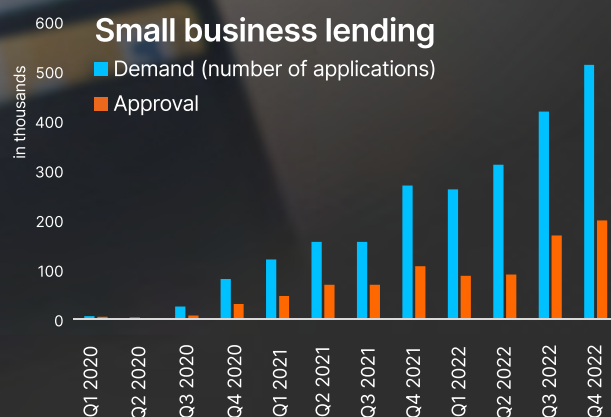
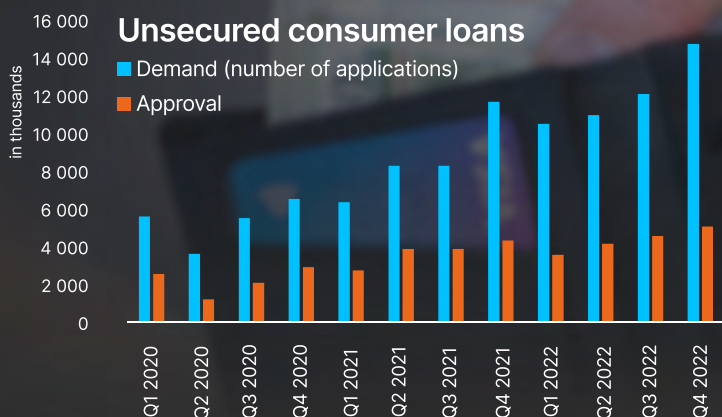


News digest for

02/20/2023-
02/26/2023



The number of applications for loans by businesses has increased



“The National Bank has published the results of a survey of banks on lending for the 4th quarter of 2022, according to which the number of applications for a loan for businesses has increased. It is worth noting that several years in a row in the 4th quarter, there has been an increase in the number of applications from small businesses, while the average loan amount is sharply decreasing. The approval of small business loans percentage decreased slightly to 39% despite the increase in their applications. Servicing loans at current lending rates is more difficult for businesses, especially small ones. Therefore, we will see a decrease in the level of approval in future quarters.

There is also an increase in applications in the retail segment, which has a rather seasonal effect. The average amount for unsecured consumer loans decreased by 12% and amounted to 591 thousand tenge. The decrease in the loan amount partly depends on stricter requirements for the creditworthiness of borrowers, which is also confirmed by an increase in refusal level, the share of which increased from 43% to 65% for the quarter.

This year, due to the entry into force of the bankruptcy law and the preservation of current monetary conditions, we expect stricter requirements for borrowers from banks, which will also affect the approval of loan applications. Excluding the seasonal factor, business demand will decrease slightly. However, we expect an increase in the average amount of retail and corporate loans within the inflation growth rate.”



Sunggat Rysbek

Kazakhstan's foreign trade surplus increased 1.8 times in 2022

<https://inbusiness.kz/ru/last/polozhitelnoe-saldo-vneshnej-torgovli-kazahstana-v-2022-godu-uvelichilos-v-1-8-raza>

Source: State Revenue Committee of the Republic of Kazakhstan, Bureau of National Statistics of the Republic of Kazakhstan



Kazakhstan's foreign trade in 2022 increased by 32.1% compared to 2021 to 134.4 billion US dollars. Exports amounted to 84.4 billion (+36.9%), and imports to 50 billion US dollars (+20.8%).

Favourable trade conditions, primarily in the global energy market, created a significant trade surplus in 2022 (+\$34.4 billion), which is 1.8 times more than in 2021.

Oil exports in 2022 increased by 51% compared to last year to 46.9 billion US dollars. The main reason for its growth in 2022 is the increase in prices since the quantum of exports increased only by 0.3%. There is also a significant increase in the value of exports of copper, ferroalloys and uranium.

Imports for 2022 increased by 20.8% compared to last year. The main increase in imports was due to Asian countries, primarily China. In 2022, Russia's share in Kazakhstan's imports decreased from 42.5% in 2021 to 34.6%, while China slightly increased its share from 19.8% to 22%.

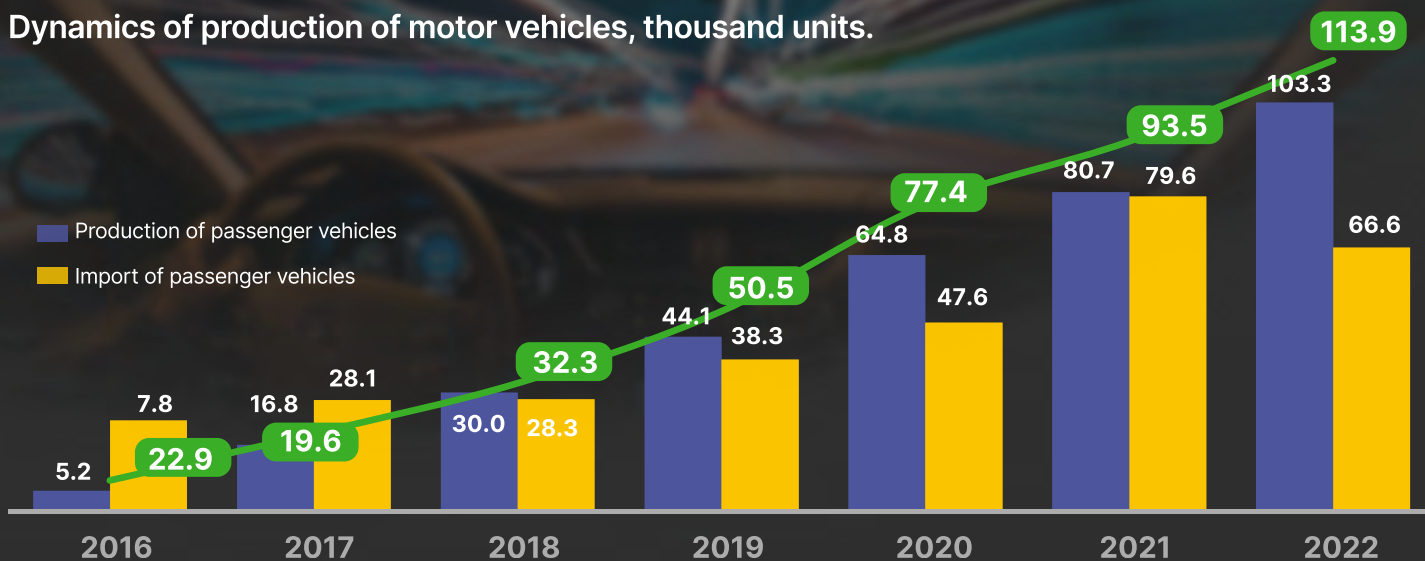


Abylay Assylkhan

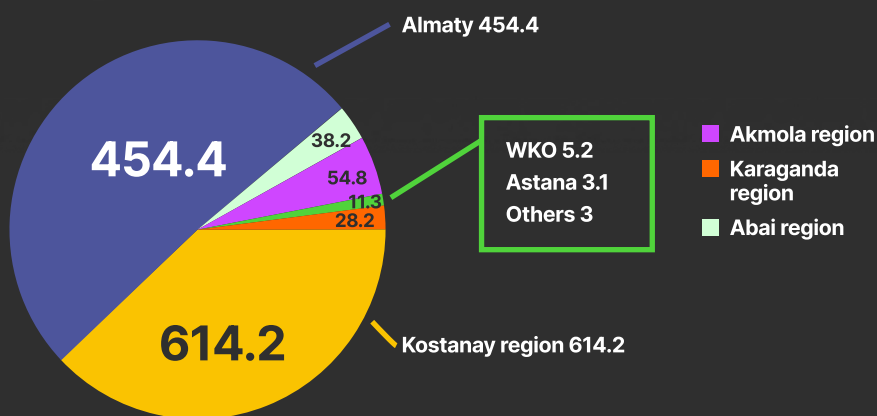
Car production in Kazakhstan increased by 22% at once

https://baigenews.kz/proizvodstvo-avto-v-kazahstane-uvelichilos-srazu-na-22_147874/

Dynamics of production of motor vehicles, thousand units.



Regional structure of production in 2022, billion tenge



“The trend of car production growth continues in the country's automotive industry market. Thus, according to the BNS of the Republic of Kazakhstan, 113.9 thousand new vehicles were produced (of which 91% were passenger cars) in January-December 2022, this is 22% more than the level of 2021. The main factors are the increase in production capacity and the effective demand supported by soft-window facilities.

We note that a decrease in imports (-16.3%) in 2022, which affected domestic demand was due to the automotive industry subsidence in Russia, which is the main car supplier to the Republic of Kazakhstan.

Further growth of vehicle production is expected in 2023 in Kazakhstan, given the expansion of production capacities (Allur plant has launched CKD production with welding and painting of Kia Sportage and Chevrolet Onix car bodies, construction of a new plant for the production of Chery, Haval and Changan cars in Almaty city, the launch of KamaTyres KZ tires production).”



Gulnaz Aldibekova

China is gaining more control over the LNG market amid rising global demand

Source: <https://kapital.kz/world/113209/kitay-poluchayet-vse-bol-she-kontrolya-nad-rynkom-spg.html>

“First, the pandemic, and then the geopolitical conflict had a tangible destabilizing effect on the balance of supply and demand in the electricity market. If the electricity market was balancing for most of 2022 mainly without China's intervention (it had no time because of the fight against COVID-19), and the impact of emerging supply and demand shocks was short-term, now the activation of the Celestial economy will fundamentally change the situation.

The EU countries managed to buy the LNG in 2022 despite a reduction in supplies from Russia (and due to a supply increase). Now, the main competitor for the EU for global demand will be China, which seeks to conclude long-term supply contracts. This makes the Celestial Empire not just a major buyer, but a participant that has an impact on the balance of market forces, and according to our expectations, this trend will affect most of the world's commodity and primary commodity markets.

A further cost increase of energy resources means a reduction in consumption by households and business representatives, as well as a corresponding negative effect on the economic prospects for Europe. At the same time, the demand for nuclear and renewable energy by the EU will grow.

A likely new wave of rising energy prices, as before, in the form of simultaneous increases in dollar revenue and external inflationary pressure, may have a twofold effect on the economy of Kazakhstan.

Moreover, if China chooses the role of a global stabilizer instead of a balancer, then it may be a game-changer.”



Aizhan Alibekova

Authors: Aizhan Alibekova, Abylai Asylkhan, Gulnaz Aldibekova, Sunggat Rysbek

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