

Weekly Forex Review (July 18-22, 2022)



* dynamics of currency pairs on the charts are presented for the last 12 months

Currency pair	Weekly dynamics	Maximum	Minimum	Weekly volatility *
USDKZT		484.18	480.36	0.3%↓
RUBKZT		8.77	8.24	2.6%↓
EURKZT		493.23	490.76	0.2%↓
CNYKZT		71.91	71.23	0.4%↓

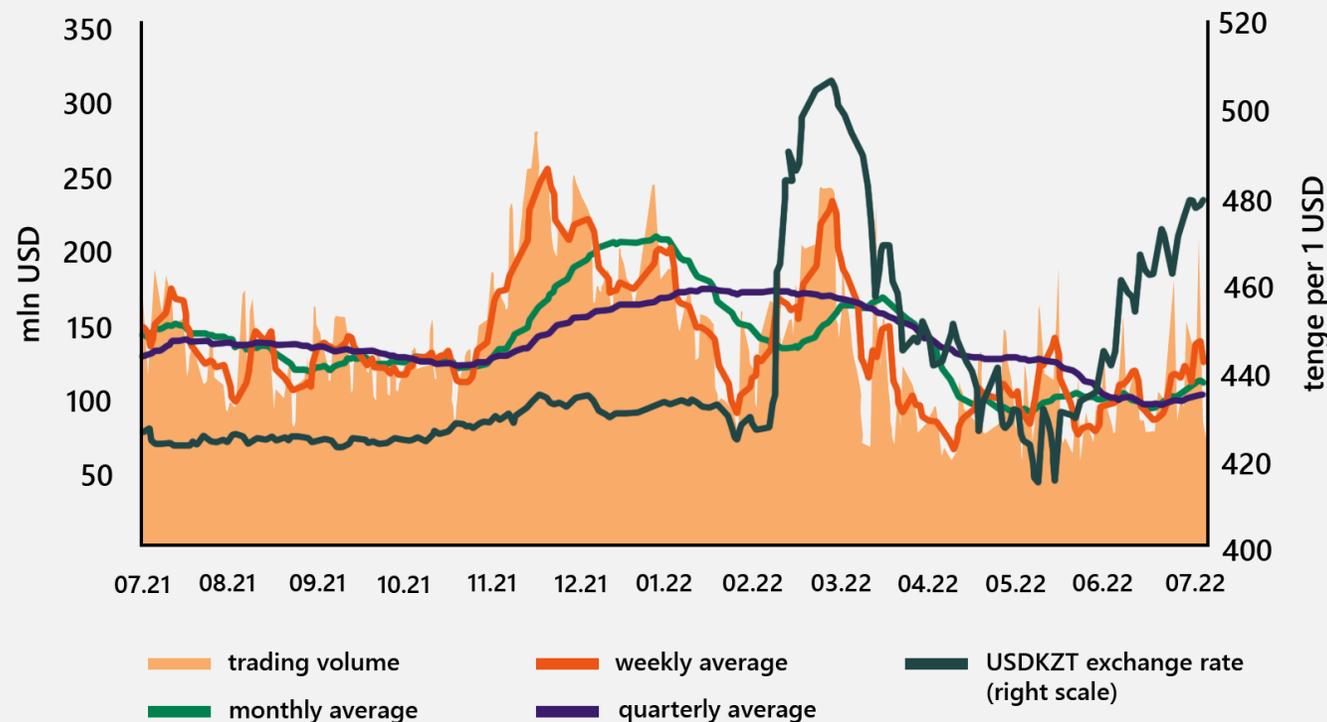
* volatility is calculated as the variation coefficient
 ▲▼ an increase or decrease in volatility compared to the previous period

During the week, the national currency continued to weaken against all traded currencies. **The tenge weakened against the US dollar by 0.73% to 483.88 tenge, and against the Russian ruble – by 0.24% to 8.37 tenge.** Since the beginning of July, the tenge has weakened against the dollar by 2.88%, and against the ruble it has strengthened by 6.79% (since the beginning of the year it has weakened by 12.06% and 45.31%, respectively).

As there were no one-time shocks during the period under the report, the volatility of the USDKZT pair decreased significantly. At the same time, the weakening of the tenge took place at a lower volume of trading on the stock exchange than last week.

Thus, over the past week, the **trading volume** of the USDKZT pair decreased by 1.3% compared to the previous one and amounted to \$ 627.37 million. However, compared to the average weekly trading volume in 2022, the volume has increased by 7.3%.

USDKZT pair currency exchange trading



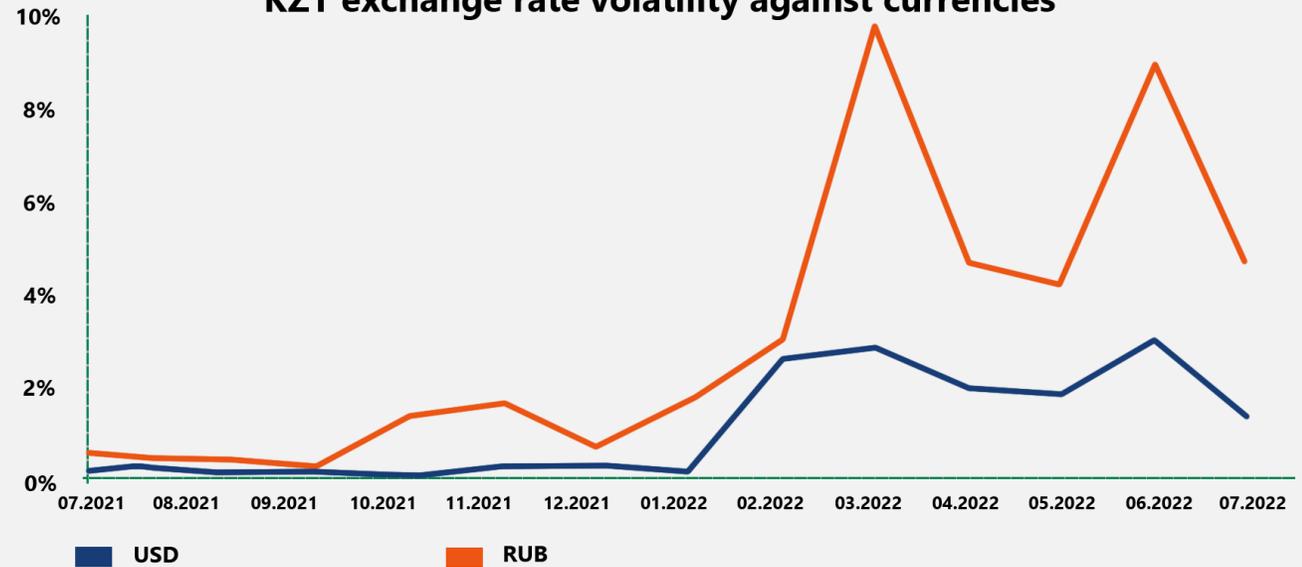
External factors of exchange rate formation

Volatility in the global financial and commodity markets remains heightened due to the contradictory news background and central banks' measures to raise interest rates. And thanks to the latter, inflation expectations begin to decline, and on the contrary, expectations of the onset of a global recession increase.

In the middle of the week, the European Central Bank raised the key rate from 0% by 0.5 p.p. at once for the first time in the last 11 years. This decision was fully in line with market expectations. The global trend of raising rates increases pressure on the markets, commodity prices are especially sensitive. At the end of the week, the Central Bank of the Russian Federation announced a reduction in the key rate by 150 b.p. at once, which should affect the weakening of the ruble against other currencies.

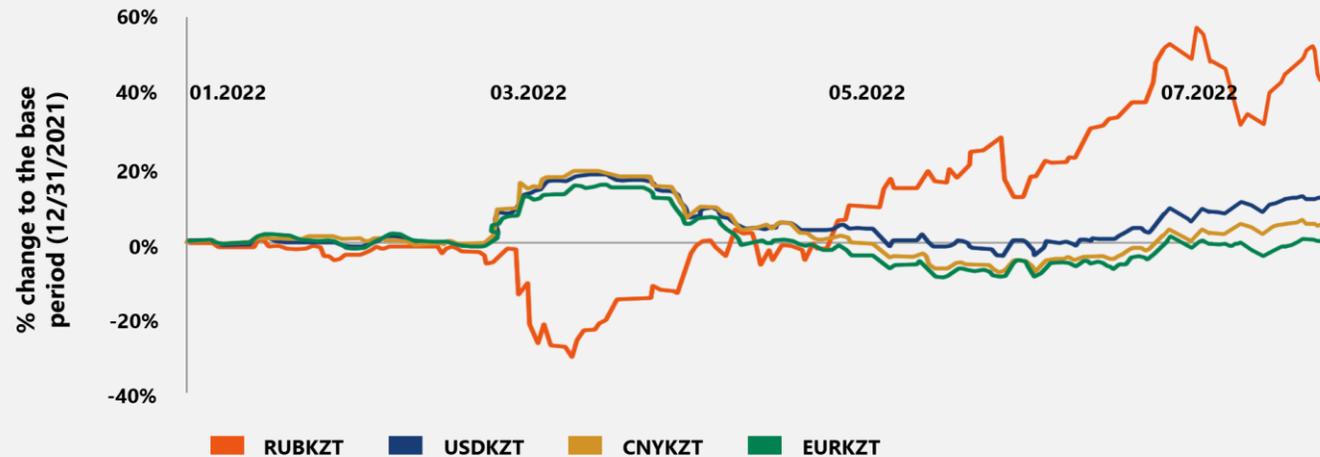
The current drop in gasoline demand in the United States (-8% compared to a year earlier) that is due to high prices at gas stations has also affected oil quotes. Moreover, the high demand for oil in Asia supported them in the range of \$ 103-107 per barrel of Brent crude. Demand for petroleum products in India increased by 18% compared to last year, and local refineries were operating overloaded. Due to the ongoing geopolitical conflict, a shortage of supply is expected in the market, it will support the price of oil.

KZT exchange rate volatility against currencies



Source: data of the National Bank of the Republic of Kazakhstan, calculations of Jusan Analytics

Dynamics of exchange rates



Source: data of the National Bank of the Republic of Kazakhstan, calculations of Jusan Analytics

Despite the growth in drilling activity, oil production continues to stagnate in the US. Changes in production policy were not announced after the visit of the US leader to Saudi Arabia, apparently, they could not reach agreement. Saudi Arabia's standby capacity remains the importers' only hope for rapid cooling of the oil market. However, it has not yet been announced when and in what volumes these capacities will be used.

Over the past week, prices for non-ferrous metals have increased, but downward dynamics prevailed since the beginning of the year due to the slowdown in China's economic growth, a decline in production in Europe against the background of the energy crisis, the FRS hawkish policy, and concerns of supplies disruption from Russia.

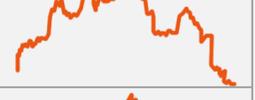
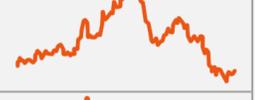
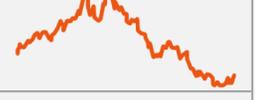
The dollar index fell by 1.23% to 106.73. Against the background of lower inflation expectations in the United States, market participants have revised their forecasts for an increase in the key rate from 100 b.p. to 75 b.p. at the Fed's upcoming meeting. The faster pace of the rate hikes in the context of a decline in the American economy increases the risk of recessionary phenomena.

Jusan Analytics Opinion

The external moderately negative environment contributes to the further weakening of the tenge, but the rather strong position of the dollar and the restrained risk appetite of investors fearing recessions continue to exert significant pressure. The current dynamics of the oil market are associated with a swing when the risks of a shortage of supply are replaced by concerns about demand.

In our opinion, there is no reason to reverse the trend of weakening of the national currency in the short term, the US dollar will continue to trade about 485 tenge.

Dynamics of the main export goods of Kazakhstan

	Closing price, USD	Change in a week, %	Change since 01/01/2022, %	Dynamics
crude oil	103.71	+2.69	+37.89	
wheat	777.50	-2.80	+0.88	
uranium	46.95	+0.64	+4.22	
iron ore	105.39	+1.05	-6.32	
zinc	278.00	+2.89	-2.56	
aluminum	2 483.00	+4.33	-11.56	
copper	7 411.00	+3.53	-23.76	

Source: [investing.com](https://www.investing.com), finance.yahoo.com

Upcoming tax payment periods in July-December, 2022

July				
Mn	Tu	Wd	Th	Fr
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29

August				
Mn	Tu	Wd	Th	Fr
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30	31		

September				
Mn	Tu	Wd	Th	Fr
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

October				
Mn	Tu	Wd	Th	Fr
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31				

November				
Mn	Tu	Wd	Th	Fr
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30		

December				
Mn	Tu	Wd	Th	Fr
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

big tax week (rent export tax, VAT, mineral extraction tax)

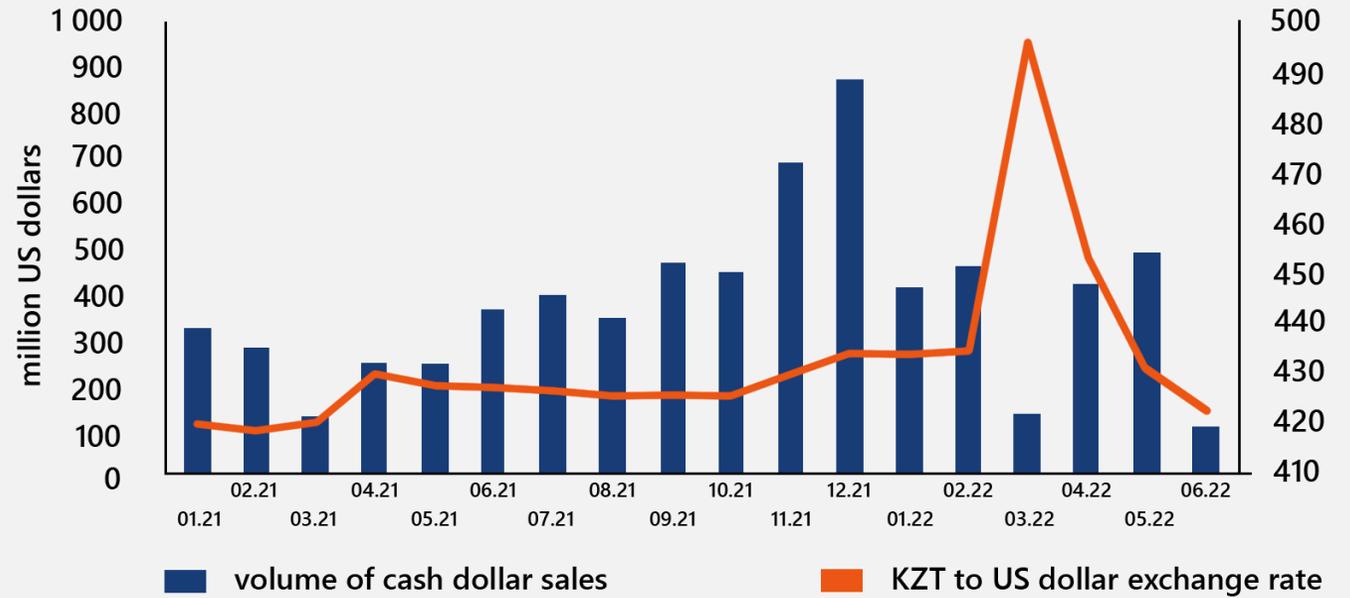
Source: uchet.kz

The Foreign Exchange Market

According to Kurs.kz in exchange offices in the period from July 18 to 22 dollars were sold for 478-481 tenge, and were bought for 483-485 tenge. Exchange offices gave 7.36-7.65 tenge for one ruble, and the ruble sale rate was in the range of 7.78-8.06 tenge.

According to the National Bank of Kazakhstan, for 6 months of 2022, the volume of net sales by dollar exchangers increased by 28% compared to the same period last year. At the same time, despite the expected demand for net sales during the summer holidays, they decreased significantly in June and formed at the level of \$ 100.4 million (June 2021 - \$ 361.2 million).

Net sales of cash rubles for 6 months of 2022 decreased by 16%. In June, sales of rubles decreased by more than 78% and amounted to 1.9 billion rubles (June 2021 – 9 billion rubles). In comparison with the pre-sanction period, the volume of transactions with cash rubles continues to remain at low levels.



Source: the National Bank of the Republic of Kazakhstan



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