, it increased by 29.3% compared to March 2022 and amounted to 4.7 thousand tenge per sq. m. The increase in housing prices on average caused by a slowdown in construction, a decrease in soft-window facilities, and high rates on commercial mortgage loans had directly impacted the increase in demand for rent.

Due to the expectation of inflation at a fairly high level, which continues to put pressure on the real incomes of the population and, accordingly, on a decrease in solvency, a further increase in the cost of renting housing is expected.”

Financial sector as of 04/14/2023



Sunggat Rysbek

Analyst

“Deposits

Amid distrust of the banking system, regional banks in the United States are experiencing an outflow of deposits at 3% to 11% compared to the previous quarter. Deposits of Charles Schwab decreased by 11%, M&T Bank and State Street by 3%. In general, according to the US Federal Reserve, the closure of 2 regional banks in March undermined the confidence of depositors, which affected the outflow of deposits in small banks in the amount of \$ 177.5 billion for the month.

Banking profit

During the March panic, depositors put funds from small and medium-sized banks into large ones, and the increase in interest rates caused a surge in net interest income. JPMorgan Chase reported a 49% increase in net interest income for the year, while Wells Fargo's revenue increased by 45% over the same period.

According to the results of the 1st quarter of this year, JPMorgan Chase received a net profit of 12.6 billion (52% more than a year earlier). Citigroup's profit was \$4.6 billion, and Wells Fargo's profit of \$5 billion was also an improvement over Q1 2022. JPMorgan Chase shares rose more than 7%. Citigroup gained almost 5%, while Wells Fargo shares were not changed significantly.

In general, concerns about the decline in demand for commercial real estate are still taking place even despite the growth in profits, which is under pressure from higher interest rates. JPMorgan increased the provision for loan losses by 55%, and Wells Fargo allocated \$643 million to cover loan losses that are mostly caused by loans for commercial real estate for offices.”

Annual inflation in Kazakhstan at the end of the year will be 7.8% - EDB

According to the bank's analysts, the trend of slowing price growth will continue

Source: <https://kapital.kz/economic/114661/godovaya-inflyatsiya-v-kazahstane-na-konets-goda-sostavit-7-8-yeabr.html>



Aizhan Alibekova

Analyst

“Given the shift in the balance of risks observed in March-April 2023 towards inflation due to the accumulated imbalances in the housing and fuel markets, as well as an additional increase in fiscal support, the EDB approaches the assessment of the inflationary environment in Kazakhstan moderately optimistically. Note that the EDB expected a decline to 13.2% in its outlooks for 2022.

Other market participants are relatively conservative in their forecasts. Thus, according to the results of the AFC survey, respondents do not expect a decrease in inflation below 14.4% in the next 12 months, and the National Bank expects 9-12% by the end of 2023. Jusan Analytics outlooks suggest a decrease in inflation by the end of the year of 12.4-14.3%. In our opinion, the observed increase in the heterogeneity of inflationary processes with unstable inflationary expectations and increased base pressure does not create the necessary conditions for reducing inflationary pressure to single digits this year.”

Guidance for the main market indicators for 04/14/2023



— S&P 500 (neutral)

The S&P 500 Index has increased by 0.8% over the past week and stopped at 4,138 points. Thus, the benchmark came close to the local maximum of 4,200 p. And if it overcomes this level, then it can reach 4,300 points in the short term. However, noted that it is in a wide corridor of 3,600 - 4,300 points in the long term, and we do not expect to exit it yet.

The scenario for stocks remains mixed, albeit with some signs of decline. So, the United States has published weak statistics on the Producer Price Index, retail sales, and applications of Americans for unemployment benefits over the past week. However, the inflation report itself, industrial production statistics and consumer sentiment data from the University of Michigan were released as proinflationary, which reflected a sharp increase in inflation expectations for the next 12 months (from 3.6 to 4.6%)! As a result, speculation has spread in the market about stagflation and the latest OPEC+ decision to sharply reduce production adds points to this scenario.

▲ Gold (up)

Over the past week, gold showed a slight decline (-0.5%), thereby interrupting a six-week series of growth, and closed at \$ 2,016 per ounce. Thus, the "yellow metal", slightly before reaching its historical maximum (\$ 2,090), corrected downwards. It may fall to \$1,970 in the short term. Despite this, the trend remains bullish in the long term. The main goal for gold is the historical maximum of \$2,090.

The scenario for gold is similar to stocks but with some differences. Thus, the asset is supported by a generally weakening global economy, problems in the crypto industry, turbulence in the banking sector, unresolved geopolitical risks, and even the issue of the US debt ceiling, which continues to hang in the air. On the other hand, central banks of developed countries struggling with inflation are playing against it. And the market has come to a no-win situation after rising above \$ 2,000 per ounce.

▼ Brent (down)

Brent crude oil closed at the end of the week at 86.3 US dollars per barrel, showing an increase of 1.4% over the week. Thus, "black gold" continues to grow and is only a step away from the important resistance level of \$ 90. From a technical point of view, the growth is corrective and while oil is trading below the \$ 90 level, the long-term trend for it is bearish. The main target for oil is the range of \$ 60-65.

Meanwhile, we still do not rule out the scenario of further growth in oil prices, despite the prospect of a faster slowdown in the global economy and a decline in demand for basic raw materials. And the latest OPEC+ announcement on April 2 about the reduction of production by 1.15 million barrels per day from May to the end of this year vividly reminded us that oil, unlike other basic raw materials, has strong support in the form of a cartel. And Russia, which during the year of sanctions has shown that it is not inclined to give short-term answers to the West on its restrictions since it still has tools to influence market quotations.

Finally, we should mention the ongoing weakening of expectations for tightening monetary policies of central banks of developed countries and the recovery of the Chinese economy as bullish factors.

Guidance for the main market indicators as of 04/14/2023 (continuation)



▲ Uranium (up)

Uranium has not shown any price changes and still stands at \$51.1 over the past week. In general, it has been in consolidation between the levels of \$ 46 and \$ 52 for a long time. In the short term, it is possible to re-reduce uranium to the lower limit of this flat. Despite this, the long-term trend for it is bullish and the growth targets are \$ 60 and \$73.

We have to repeat that uranium continues to be considered as an intermediate link in the global strategy to move away from the carbon economy towards a green future, but the picture is spoiled by the risks of recession and still weak oil prices. At the same time, the technological process of long-term construction of nuclear power plants in the world remains a clear obstacle to short-term growth. Locally, we see that individual producers and especially Kazatomprom are in no hurry to increase production in response to rising uranium prices and spur prices to further growth by participating in investment raw materials funds.

▲ USD/RUB (up)

Over the past week, the USD/RUB pair has increased in price again (+2.2%) for the 6th week in a row and closed at 82.3 rubles. Thus, the pair continued to grow after consolidating above the 75 rubles mark and is rapidly approaching its next target of 86 rubles. At the same time, we do not see anything supernatural in the continued weakening of the ruble (since mid-December). Last year, on May 15, we released a big analysis on the ruble and tenge exchange rates, where we outlined outlooks for the dynamics of the two currencies in the short and long term, and everything corresponding to it so far (you can find it in the Radar and our telegram channel "JI Analytics"). There is a gradual stabilization of Russia's export-import flows with a negative impact on the current account."

Auhors: Aizhan Alibekova, Gulnaz Aldibekova, Klara Seidakhmetova, Sunggat Rysbek

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