

News digest for

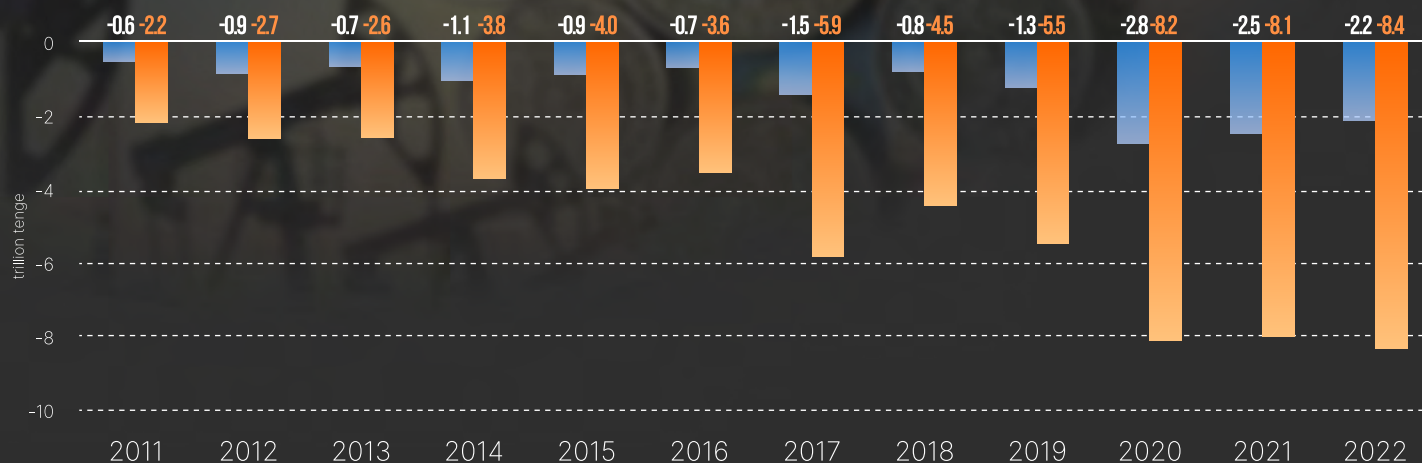
01/23/2023
01/27/2023



According to the Ministry of Finance, the state budget deficit by the end of 2022 amounted to 2.17 trillion tenge.

<https://www.gov.kz/memleket/entities/minfin?lang=ru>

Budget deficit



Source: data of the Ministry of Finance of the Republic of Kazakhstan, Jusan Analytics calculations

“The non-oil budget deficit deepened and exceeded the level of 2020 when the state allocated a large amount of money to support businesses and welfare. The budget revenue of Kazakhstan remains highly dependent on the oil and gas sector and was stocked up with tax revenues due to high energy source prices. At the same time, many state programs and national projects continue to cause pressure on the budget expenditure. Thus, prolonged deficit fiscal stimulus of the economy leads to an additional proinflation increase.”



Klara Seidakhmetova

Argentina and Brazil will introduce a common currency – sur (south). They hope that the new currency will help to stimulate trade and reduce dependence on the dollar

<https://oqu.news/argentina-i-brazillija-budut-vvodit-obshhujju-valjutu/>

	Brazil	Argentina
GDP, \$ billion	1 609	487
GDP growth rates, %	3.6	5.9
Public debt to GDP, %	80.27	80.5
State budget to GDP, %	-4.5	-4.5
Inflation	13.75	94.8
Balance of trade. \$ billion	4 780	1 102
Unemployment, %	8.1	7.1

Source: <https://tradingeconomics.com>

“The first view would confirm noted in the MFI regionalization of the world market trend. Countries are trying to ensure greater security in increased uncertainty conditions due to the new integration associations, and the transition to a higher integration level. However, this initiative does not seem to us to be potentially successful. The idea of uniting Latin American countries is usually a kind of populist issue among the recently elected leaders of Latin American countries, as it always finds a positive response from the electorate. At the same time, the political and economic obstacles to creating a common digital currency for trade settlements between Brazil and Argentina are much greater than the potential benefits. And these are significant differences in the structure and level of development of economies, it is the economic and political instability of countries. The forming of such an alliance requires long-term political support, which can be measured for decades. Therefore, the idea of creating a new "sur" currency should be taken as a pure political statement”



Aizhan Alibekova

The US GDP grew by 2.9% YoY in the 4th quarter. The Eurozone may avoid a recession this year.

<https://kapital.kz/world/112350/yevrozona-mozhet-izbezhat-retsessii-v-etom-godu.html>

“Preliminary data on the US GDP were higher than market expectations, and economists raised their forecasts for 2023 regarding the prospects for the EU economic growth for the better (0.5%). We consider the market players' positive reaction in the form of a reduction in the global recession risk estimates as an underestimation of the uncertainty that has arisen on a global basis and a high dependence on geopolitics. The uncertainty can be traced even in the forecasts of key MFIs when their opinion changes significantly every month”



Aizhan Alibekova

The Dollar Index amounted to the level of the end of June last year.

<https://ru.investing.com/indices/usdollar-historical-data>

Date	Value	Change
25.01.	101.64	-0.27%
26.01.	101.64	+0.19%
27.01.	101.99	+0.15%

“Being at local lows leads to external pressure on the national currency elimination, which we could observe for the greater half of 2022. However, the Fed's rhetoric on further rate hikes, coupled with a decrease in inflationary pressure in the United States, may spur investors to increase investments in dollar-denominated assets. And this, in turn, may lead to a new round of the dollar growth against other world currencies.”

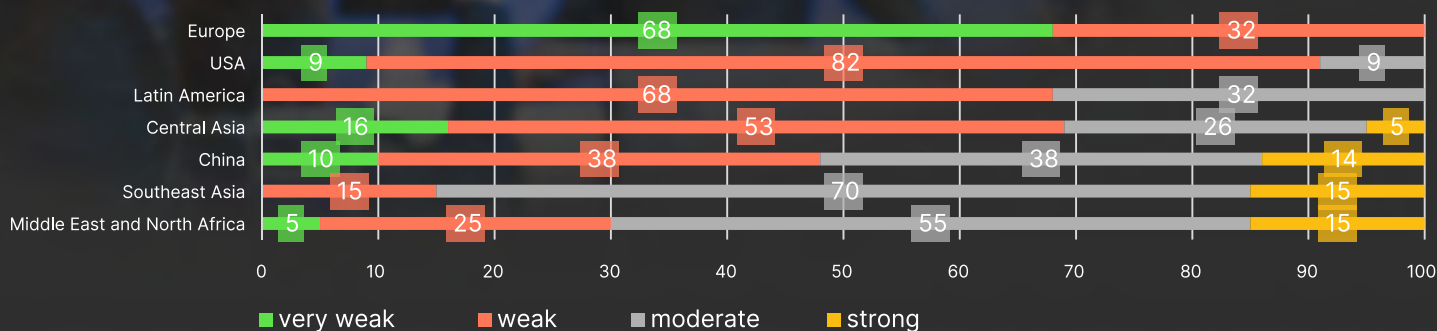


Sunggat Rysbek

The annual World Economic Forum was held in mid-January, where the world's leading economist were asked "What are your expectations on economic growth in the following regions in 2023?"

https://www3.weforum.org/docs/WEF_Chief_Economists_Outlook_2023.pdf

Survey response rate, %



"Prolonged tightening of monetary conditions around the world will lead to a reduction in economic activity and demand, as a result, we will observe low growth values in the economies of most countries. In the baseline scenario, such a development will also mean a decrease in global inflation. However, many economists fear that the current tightening of monetary conditions continuation may be excessive, and will create a situation of a significant reduction in demand and investment activity, which will lead to recessive phenomena."



Abylai Asylkhan

On January 23, 2023 the ban imposed on July 2022 for the export of petroleum products by road was extended for 6 months. Moreover, a decision will be made until January 31, 2023 to ban the export of petroleum products by all kinds of transport for a period of 4 months.

<https://kapital.kz/economic/112398/iz-kazahstana-mogut-zapretit-vyvozit-nefteprodukty-vsemi-vidami-transporta.html>

“The temporary ban on the export of petroleum products by all kinds of transport is aimed at preventing price hikes for gasoline and diesel fuel due to planned repairs at Atyrau oil refinery. Also, the main reason for the gasoline shortage is the flow of diesel fuel outside Kazakhstan to neighbouring countries due to a significant difference in its price”

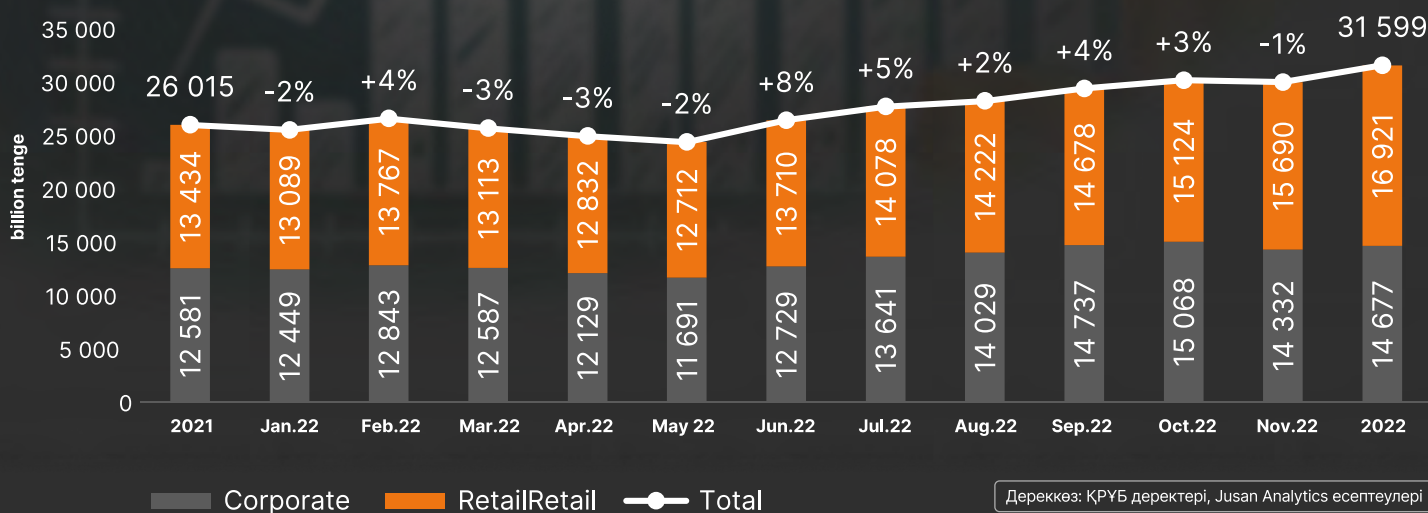


Abylai Asylkhan

Data on bank deposits were released. In December, deposits increased by 5.3%, total growth since the beginning of the year was +21.5%, and real growth was +1.1%.

<https://www.nationalbank.kz/ru/news/svedeniya-o-strukture-vkladov/rubrics/1854>

Dynamics of deposits



“The growth of deposits is due to economic development and household income increase. In 2022, we observed a flow from foreign currency deposits to tenge deposits which was forwarded by a base rate increase and compensation for tenge deposits. At the same time, the dollarization level is at a historically low level since the transition to a floating exchange rate regime and amounted to 31.6% at the end of 2022 year (36% at the end of 2021). The dollarization of individuals' deposits amounted to 29.7%, less than the indicator was only at the end of 1997 (24.9%).”



Sunggat Rysbek

The Ministry of Trade and Integration of the Republic of Kazakhstan will pay for the accounts of 70 companies with the Gold Supplier status for trading on Alibaba. It is planned to spend from 96.5 to 339 million tenge on subscriptions, master classes and instructions will also be prepared for participants.

https://forbes.kz/economy/business/70_kazahstanskih_kompaniy_poluchat_na_alibaba_v_2023_godu_status_gold_supplier/

“25% of all operating enterprises in Kazakhstan are engaged in trade. This step will allow domestic companies to increase the volume of trade and exports in general. And due to geopolitical difficulties, Kazakhstan needs to diversify its trade, which will then allow it to avoid several negative shocks similar to those that we could observe in 2022.”

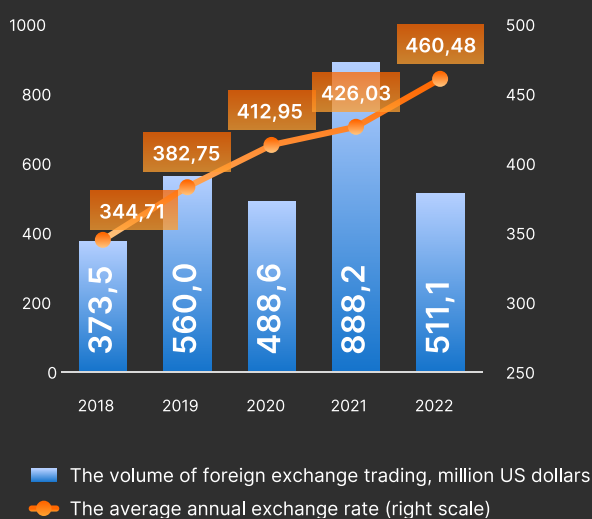


Sunggat Rysbek

The population bought cash dollars in the amount of 235.3 million tenge on a net basis for 2022.

<https://www.nationalbank.kz/ru/exchangerates/ezhednevnye-oficialnye-rynochnye-kursy-valyut>

Source: data of the National Bank of the Republic of Kazakhstan, Jusan Analytics calculations



“Despite the significant exchange rate weakening in 2022, the population bought less currency than in 2021. This situation can be ensured by the NBK’s measures to prevent shock demand for foreign currency, or by switching from buying currency in exchange offices to buying it in the banks’ application.”



Sunggat Rysbek

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