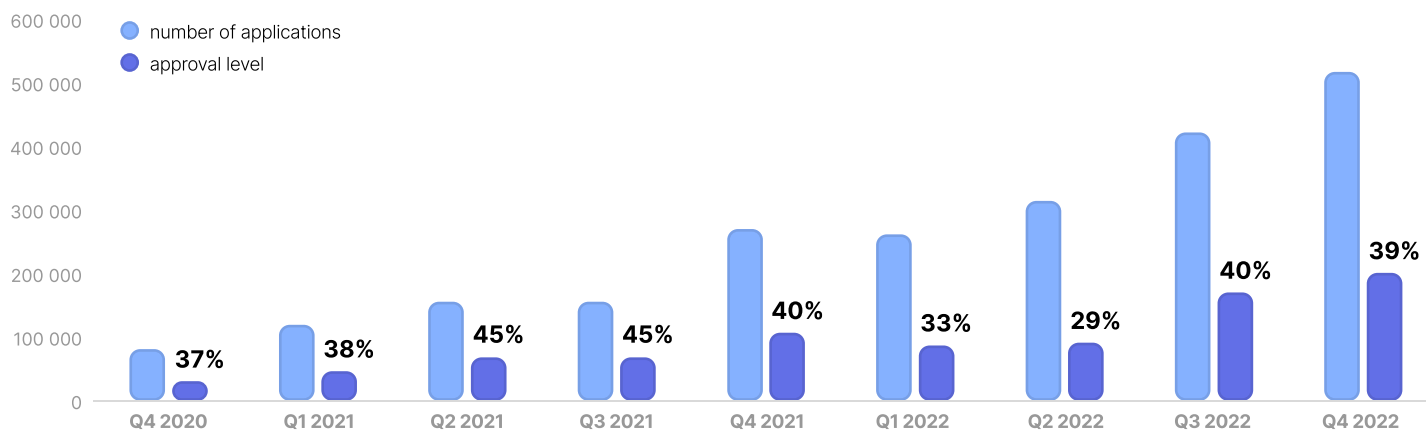


Banks have money, but they do not lend to SMEs – President

Source: <https://orda.kz/u-bankov-est-dengi-no-oni-ne-kredituyut-msb-prezident/>

Demand for lending from SMEs



Source: NBK



Sunggat Rysbek

Analyst

“In a recent Address to the Government and aims, the President noted the low availability of financing for small and medium-sized businesses (SMEs) from banks. According to the President, banks have sufficient funds to expand the issuance of loans for SMEs.

As of March 1, 2023, the volume of SME loans amounted to 6.4 trillion tenge, which is 56% of corporate loans and 26% of the total loan portfolio of banks. This indicator is considered to be high over the past few years.

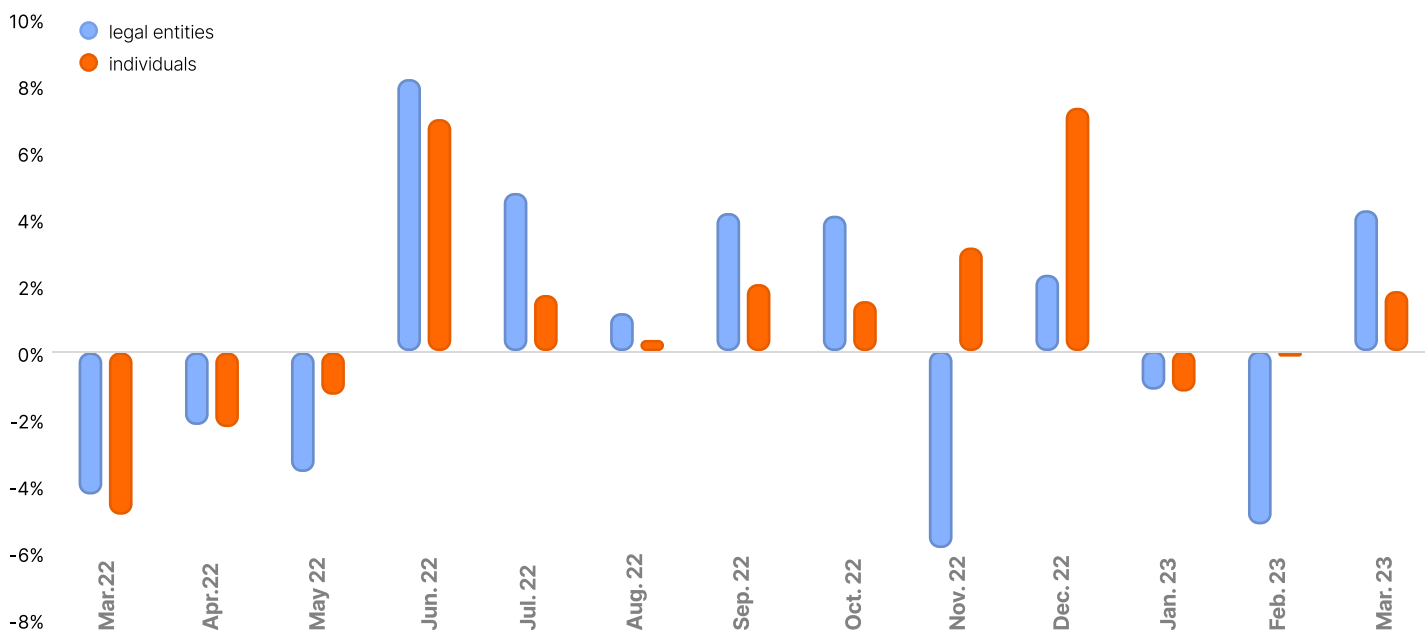
In general, there is an increase in demand for lending from businesses. So, the number of applications for lending from small businesses amounted to 511.8 thousand and from medium-sized businesses 2.7 thousand applications in the 4th quarter. At the same time, only 39% of small businesses and 51% of medium-sized businesses receive approval, while 73% is in large businesses.

Such a low percentage of approvals is a consequence of several factors: many enterprises lack collateral and credit history, and the level of digitalization of their scoring process is insufficient. Banks will be able to increase the issuance of loans for SMEs if the rules for issuing guarantees are revised, the cash flow is digitized and the information systems of STBs and state revenue bodies are integrated.”

The volume of deposits in deposit organizations increased by 896 billion tenge or by 3%

Source: <https://www.nationalbank.kz/ru/depositoryorganizationsdeposits/depozity-v-depozitnyh-organizaciyah->

Dynamics of deposits



Source: NBK



Sunggat Rysbek

Analyst

“The volume of deposits at the end of March amounted to 30.7 trillion tenge. There has been an increase in deposits of both individuals and legal entities for the first time since the beginning of the year.

Deposits in the national currency (+776 billion tenge) made a significant contribution to the total increase. Thus, tenge deposits of legal entities increased by 453.5 billion tenge and individuals' deposits - by 322 billion tenge. The growth of the latter was also facilitated by the received state compensation.

Deposits in foreign currency increased by 120 billion tenge. However, the outflow of deposits of individuals in foreign currency continued: they decreased by 38 billion tenge for the month.

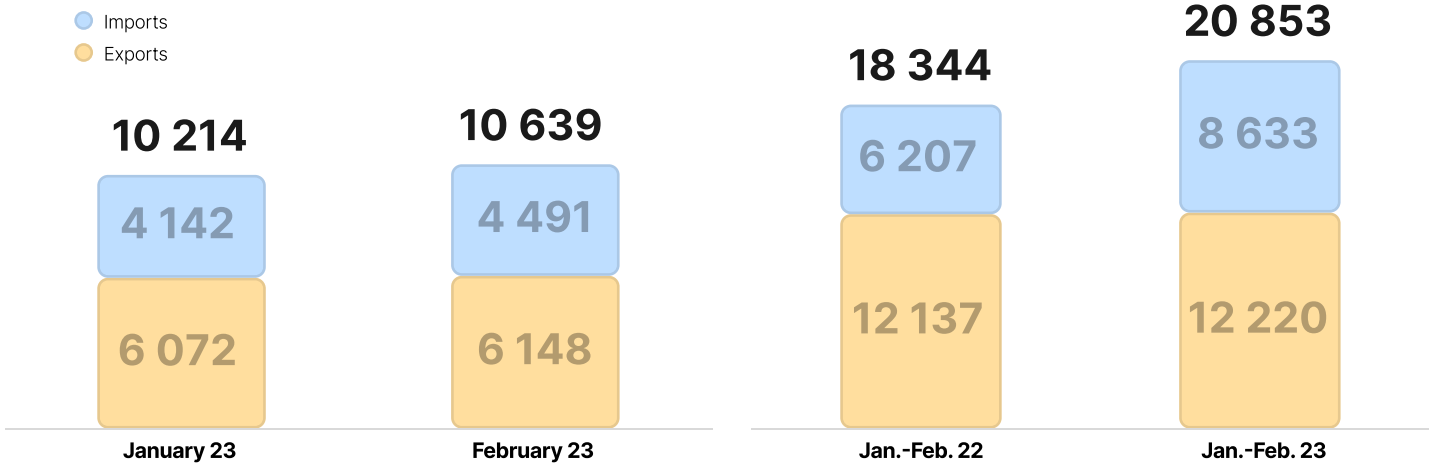
The outstripping growth of deposits in the national currency has reduced the level of dollarization. The overall level of dollarization was 30.2% (-0.9 percentage points per month). Dollarization of deposits of legal entities amounted to 32% (-0.8 p.p.), and individuals 27.6% (-2.7 p.p.).

We expect further growth in deposits while maintaining the current conditions – the growth of household incomes, a high base rate, a decrease in inflation and a stable tenge exchange rate.”

Foreign trade of Kazakhstan (February 2023)

Source: <https://new.stat.gov.kz/ru/industries/economy/foreign-market/publications/27195/>

The volume of turnover of Kazakhstan, million US dollars



Source: Bureau of National Statistics



Ayat Suraganov

Analyst

“The Bureau of National Statistics has published data on the foreign trade turnover of the Republic of Kazakhstan for February 2023. According to these data, foreign trade turnover in January-February 2023 amounted to \$ 20,853 million and increased by 13.7% compared to the same period last year. Thus, exports amounted to 12,220 million (+0.7%), and imports – 8,633 million (+39.1%). And by volume exports decreased by 11%, while imports increased by 6%.

The biggest increase in 2 months of the current year was recorded in the export of such cargoes as copper ores (87%), petroleum products (82%), and silver (74%). A reduction in exports was observed for oil (-6%), ferroalloys (-18%), copper alloys (-24%) and bars (-29%).

Exports to the EAEU countries increased significantly (by \$418 million or 34%), Korea (by \$337 million or 56%), Romania (by \$220 million or 69%), China (by \$180 million or 14%) and Afghanistan (by \$137 million or +95%).

The high growth in imports was due to an increase in the import of cars (+125%), telephones (+88%), bodies and spare parts (77%), as well as oil and petroleum products (+60%).

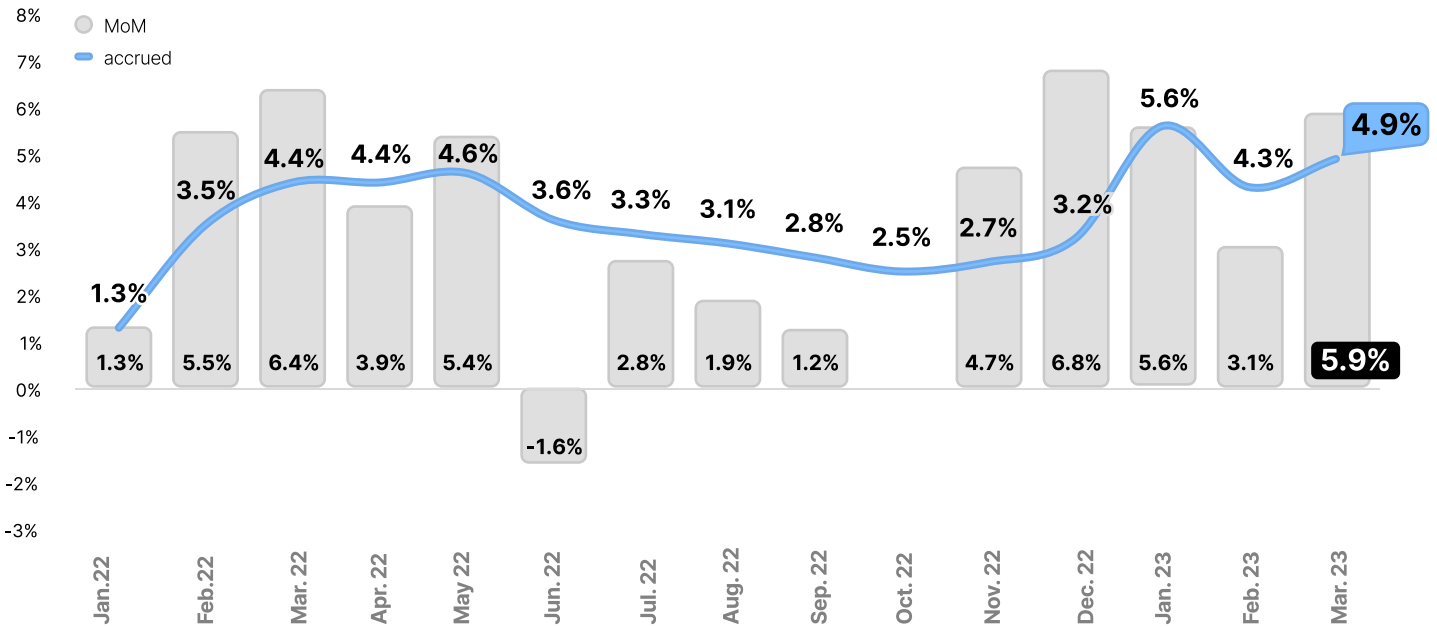
The largest increase among import partners: China (an increase of \$ 651 million or 49%), Germany (by 244 million or 130%), the USA (by 228 million or 121%), Korea and Turkey (by 162 million by 84% and 105% respectively), Japan and Vietnam (117 million by 117% and 279%, respectively).

In our view, a slight increase in exports is related to the volatility of prices for commodities and metals and a reduction in exports by volume. Imports have significantly accelerated due to inflation in world trade markets, increased demand for cars and the resumption of investment projects”

Kazakhstan's economic growth has accelerated

Source: <https://primeminister.kz/ru/news/rost-ekonomiki-kazakhstana-uskorilsya-23776>

Real GDP growth, %



Source: the Bureau of National Statistics of the Agency for Strategic Planning and Reforms, Jusan Analytics calculations



Klara Seidakhmetova

Analyst

"Kazakhstan's economy grew by 4.9% in the 1st quarter of this year. At the same time, if we compare March of last year with March of this year, then there is an acceleration of the economy to 5.9%.

A significant contribution to this growth was made by the real sector, where the construction industry is developing at an accelerated pace (+15.7% for the 1st quarter of 2023, +8.6% for the 1st quarter of 2022). This is due to the growing investments in fixed assets (+16.1%), which affect the construction of non-residential buildings (+21.1%) and structures (+18.1%).

The manufacturing also made a positive contribution, which increased by +2.8% due to the manufacturing segment, where there is an increase in mechanical engineering, food and beverage production, pharmaceuticals and finished metal products. However, the mining sector continues to have a negative impact – according to data for January-February, its growth rate decreased from 0.5% to 0.2% due to the continued decline in iron ore and coal production.

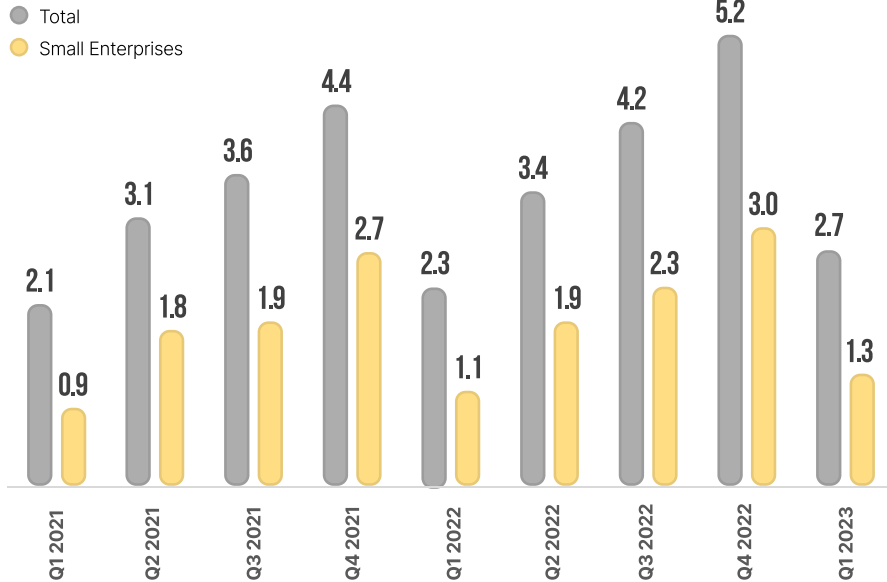
In the service sector, the largest contribution was made by trade, the development of which remains at an increased pace of 11.5%. Good figures were also observed in the transport sector due to the growth of cargo and passenger turnover.

Thus, according to the results of the 1st quarter, the development of the economy exceeded our expectations by 4.0-4.3% due to faster growth in construction. At the same time, expanded fiscal stimulus, reduced uncertainties in the mining sector, weakening price pressure and growing investment activity will continue to contribute to the subsequent growth of the economy. We expect economic growth to remain in the range of 4.0-4.5% by the end of the year."

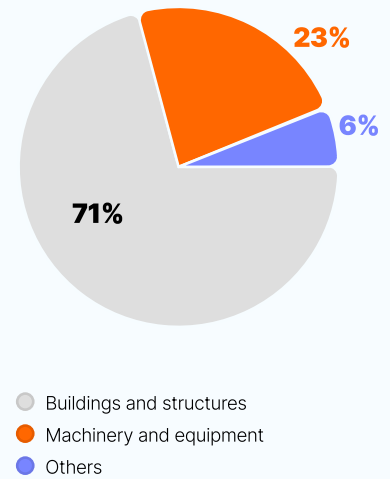
Small enterprises prefer to invest in real estate

Source: <https://ism.kz/malyj-biznes-predpochitaet-vkladyvat-sya-v-nedvizhimost>

Dynamics of investments of small enterprises, trillion tenge



Structure of investments of small enterprises, %



Source: the Bureau of National Statistics



Gulnaz Aldibekova

Analyst

“According to the Bureau of National Statistics, in January-March 2023, the volume of investments of small enterprises accounted for 47%.

The largest share of investments is directed to the construction of buildings and structures – more than 71%, which is 2.1% more than last year. For comparison, 50% or more of the investment structure is machinery and equipment in developed countries, and only about 30% is directed to construction.

In Kazakhstan, capital investments of small businesses in real estate are mainly stimulated by various state infrastructure and housing construction programs, particularly by subsidizing interest rates on SME loans, and exemption from income taxes of small businesses. And we can assume that the observed activity of small enterprises is not justified by the sector development, which is also evidenced by a moderate increase in income and household consumption, the positive dynamics of which are the key to the successful development of small enterprises.

Worth noting that the development of digital technologies observed in the post-pandemic period that is creating convenience for doing business will further strengthen the trend of growth in business activity of small businesses with the further expansion of state support.”

Auhors: Ayat Suraganov, Gulnaz Aldibekova, Klara Seidakhmetova, Sunggat Rysbek

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