

# News digest for

02/27/2023-  
03/05/2023



# S&P affirmed Kazakhstan's sovereign credit rating at BBB--/A-3

<https://kapital.kz/economic/113563/s-p-podtverdilo-kreditnyy-reyting-kazakhstana-na-urovne-bbb-a-3.html>

S&P	03/04/2023	09/02/2022	04/01/2022
Sovereign credit ratings	BBB-/A-3	BBB-/A-3	BBB-/A-3
Sovereign credit rating outlooks	Stable	Negative	Stable

Источник: <https://www.spglobal.com/ratings/ru/>

"S&P Global Ratings has revised the outlook on Kazakhstan's sovereign credit ratings from "Negative" to "Stable". Moreover, short-term and long-term ratings on liabilities in foreign and national currencies remained at the same level.

The outlook is explained by good rates on the balance of payments and the budget, which will allow blocking the negative impact of possible interruptions in oil supplies through the CPC pipeline. The rating agency also announced its expectations for the country's economic growth for the current year – 4.1%, followed by a stabilization of growth of about 4%. According to them, the Tengizchevroil expansion and the oil production growth will be the main factor.

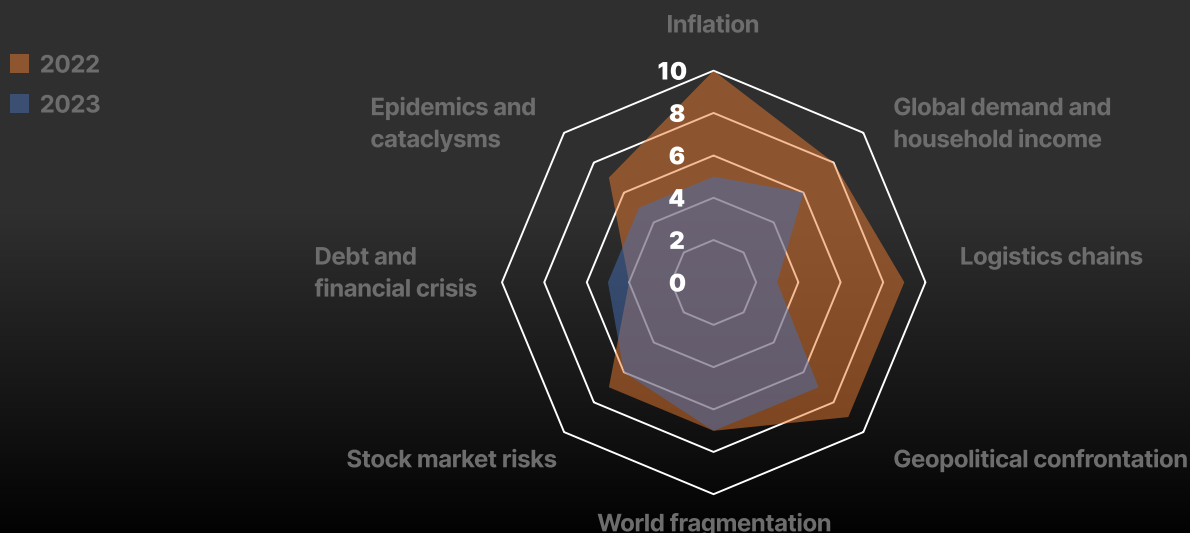
We agree with S&P's forecasts and expect economic growth in the range of 3.8-4.3% this year. The following factors should have a positive impact:

- reaching an agreement on the export of Kazakhstan oil,
- support of the economy by the state,
- a favourable external background with a decrease in uncertainty and a reduction in risks,
- increasing investments in fixed assets,
- expanding production due to a large project at TCO,
- easing price pressure, which will positively impact the trade and construction industries."



**Klara Seidakhmetova**

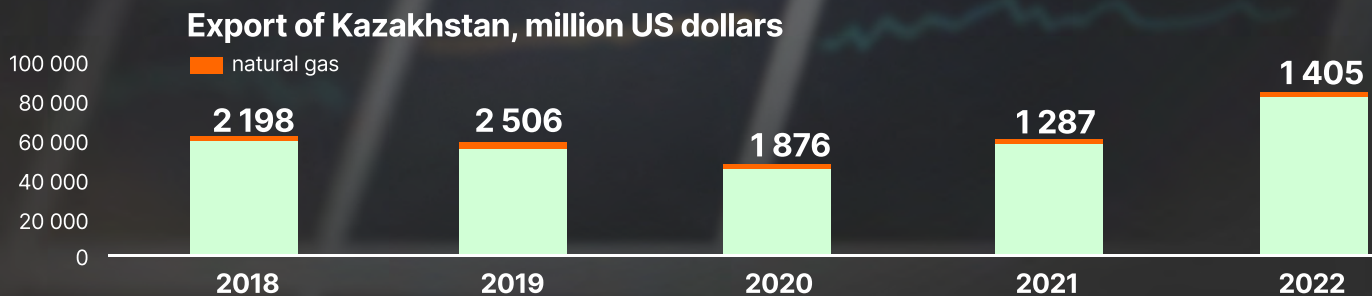
## A web of challenges and external environment problems



Source: Jusan Analytics calculations

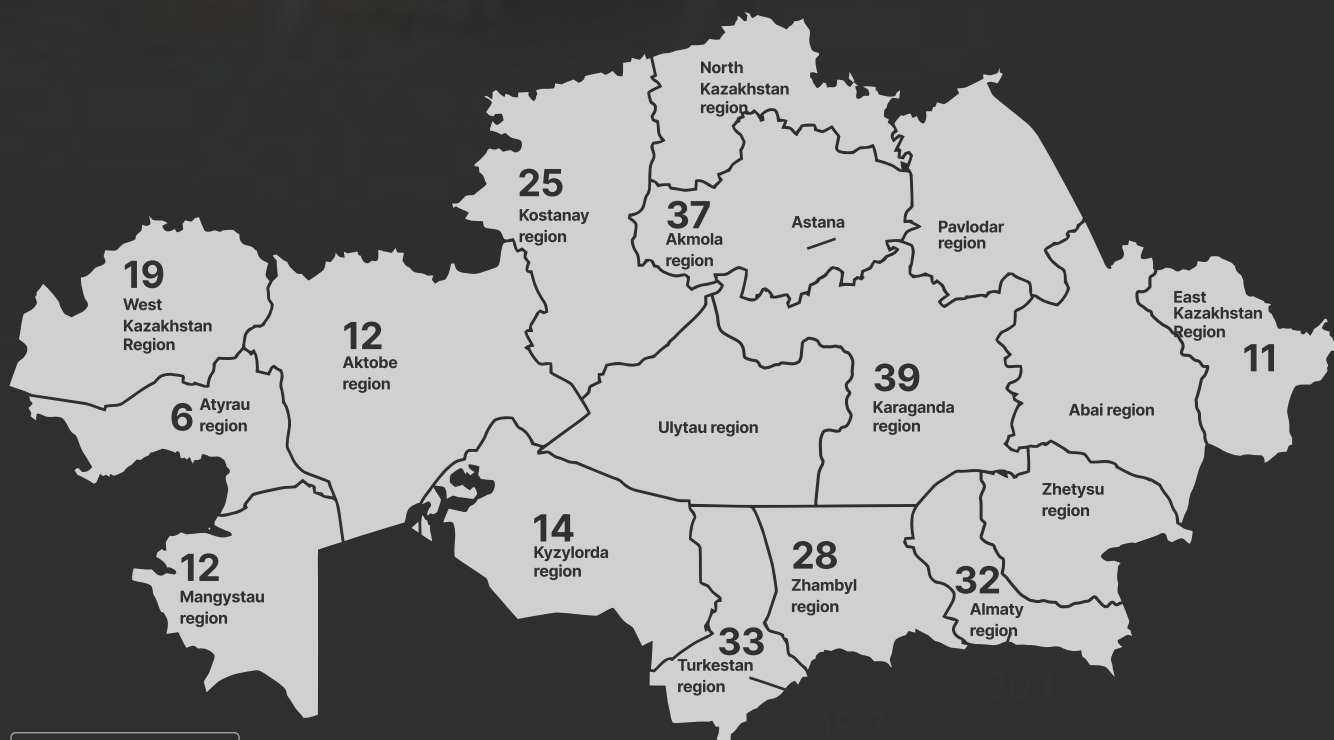
# Kazakhstan will stop natural gas exports this year

Source: <https://informburo.kz/novosti/kazaxstan-otkazetsya-ot-eksporta-gaza-uze-v-etom-godu>



## Current gas tariffs, tenge per 1 m3

Source: Bureau of National Statistics



Source: <https://bankchart.kz/>

“The decline in gas exports due to an increase in domestic consumption has been a trend since 2019. The exception was in 2022 when global demand and prices for natural gas increased due to the mutual sanctions between Russia and the West. In general, the future lack of income from gas exports will have little effect on the total volume of foreign exchange earnings from exports. The share of gas exports in total exports by value is only 1.7% (2022).

The restrictions imposed are a preventive measure to smooth the risks of shortages in the future growth of domestic needs and they are aimed at curbing incentives to sell gas abroad at higher prices.

Cheap gas has been available to Kazakhstan citizens for a long time thanks to subsidies from the Ministry of Energy, which were financed by selling gas abroad. And the absence of these subsidies will increase price pressure on consumers. As practice shows, this will cause an increase in social tension. Therefore, it is likely that the Government will use budget funds to regulate prices to ensure at the same time acceptable incomes for producers and prices for consumers. Moreover, any obstruction/limitation of the market force influences is always expensive and has temporary effects, as well as contributes to the accumulation of imbalances, which will be reflected as price hikes sooner or later.

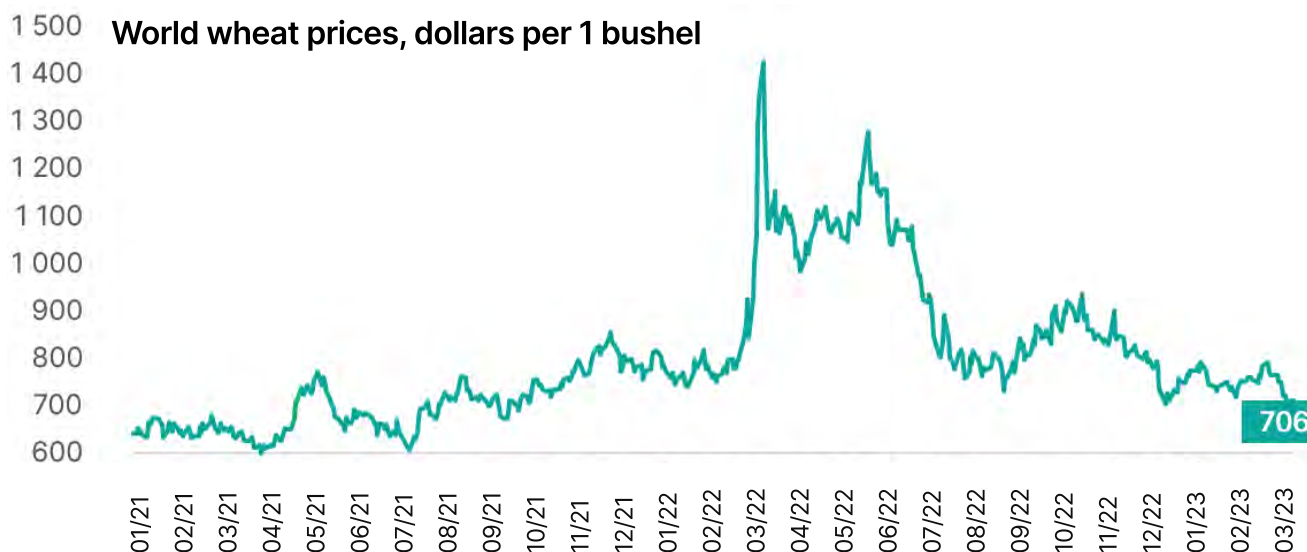
For reference: The average world price for 1 m3 gas in tenge is 47 tenge ”



**Aizhan Alibekova**

# Global food prices decline: Uzbekistan is willing to buy wheat cheaper, but it is not profitable for Kazakhstan. The national currency strengthened against the dollar by 13.41 tenge per month.

Source: <https://informburo.kz/novosti/mirovovoe-snizenie-cen-uzbekistan-xocet-pokupat-psenicu-desevle-kazaxstanu-eto-nevygodno>



Source: investing.com, the price of the futures with expiration date May 2023

“Wheat prices decline from spring to the July harvest and then rise from these lows in the autumn-winter period under normal circumstances. The trend corresponds to a regular cycle of wheat planting and harvesting, regardless of the weather conditions. Prices for the products of the old harvest remain high until the forecasts for the new one become known. This fact and the imposition of news about the absence of grain shortage, which implies the extension of the "grain deal" are the reasons for the observed decline in prices on the world grain market.

This helps to reduce the incentives for domestic grain producers to sell wheat abroad in pursuit of high prices and use cheaper Russian grain to meet the needs of the domestic market. And generally, this has a positive effect on reducing price pressure from the domestic food market and a corresponding increase in consumer purchasing power.”



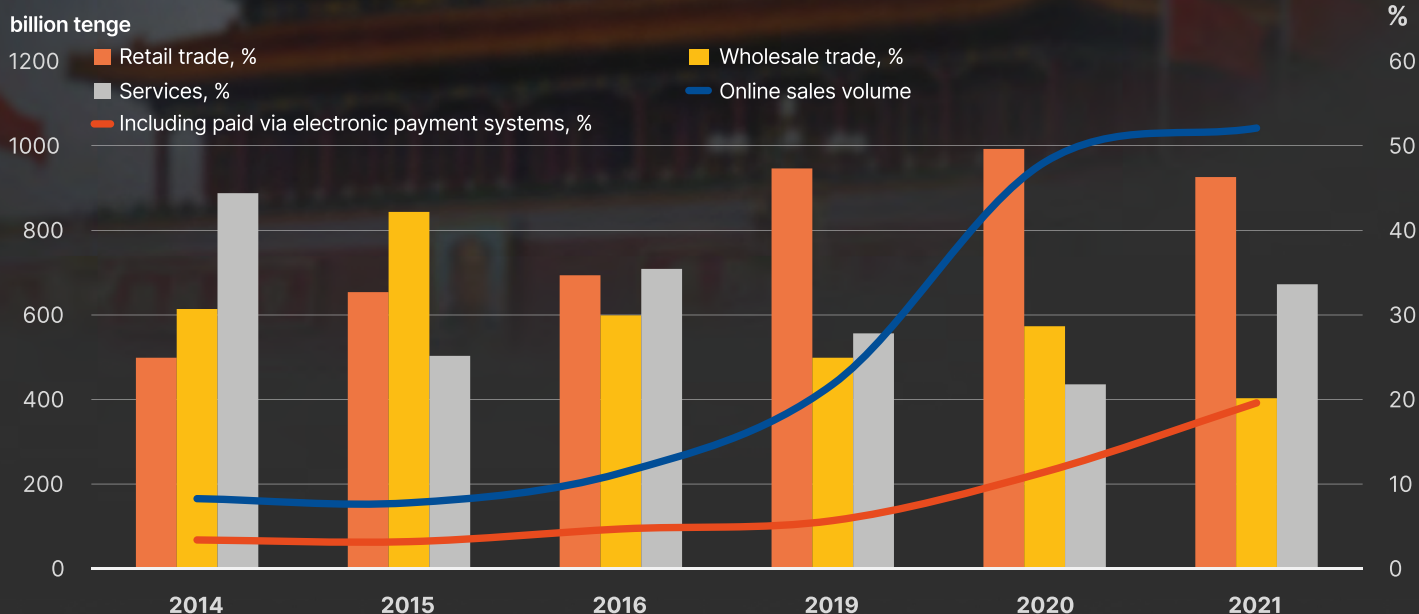
**Aizhan Alibekova**



# The volume of e-commerce in Kazakhstan continues to grow

<https://kapital.kz/economic/113454/ob-yemy-elektronnoy-torgovli-v-kazakhstane-prodolzhayut-rasti.html>

## Dynamics of e-commerce volumes in the Republic of Kazakhstan



"Internet commerce has become a global trend over the past few years and continues to increase in volume. At the same time, if services used to be in great demand (delivery of goods, purchase of tickets, etc.), then there is a trend in online retail sales growth now.

The main reasons for the growth of online retail shopping include convenience, access to international online stores, lower prices and an extensive line, as well as the opportunity to learn a more detailed description of products and see a detailed image of goods.

According to PwC, 93% of all purchases were made using mobile phones in the first 6 months of 2022. This indicates the trend continuation and the improvement of mobile applications and marketplaces, as well as the launch of new attractive marketing strategies.

The most popular categories of e-commerce were telephones, household appliances, cosmetics, and computer equipment. The greatest volumes were made in Almaty, Astana and Shymkent cities.

Following Euromonitor International, the volume of e-commerce in Kazakhstan increased by 20.2% last year. Given that the population is increasingly switching to online shopping, the dynamics of e-commerce growth will continue in the next few years.

**For reference:** According to international studies, when selling goods online to men and women, it is necessary to consider that:

- men are most often looking for a product by category, and women choose what a familiar brand offers;
- men spend more time choosing a product, carefully studying its characteristics. And women are guided by a picture and a visual image;
- in online stores men prefer to buy household appliances, and the female audience - cosmetics, perfumes and clothes; the product price, its quality, and delivery speed are equally important for both categories."

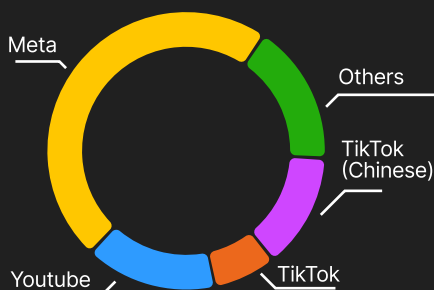


**Gulnaz Aldibekova**

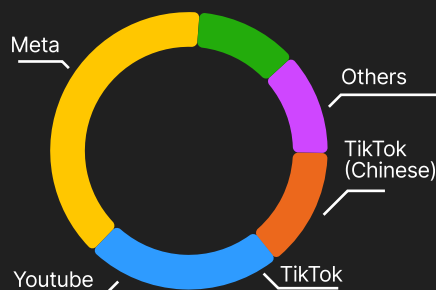
# TikTok video advertising revenue will surpass meta and YouTube combined by 2027

<https://www.fiercevideo.com/advertising/2027-tiktok-video-ad-revenue-will-surpass-meta-and-youtube-combined-omdia>

Online advertising 2022 (\$189 billion)



Online advertising 2027 (\$331 billion)



“Following Omdia, TikTok’s advertising revenue is expected to grow from \$13 billion in 2022 to \$44 billion by 2027, and TikTok Douyin (a Chinese app) will grow from \$28 billion this year to \$76 billion in 2027. In other words, the total share of TikTok will take 37% of the total amount of 331 billion – about 120 billion US dollars by 2027. This is significantly more than YouTube and Meta, which together are expected to account for 24% or approximately \$77 billion of total online advertising.

It took 3 years to gather a billion audience in TikTok, while it took from 5 to 10 years for the rest of the social media. The popularity of TikTok is explained by the AI-based powerful mechanism of content recommendations. The users also note a high-quality video editor for filming in the application.

And according to the Ministry of Information and Social Development of the Republic of Kazakhstan, TikTok is used by over 7 million people in Kazakhstan. The number of registered users in the country reaches 1,000 people per day.”



**Abylay Assylkhan**

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