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JUSAN ANALYTICS
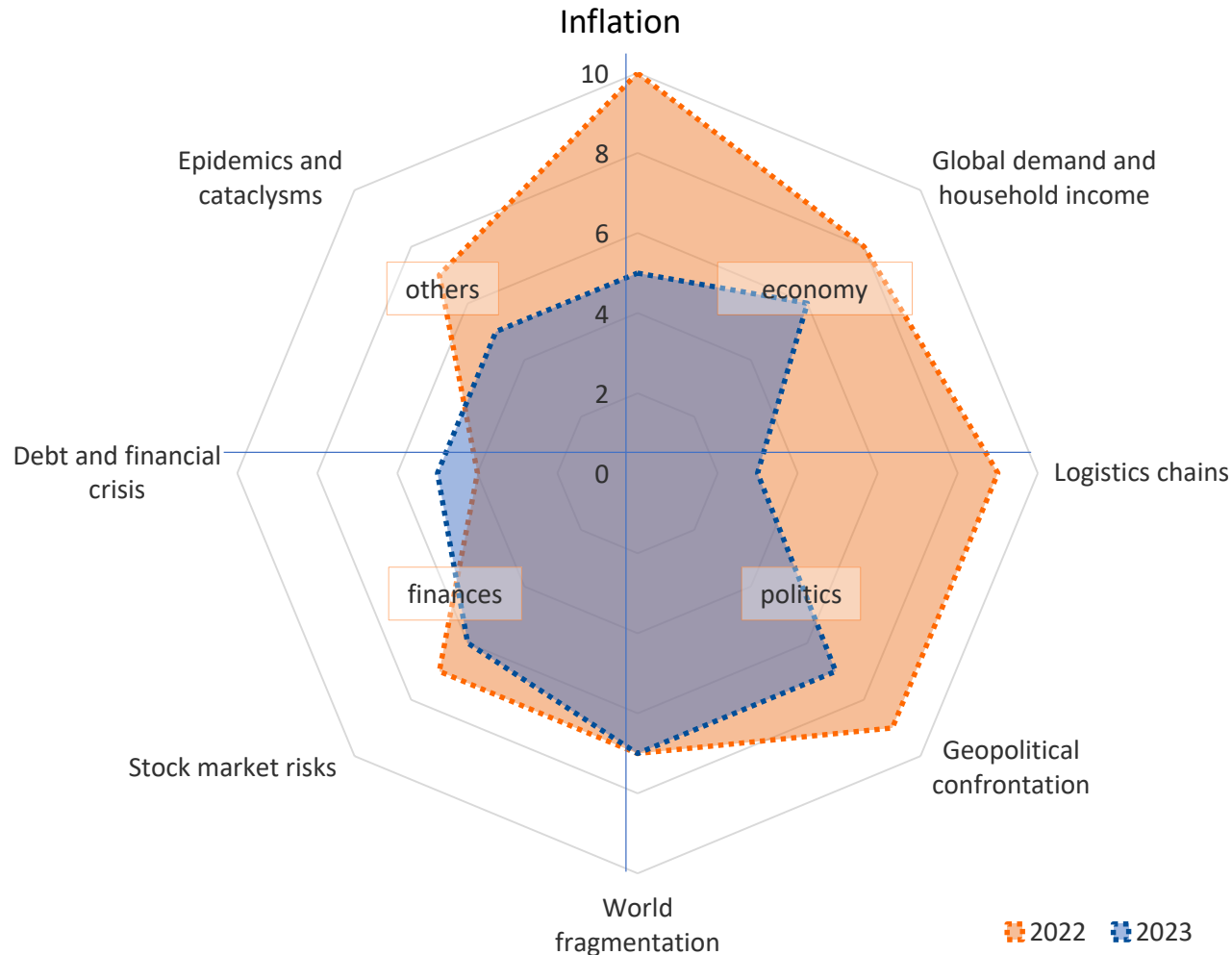
- External conditions

- Prospects of Kazakhstan's economy

- Risk assessment

- Economy of Kazakhstan

- Business demand

- Inflation and household income

- Consumer purchasing power

- Exchange rate

- Bank liquidity

- Deposits

- Loans

External conditions

Challenges and problems web

Major trends:

The risks were overstated, and now the risk and uncertainty are reduced:

- Inflation and its expectations are receding;
- Stock markets have passed the bottom;
- Unemployment rate is low;
- Demand persists;
- The supply chains are being restored.

Recession and stagflation seem to be no longer a threat. But there is still a debt issue.

The IMF growth forecast is 2.9% (previously was 2.7%)

Prospects of Kazakhstan's economy

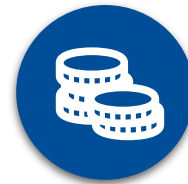Restoring the aggregate supply

Growth of aggregate demand

Opportunities

Restoring supply chains

Favourable external background

Growth of economic activity

Stable household spending

Government support of the economy

$ 80 bl Positive external sector of the economy
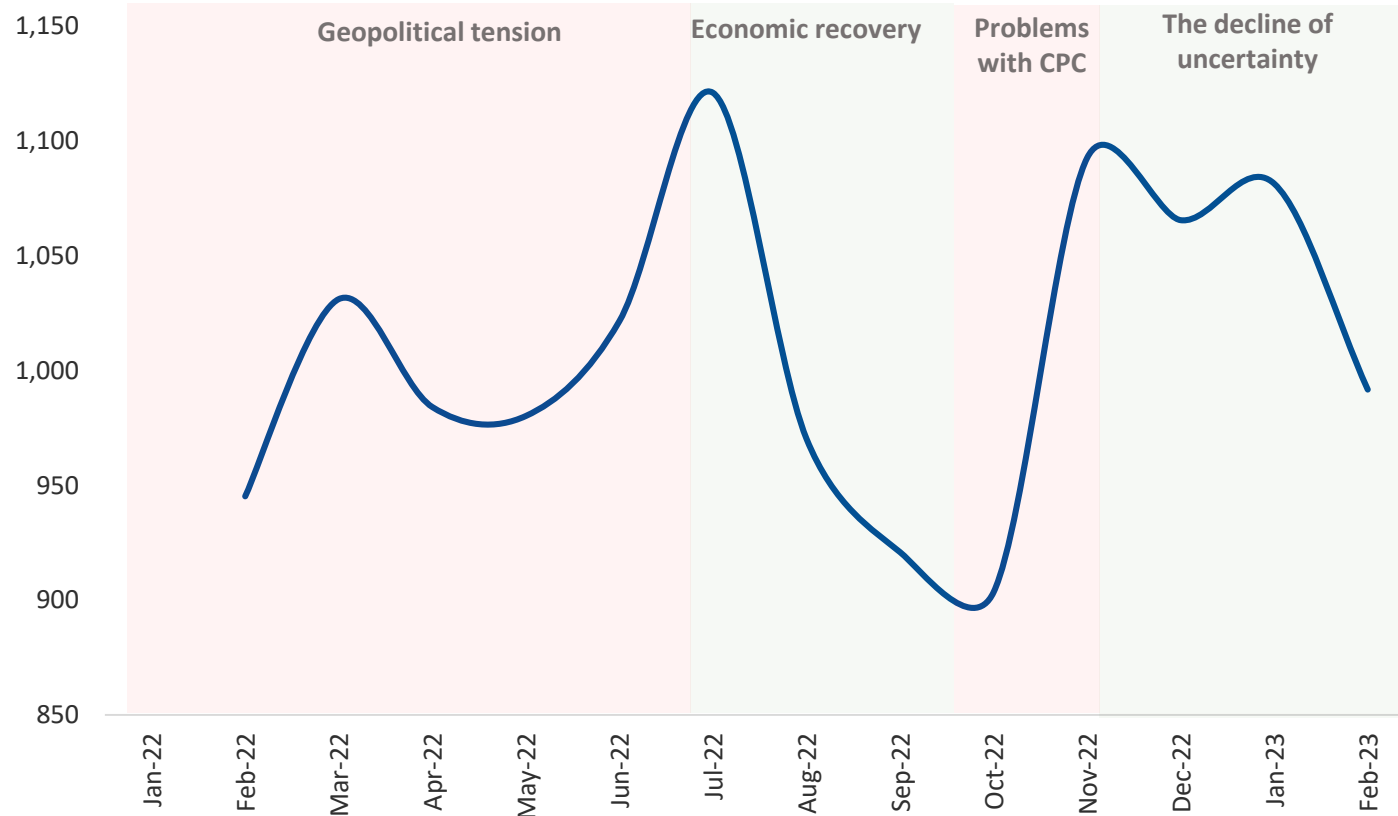
Challenges

High import dependence

Geopolitical tension

High inflation maintenance
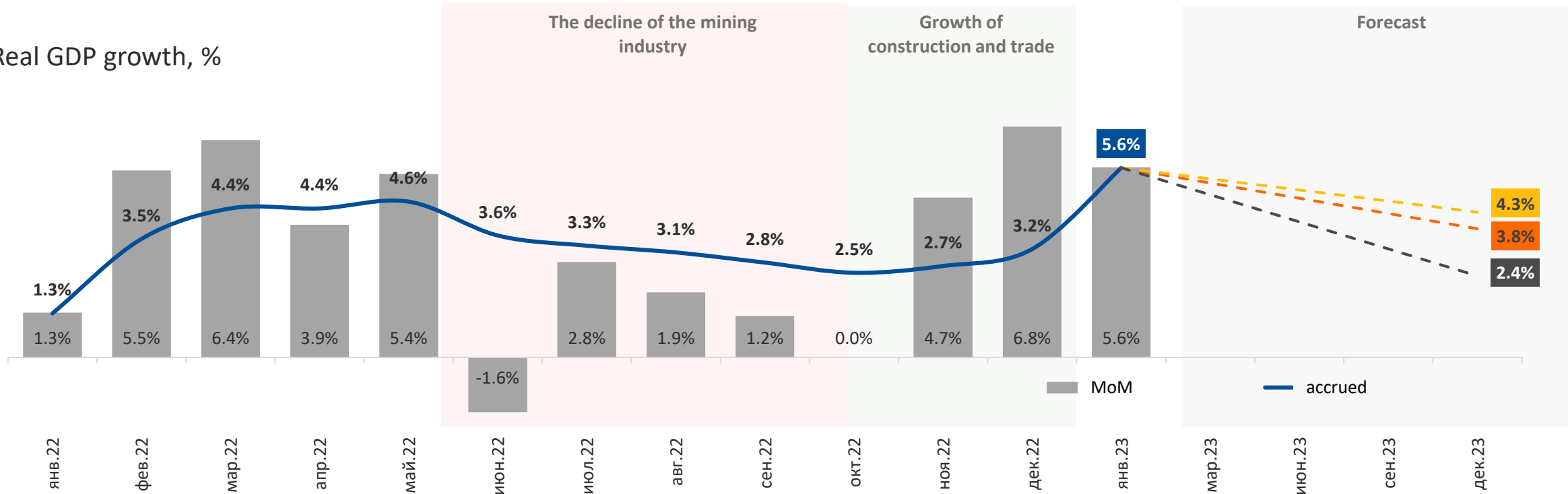
Risk assessment

CDS spread, p.p.

CDS spread is an indicator of risk assessment by investors, the difference between 10–year government bonds of Kazakhstan and the United States

Reduction of the spread due to the reduced uncertainty and economic recovery in Kazakhstan

Economy of Kazakhstan

Real GDP growth, %

The decline of the mining industry

Growth of construction and trade

Forecast

1.3%	3.5%	4.4%	4.4%	4.6%	3.6%	3.3%	3.1%	2.8%	2.5%	2.7%	3.2%	**5.6%**				4.3% / 3.8% / 2.4%
1.3%	5.5%	6.4%	3.9%	5.4%	-1.6%	2.8%	1.9%	1.2%	0.0%	4.7%	6.8%	5.6%				

MoM ▬▬ accrued

янв.22 · фев.22 · мар.22 · апр.22 · май.22 · июн.22 · июл.22 · авг.22 · сен.22 · окт.22 · ноя.22 · дек.22 · янв.23 · мар.23 · июн.23 · сен.23 · дек.23

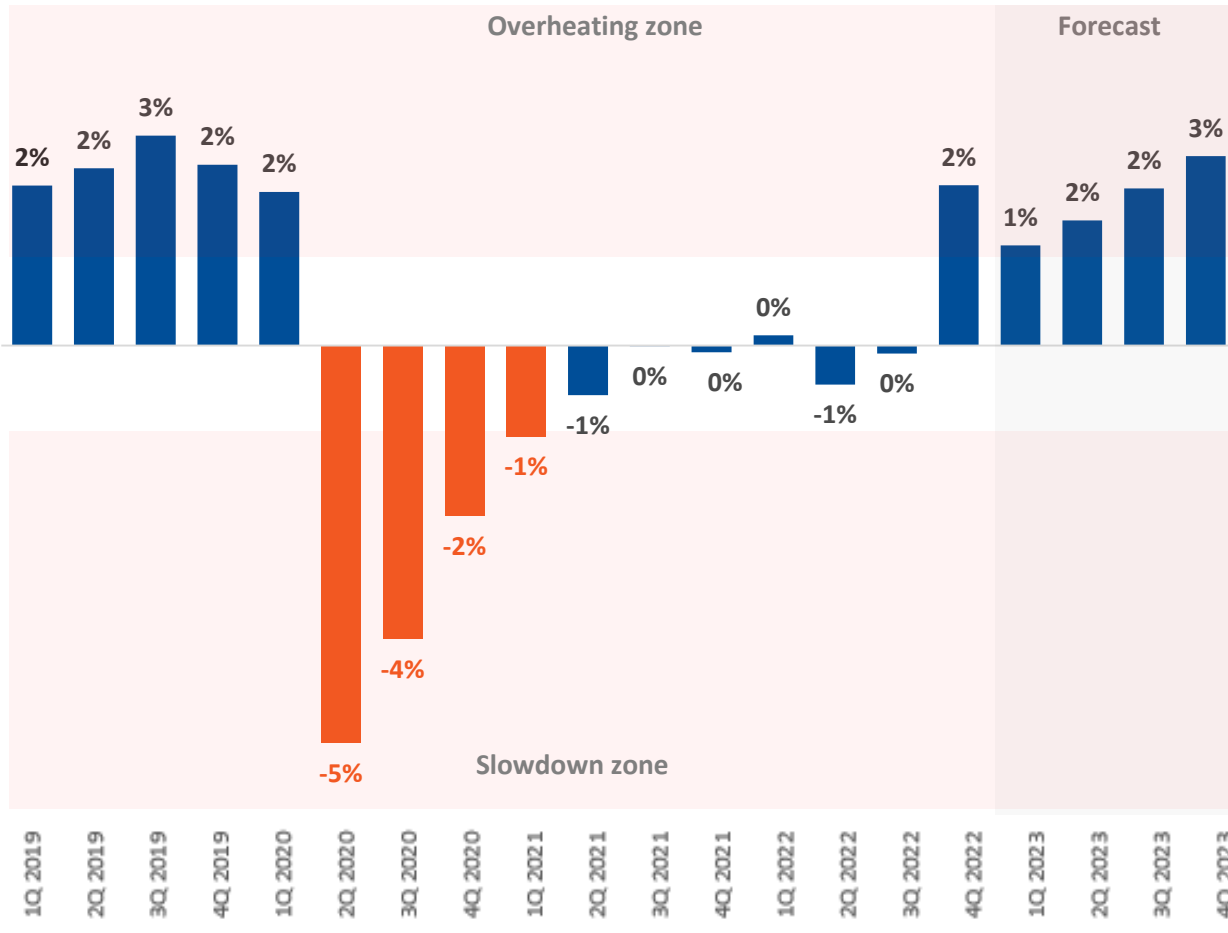**Forecast for 2023:**

2.4-4.3%

Factors
- Stabilization of Kazakhstan oil delivery to world markets.
- State programs and national projects.
- Increasing investments in fixed assets.

The optimal growth is 3.6%, and 4-4.5% is needed to compensate for the failure of 2020.

Overheating or slowdown of the economy

Deviation of economic growth from its potential level, %

2022
the growth was very close to the potential level
The potential has become temporarily lower than the supply shock.

Forecast for 2023:
The output gap will be positive due to the following:
- fiscal stimulus;
- growth of investment activity of companies;
- high export;
- maintaining high rates of consumer lending.

What a positive output gap gives:
- demand for loans by businesses;
- proinflationary pressure and the National Bank reaction;
- high GDP growth rates.

Business demand

Investments in fixed assets in 2022 MoM of the previous year, %
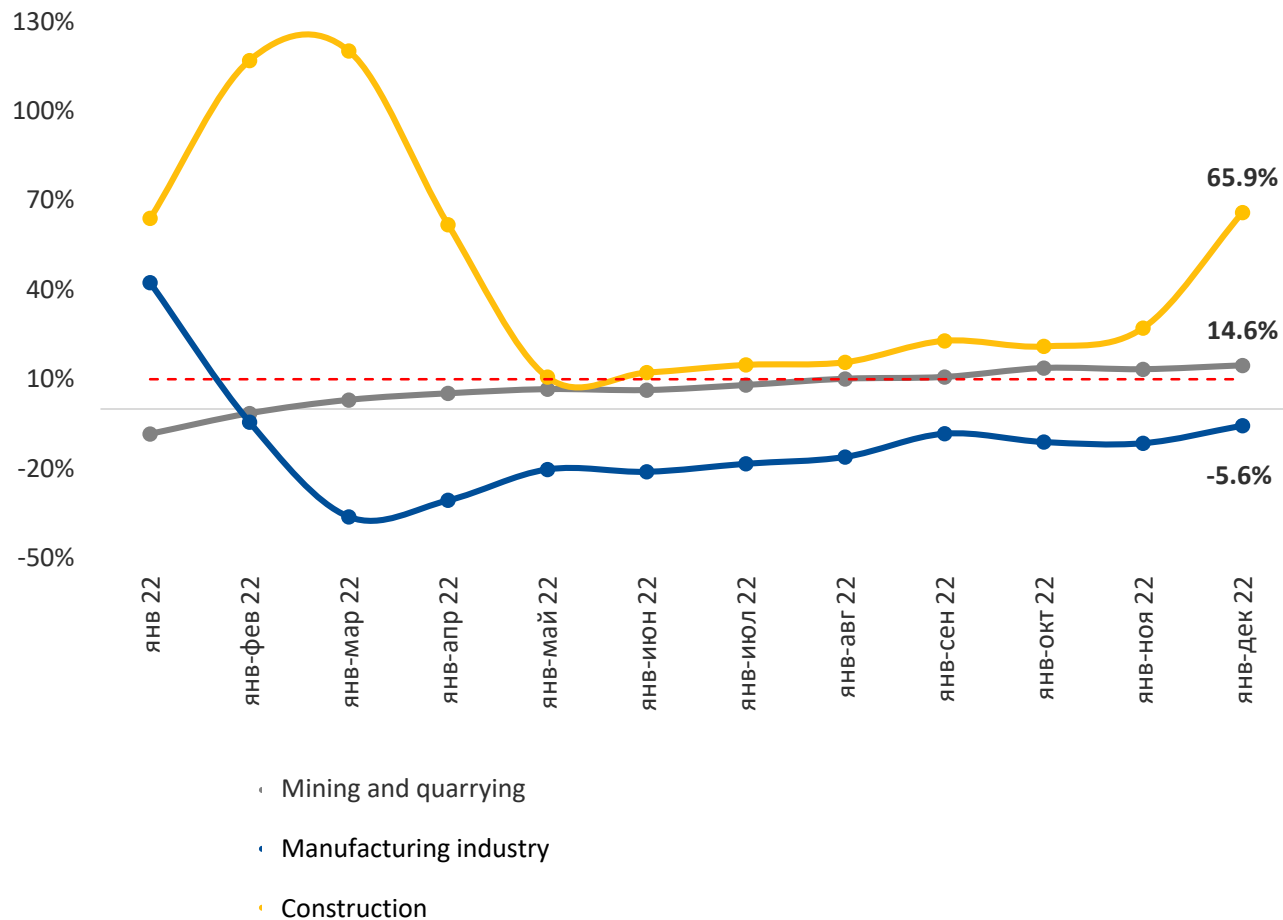
2022
Investments in fixed assets are 15.1 trillion tenge (+7.9% YoY) or 14.8% of GDP.
- Low growth in investment activity due to negative expectations.
- Manufacturing industry – low demand for long-term loans.

Forecast for 2023:
- Recovery of activity and demand for loans.
- Accordingly, there is an increase in pressure on the exchange rate and imports for the purchase of equipment.

Inflation and household income

Inflation and real income of the population, YoY %
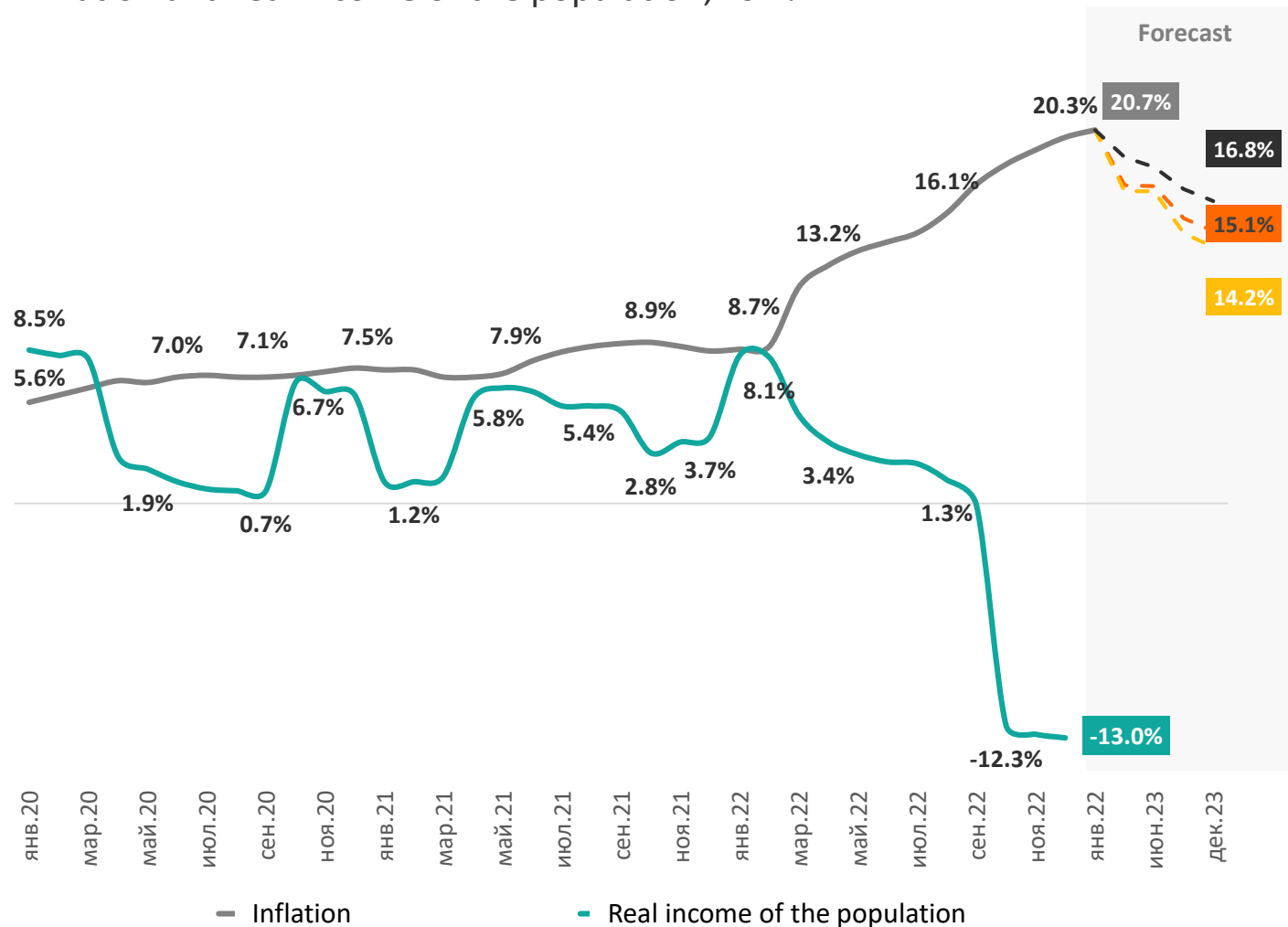
Record inflation since 2000

Reasons:
- External inflation – disruptions in supply and production chains, rising commodity prices;
- Internal inflation – a depreciation of the tenge, fiscal stimulus.

Forecast for 2023: 14.2-16.8%
- Disinflation in partner countries;
- Gradual decline in world food prices;
- The effect of tight monetary policies.

Record decline in real incomes of the population over the past 12 years + decrease in nominal income in Q4 2022

Consumer purchasing power

The Dastarkhan Index in December 2022
the difference with May 2022 is in the parentheses

The Dastarkhan Index by Jusan Analytics* allows you to estimate the level of personal inflation based on the most popular food products complied as part of national dishes set.
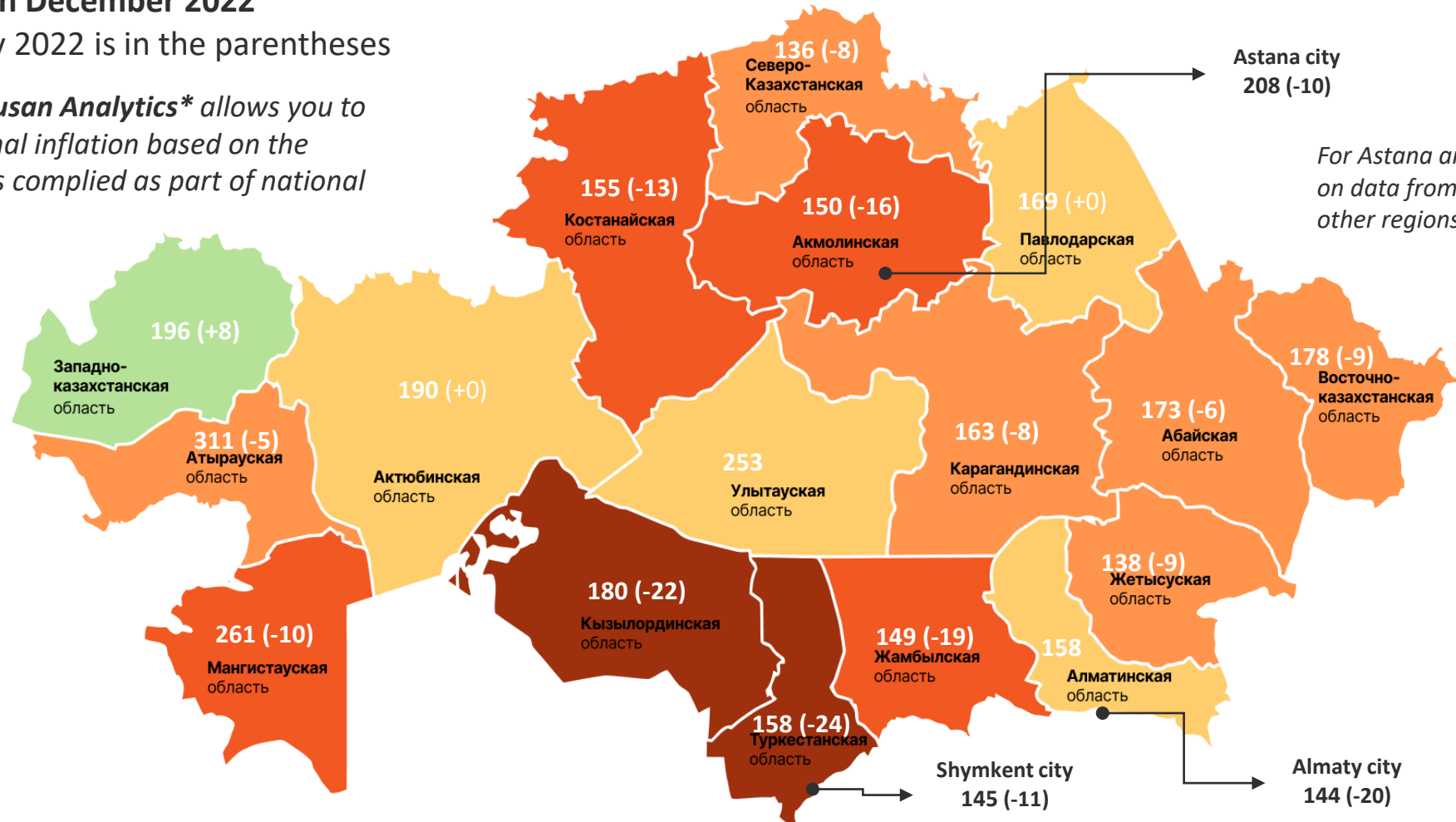
For Astana and Almaty cities based on data from Jusan big-data, and other regions on official statistics

136 (-8)
Северо-Казахстанская область

Astana city
208 (-10)

155 (-13)
Костанайская область

150 (-16)
Акмолинская область

169 (+0)
Павлодарская область

196 (+8)
Западно-казахстанская область

190 (+0)
Актюбинская область

178 (-9)
Восточно-казахстанская область

311 (-5)
Атырауская область

253
Улытауская область

163 (-8)
Карагандинская область

173 (-6)
Абайская область

261 (-10)
Мангистауская область

180 (-22)
Кызылординская область

149 (-19)
Жамбылская область

138 (-9)
Жетысуская область

158
Алматинская область

158 (-24)
Туркестанская область

Shymkent city
145 (-11)

Almaty city
144 (-20)

*The Index is calculated as the ratio of the average wage of Kazakhstan citizens to the cost of products for cooking Dastarkhan dishes.
The results of the Index indicate the number of servings of Dastarkhan that the average Kazakhstan citizen can afford at once

Exchange rate

Exchange rate dynamics
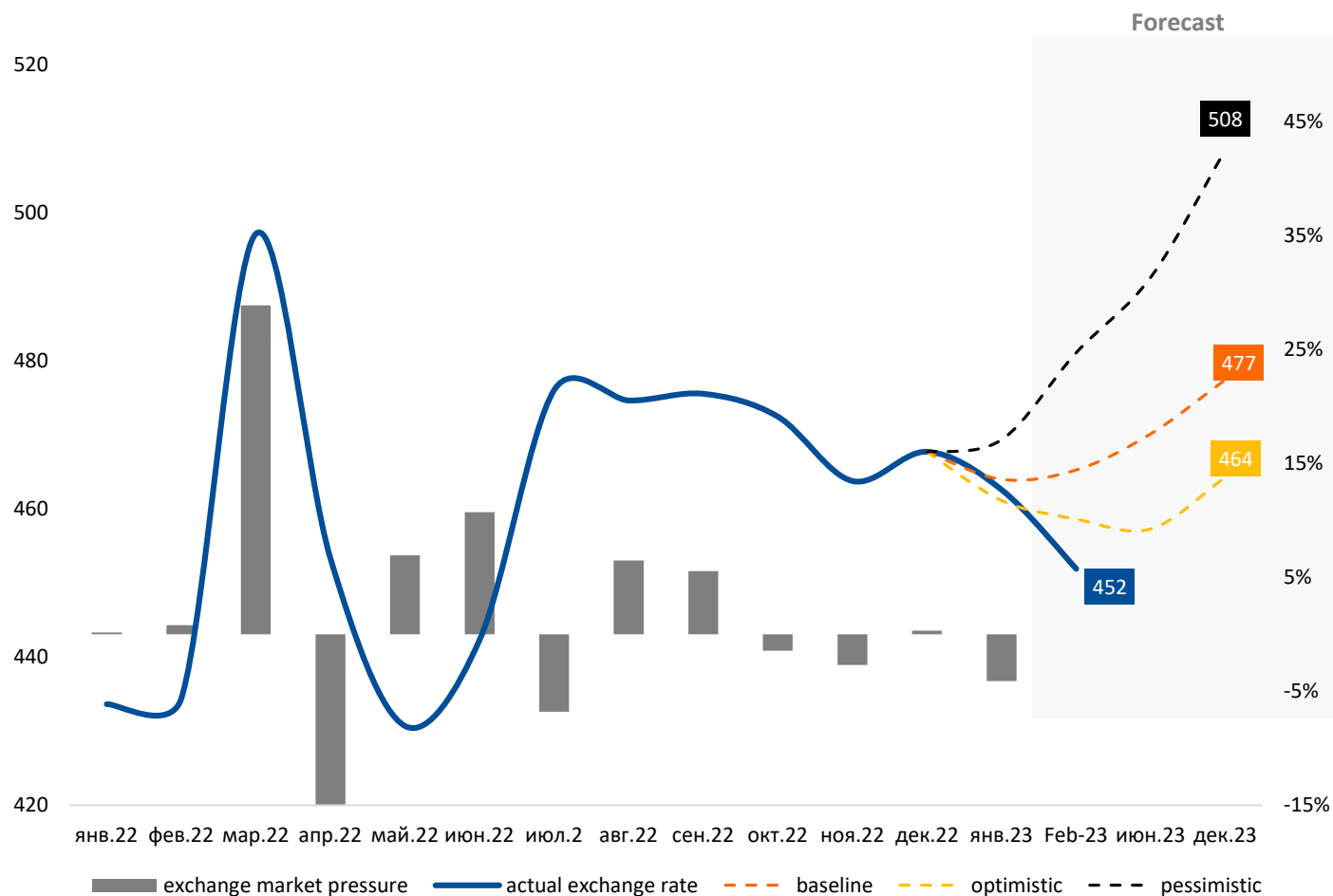
Stable exchange rate

Reasons:
- Good indicators for the external sector (the current account is positive for the first time since 2014)
- Restraining monetary policy;
- The exchange market pressure index is decreasing.

Forecast for 2023: 464-508 tenge per US dollar

Supported by:
- High oil prices and demand for Kazakhstan's exports;
- Reduction of inflation.

Pressure from:
- Broad fiscal incentives;
- Reduction of transfers from the National Fund of the Republic of Kazakhstan;
- Possible rapid rate reduction;
- A continued increase in global interest rates.

Bank liquidity

Share of liquid assets, %
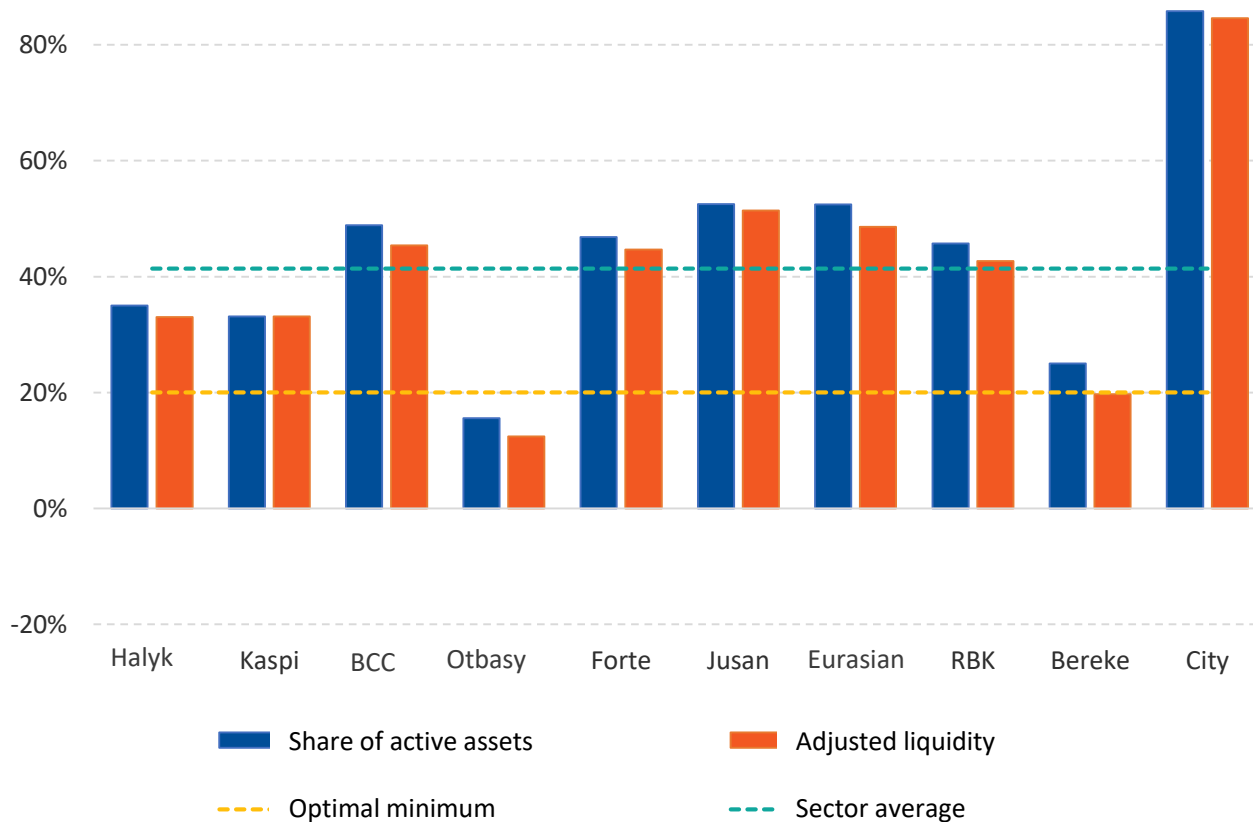
- Total share of liquid assets is **41%**
- At the minimum level is **20%**

- Almost all banks have a sufficient stock of liquid assets.

- There are no liquidity risks

Deposits

Monthly change of deposits in the system, million tenge

Legend:
- Change in deposits in national currency (blue)
- Change in foreign currency deposits, excluding the revaluation effect (orange)
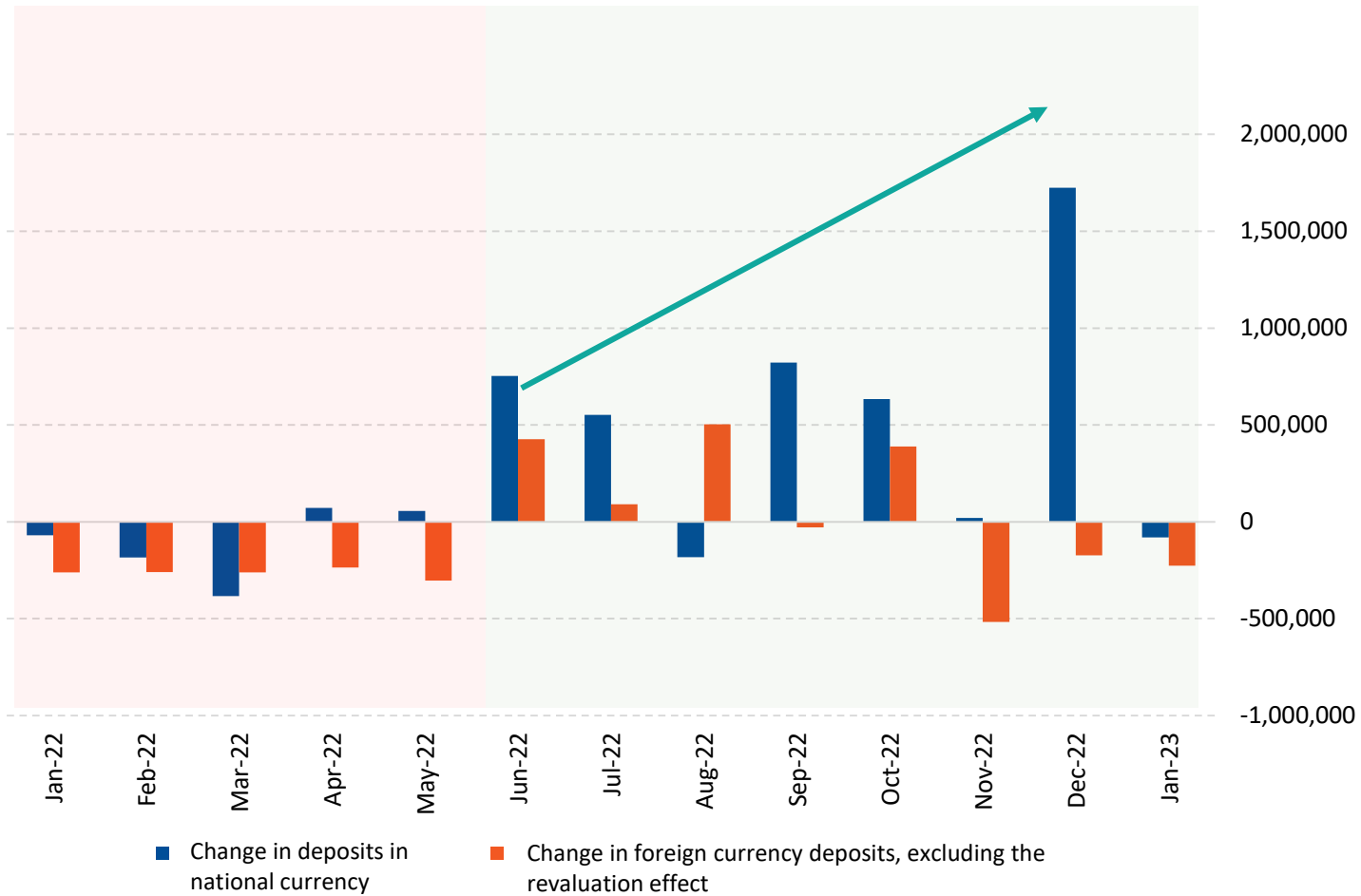
Volume of deposits is **31.6 billion tenge** **+21%**

Structure:

- retail – **54%**

- corporate – **46%**

Retail rates are higher than corporate: 26% vs. 17%, **while the growth of deposits of non–residents is more than 1 trillion tenge**

Household deposits

The volume of household deposits increased by 18%

- Household deposits are calculated by the NBK data on current accounts and household deposits for 2022.

- The growth of deposits is provided by the nominal growth of income of the population

СКО **+19%**
285 млрд тенге

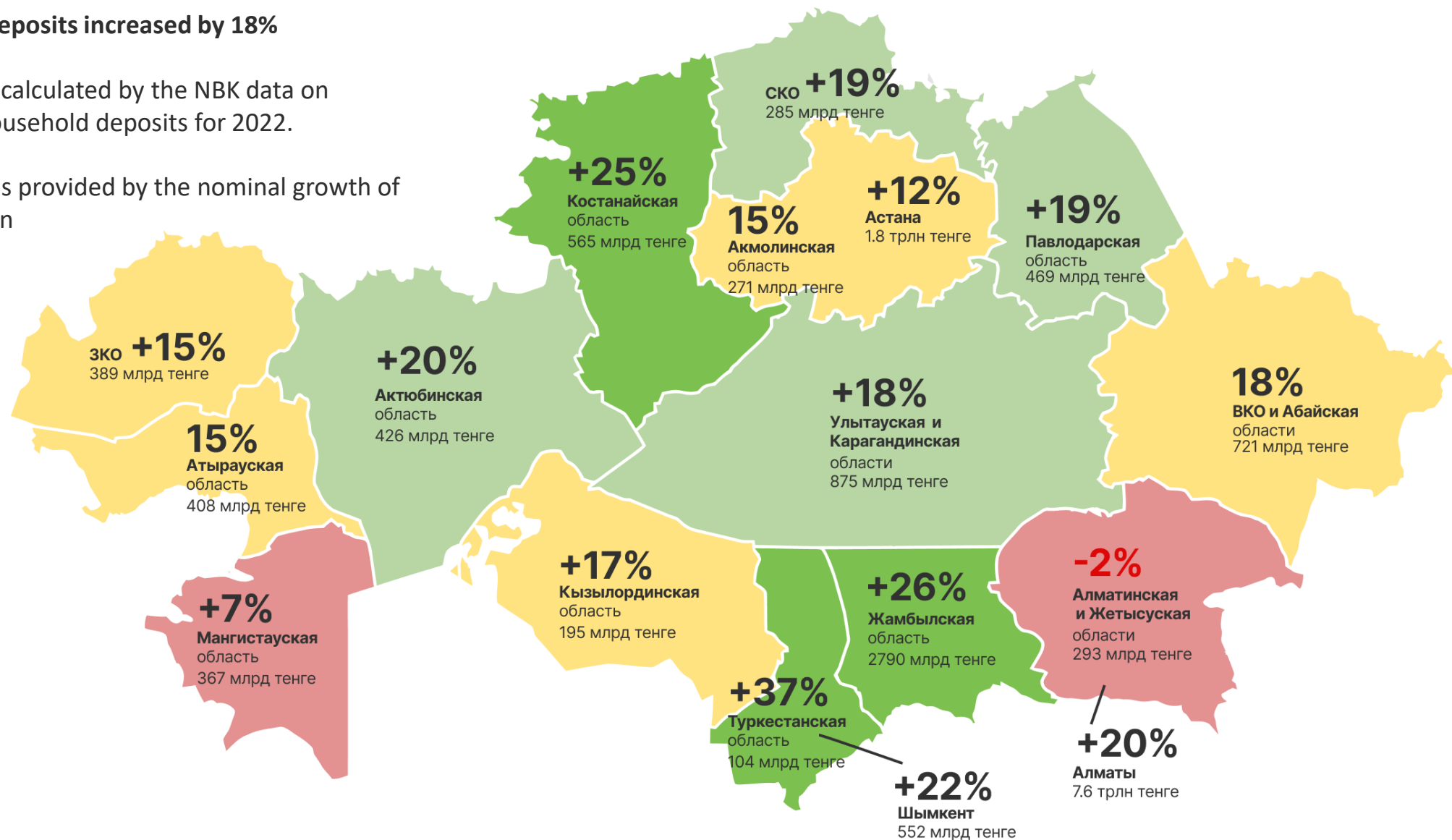**+25%**
Костанайская
область
565 млрд тенге

15%
Акмолинская
область
271 млрд тенге

+12%
Астана
1.8 трлн тенге

+19%
Павлодарская
область
469 млрд тенге

ЗКО **+15%**
389 млрд тенге

+20%
Актюбинская
область
426 млрд тенге

+18%
Улытауская и
Карагандинская
области
875 млрд тенге

18%
ВКО и Абайская
области
721 млрд тенге

15%
Атырауская
область
408 млрд тенге

+17%
Кызылординская
область
195 млрд тенге

+26%
Жамбылская
область
2790 млрд тенге

-2%
Алматинская
и Жетысуская
области
293 млрд тенге

+7%
Мангистауская
область
367 млрд тенге

+37%
Туркестанская
область
104 млрд тенге

+22%
Шымкент
552 млрд тенге

+20%
Алматы
7.6 трлн тенге

Lending

Lending to the economy by months

Increase in loans of legal entities   ▮ Growth of retail loans
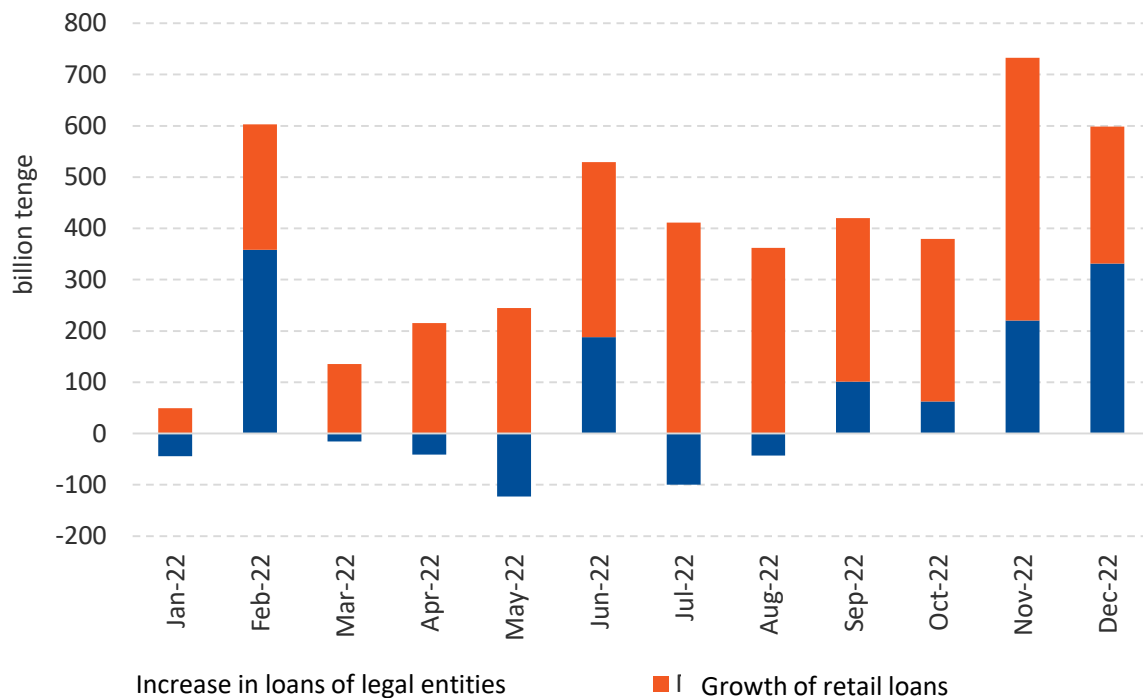
Issuance of loans in 2022 by 24.1 trillion tenge (+12%)
Structure of the issuance:
36% is consumer, 36% is working capital
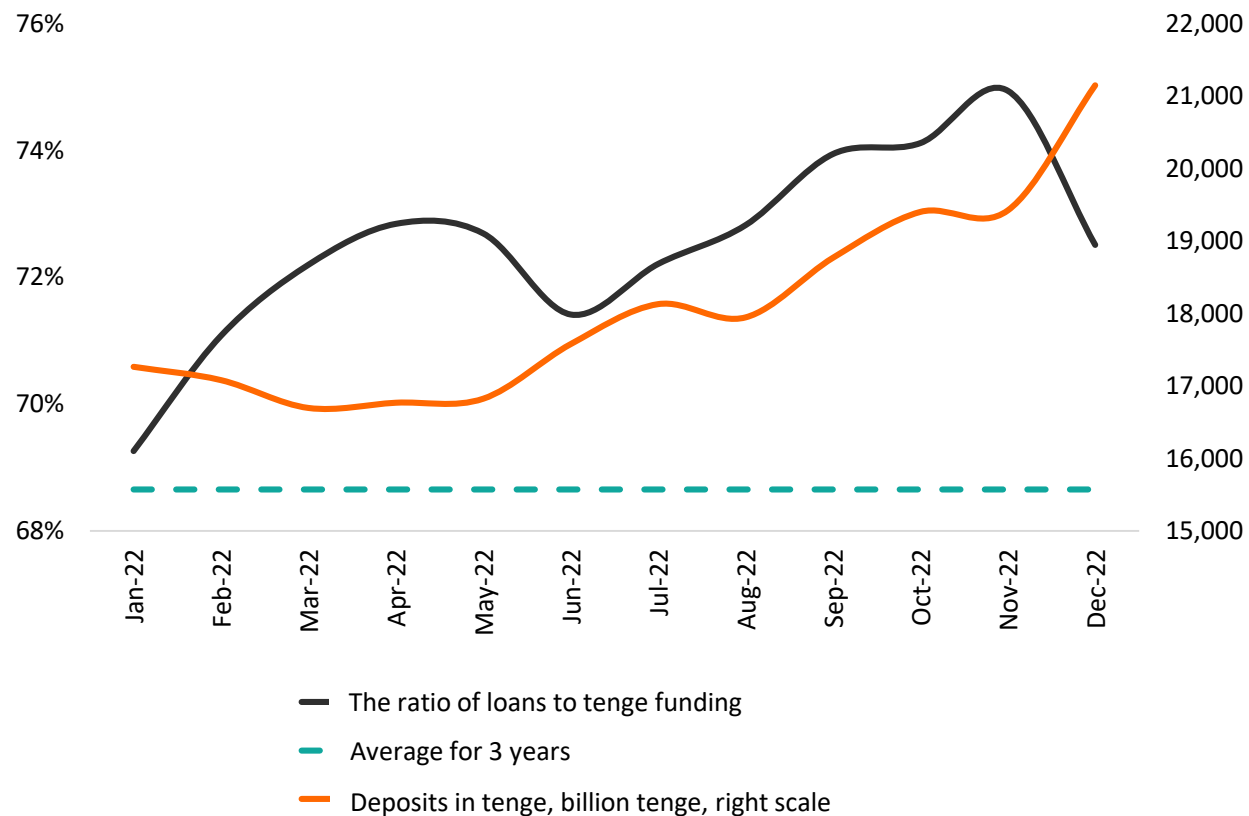
9% is construction and mortgage

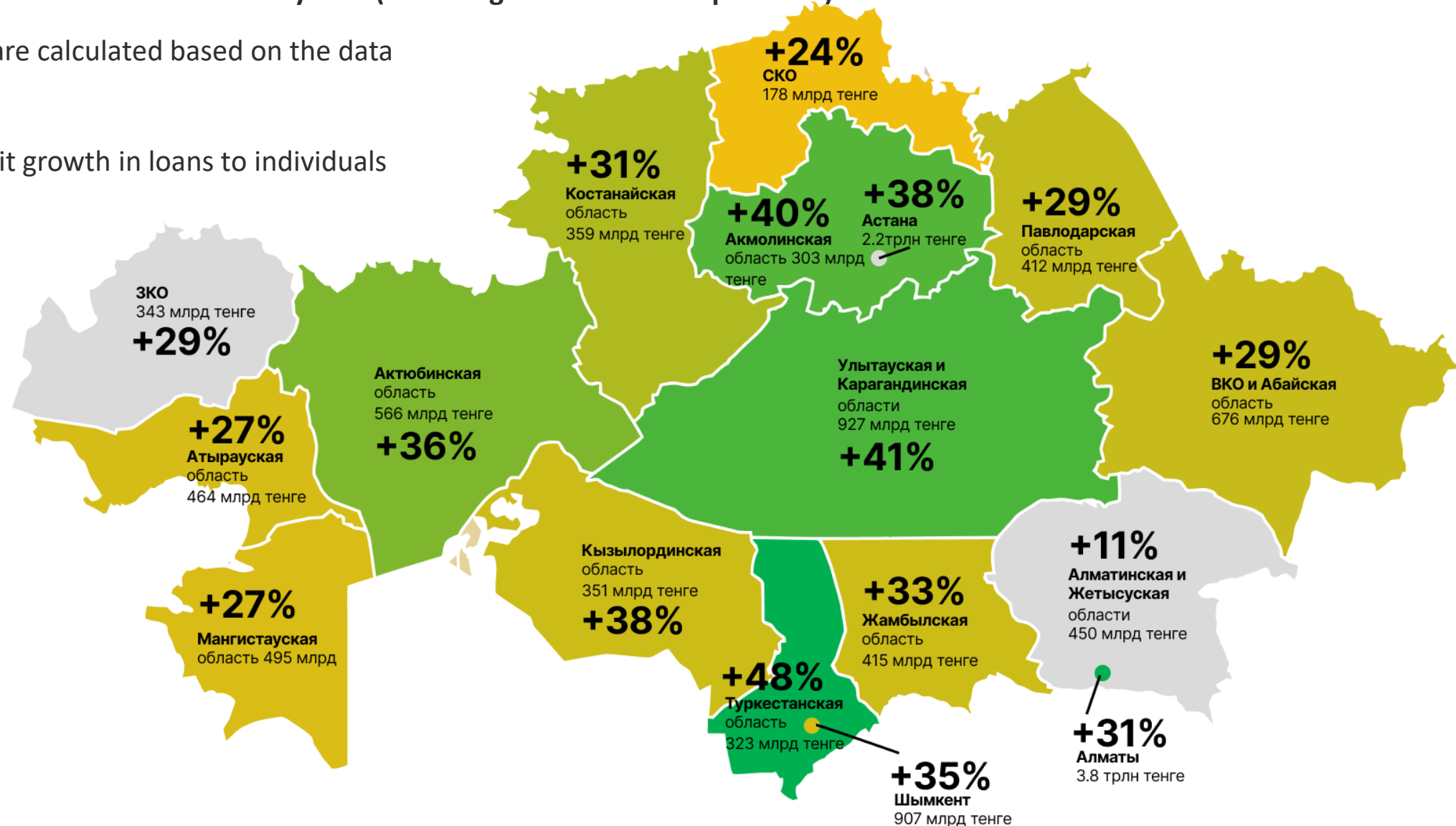## Lending capacity in the banking system, %

— The ratio of loans to tenge funding

— — Average for 3 years

— Deposits in tenge, billion tenge, right scale

Loan portfolio at the end of 2022 was 24.2 trillion tenge (+20%)
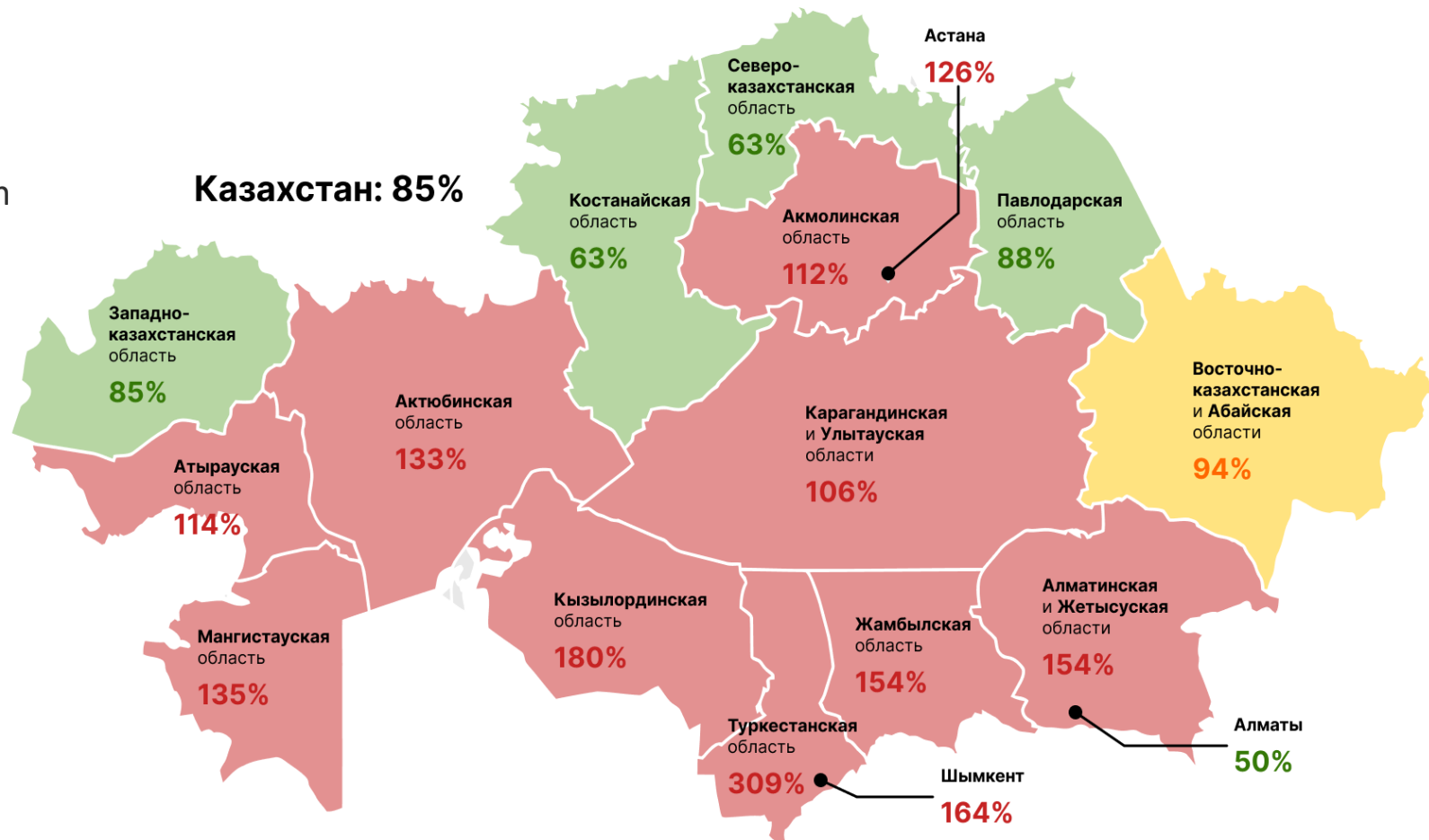
Loans to individuals

The volume of loans to individuals increased by 32% (excluding Individual Entrepreneurs)

- Loans to individuals are calculated based on the data of the NBK for 2022.

- There is a double-digit growth in loans to individuals in all regions.

+24%
СКО
178 млрд тенге

+31%
Костанайская область
359 млрд тенге

+40%
Акмолинская область 303 млрд тенге

+38%
Астана
2.2трлн тенге

+29%
Павлодарская область
412 млрд тенге

ЗКО
343 млрд тенге
+29%

Актюбинская область
566 млрд тенге
+36%

Улытауская и Карагандинская области
927 млрд тенге
+41%

+29%
ВКО и Абайская область
676 млрд тенге

+27%
Атырауская область
464 млрд тенге

Кызылординская область
351 млрд тенге
+38%

+33%
Жамбылская область
415 млрд тенге

+11%
Алматинская и Жетысуская области
450 млрд тенге

+27%
Мангистауская область 495 млрд

+48%
Туркестанская область
323 млрд тенге

+35%
Шымкент
907 млрд тенге

+31%
Алматы
3.8 трлн тенге

Household loans/deposits

- The ratio of retail loans to retail deposits.

- The ratio of more than 100% indicates the predominance of consumer behaviour over deposits. A value of less than 90% indicates that there is an increased level of deposits in the region and the saving capacity prevails over the demand for loans.

Казахстан: 85%

Астана
126%

Северо-казахстанская область
63%

Костанайская область
63%

Акмолинская область
112%

Павлодарская область
88%

Западно-казахстанская область
85%

Актюбинская область
133%

Карагандинская и Улытауская области
106%

Восточно-казахстанская и Абайская области
94%

Атырауская область
114%

Кызылординская область
180%

Жамбылская область
154%

Алматинская и Жетысуская области
154%

Мангистауская область
135%

Туркестанская область
309%

Шымкент
164%

Алматы
50%

Conclusions

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The external conditions from the extreme negativity and uncertainty of 2022 have changed towards smaller and controlled risks.

Kazakhstan's economy will develop better in 2023 than in 2022.

A positive contribution to the development of Kazakhstan's economy in 2023 from both by the supply and demand.

At the same time, demand will dominate over supply opportunities, which will form a greater level of economic activity while maintaining pro-inflationary factors and structural imbalances.

The growth of investment activity of companies is expected after a stagnant 2022.

Inflation will recede maintaining double-digit values.

Pro-inflationary factors and overrated household inflation expectations have an impact on the slow reduction of the base rate

Stable exchange rate due to oil and monetary conditions.

Discalimer:

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