

Weekly For€X Review

04/03/2023-04/07/2023





Last week, the national currency strengthened to 445 **tenge** per dollar. The oil price increases and the weakening of the Dollar Index as favourable external backgrounds restored optimism among market participants.

The OPEC+ member countries agreed to reduce **oil** production by 1.16 million barrels per day by the summer, which was the impetus for an increase in oil prices. The price per barrel of oil on Monday (04/03) immediately increased by \$ 5 and closed at \$ 85 per barrel. The price increase was also affected by data on the reduction of commercial oil reserves and drilling rigs in the United States.

The Dollar Index fell below 102 points at the beginning of the week, and it recovered to 102.09 at the end of the week. The reason for this volatility was the "mixed" statistics on the labour market in the United States. Data on the number of open vacancies and Americans applying for benefits turned out to be worse than economists' expectations and increased concerns about the beginning of recession. A strong Employment Report in the United States was released by the end of the week. 236 thousand jobs were open, and the unemployment rate decreased from 3.6% to 3.5%.

The RUBUSD exchange rate is declining despite high oil prices. The ruble is affected by the limited supply of foreign currency on the market due to the sale of Russian assets by foreign companies.

The dynamics of tenge this week will depend on external economic factors. Data on inflation in the US in March will be released this week, which will influence the Fed's decision on the key rate.

Summary of fundamental factors

| factor name | quotes as of 04/07/2023 | % Δ | | impact on tenge* | factor name | value as of 04/07/2023 | revision date | revision direction | |
|----------------------|-------------------------|------------|------------|------------------|-----------------------|------------------------|---------------|--------------------|---|
| | | week | month | | | | | | |
| Brent price | 85.1 | 6.7% | 2.1% | ▼ | Real rate of the CB** | NBK | 4.75% | 02/24/2022 | ▲ |
| The Dollar Index | 102.1 | -0.5% | -3.3% | ▼ | | Fed | 1.70% | 03/22/2023 | ▲ |
| USDRUB | 81.1 | 4.5% | 6.7% | ▼ | | ECB | -2.30% | 03/16/2023 | ▲ |
| CDS spread (USD/KZT) | 979.3 | -33.7 p.p. | -54.1 p.p. | ▼ | | RF CB | 0.50% | 02/10/2023 | ▼ |

*An assessment of the impact of the change on the tenge dynamics: ▲ weakening, ▼ strengthening

** difference between the nominal interest rate and the inflation rate in 12 months (monetary regulator forecasts)

The exchange rate of tenge to foreign currencies

| currency pair | exchange rate as of 04/07/2023 | % Δ | | | min for 12 months | max for 12 months |
|----------------|--------------------------------|-------|-------|---------------------------------|-------------------|-------------------|
| | | week | month | since the beginning of the year | | |
| USD KZT | 445.0 | -1.5% | 1.5% | -3.8% | 414.67 | 484.18 |
| EUR KZT | 485.6 | -1.2% | 3.9% | -1.5% | 443.06 | 505.77 |
| RUB KZT | 5.4 | -8.5% | -7.7% | -16.6% | 5.39 | 9.1 |
| CNY KZT | 64.8 | -1.4% | 2.4% | -2.9% | 62.21 | 72.16 |



Jusan Analytics Indexes and calculations

| Index name | value as of 04/07/2023 | % Δ | | | dynamics (over the last 12 months) |
|------------------------------------|------------------------|-------|-------|---------------------------------|------------------------------------|
| | | week | month | since the beginning of the year | |
| the TENGE Index | 90.7 | 3.4% | 0.7% | 8.3% | |
| Tenge volatility* | 1.1% | 0.7% | 1.2% | 2.8% | |
| Export Price Index | 148.7 | 4.31% | 0.3% | -5.4% | |

* change columns are used to indicate the average value for the volatility row for the corresponding period (the last 12 months). The column from the beginning of the year shows the average annual volatility over the past 12 months.

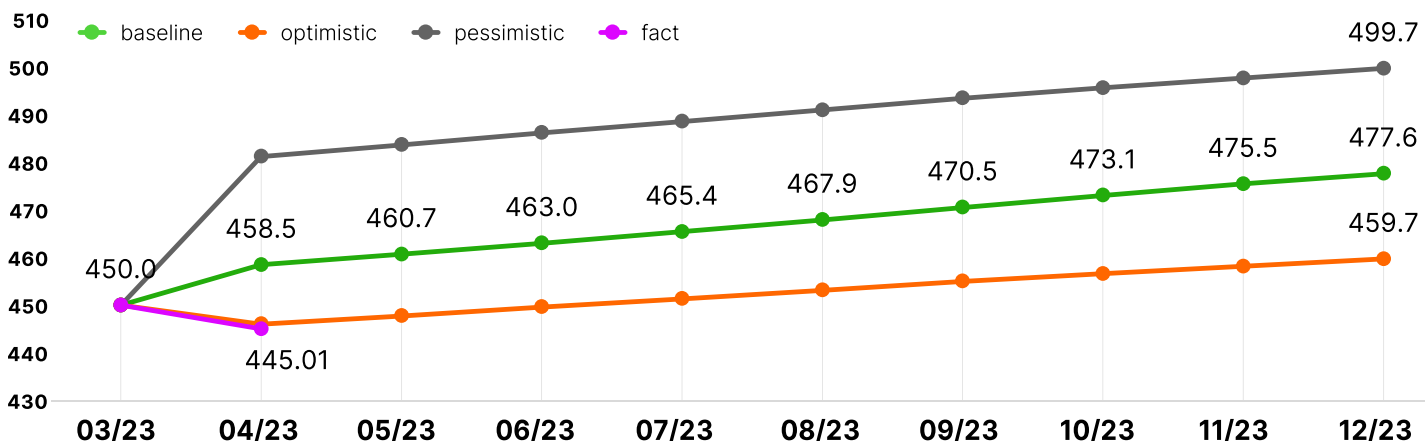
Jusan Analytics outlook

| forecast date | currency pair | outlook period | | | fact-outlook correlation* | comment |
|---------------|---------------|----------------|-------|-----------------|---------------------------|---|
| | | week | month | end of the year | | |
| 04/03/2023 | USDKZT | 445.0 | 458.5 | 477.6 | ✓ | Market participants optimism amid high oil prices |
| | | | | | | |
| | | | | | | |

* ✓ matches, ✗ does not match

The outlook of the tenge to dollar exchange rate according to Jusan Analytics calculations

We have revised our outlooks for the exchange rate due to the beginning of the 2nd quarter. The revision is due to the adjustment of the main indicators: outlooks for inflation and oil prices (improvement), expectations for the dynamics of the Fed's base rates (Bloomberg consensus outlook) and the NBK (slow decline). We expect an increase in oil prices in both optimistic and pessimistic scenarios because of the reduction in supply and the gradual decline in pessimism among market participants. We also expect a decrease in price growth in annualized terms at the level of 12.4-14.3% at the end of last year. Such a reduction is due to the delayed impact of a high base rate and low household inflation expectations.



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