

# Weekly Forex Review (August 1 – 5, 2022)



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

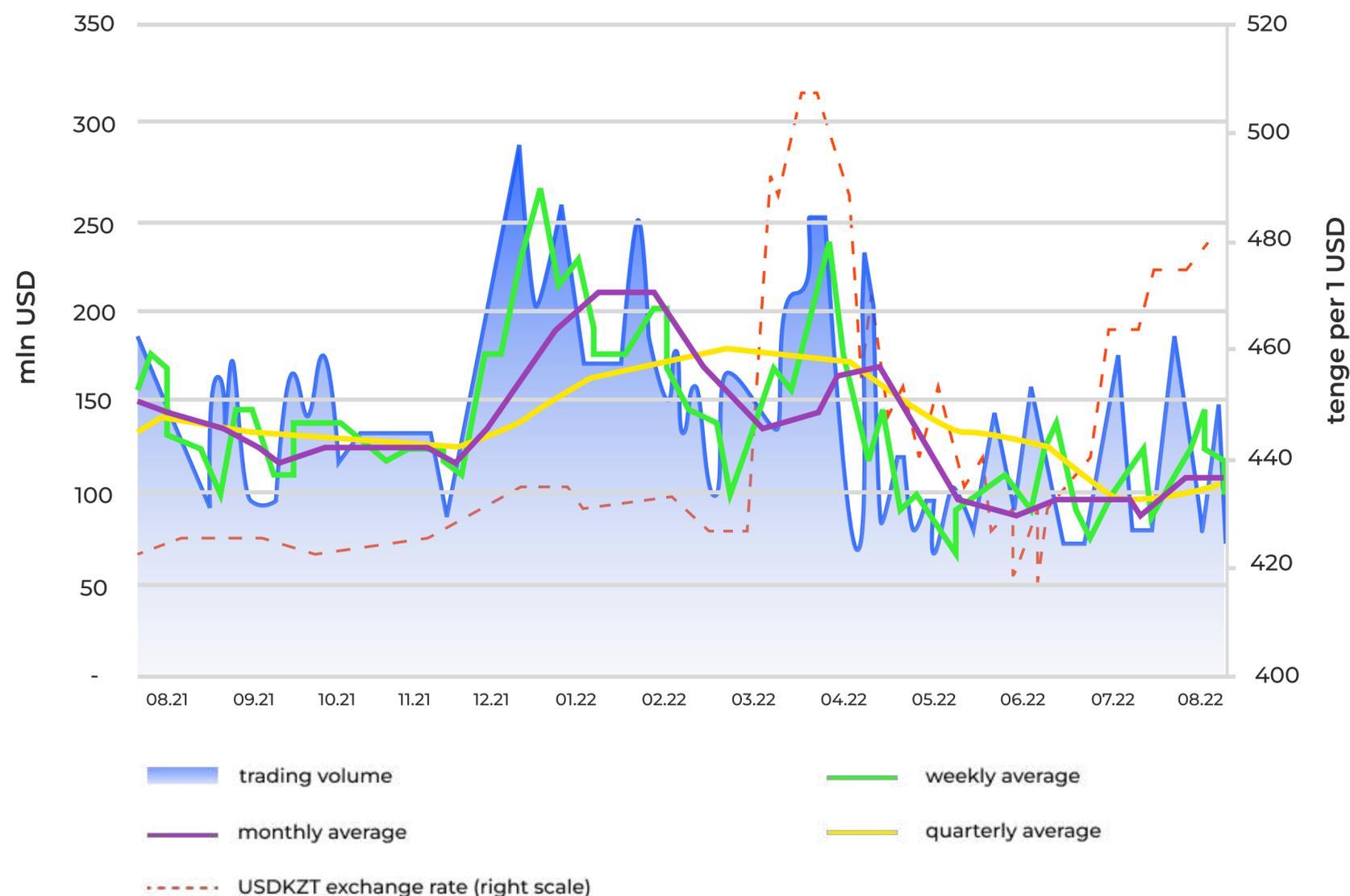
During the week, the tenge showed a slight weakening against all traded currencies, except for the Chinese yuan (strengthening by 0.01%). The national currency weakened against the dollar by 0.19% to 477.98 tenge, against the ruble by 2.32% to 7.93 tenge, and against the euro by 0.45% to 488.93 tenge. The tenge has weakened against the dollar by 10.69%, against the ruble by 37.67%, against the yuan by 4.15%, and against the euro showed a slight strengthening by 0.03% since the beginning of the year.

In the first week of August, the volatility decline of the tenge exchange rates, which began at the end of July, continued against the dollar and ruble. The weekly volatility of the tenge exchange rate against the dollar was 0.3% (-0.1 p.p. compared to the previous week, -1.0 p.p. to monthly volatility in July), and 2.3% against the ruble (-0.1 p.p. and -2.0 p.p., respectively).

The trading volume of the USDKZT pair decreased by 23.06% compared to the previous week (a decrease of 17.17% compared to the average weekly trading volume in 2022) and amounted to 482.49 million dollars.

Currency pair	Weekly dynamics	Maximum	Minimum	Weekly volatility
USDKZT		479.51	475.79	0.3% ▼
RUBKZT		8.21	7.69	2.3% ▼
EURKZT		492.12	485.08	0.6% ▲
CNYKZT		71.02	70.41	0.4% ▲

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



## External factors of exchange rate

By the end of the week, Brent crude oil prices fell below \$ 95 per barrel, and the decline for the week was 15.9%. This is the reaction of participants to the US GDP decline according to the preliminary results of the 2nd quarter of 2022, which we assessed as weak and short-term during preparing the Weekly Forex Review (July 25-29).

The decline in oil prices was also affected by:

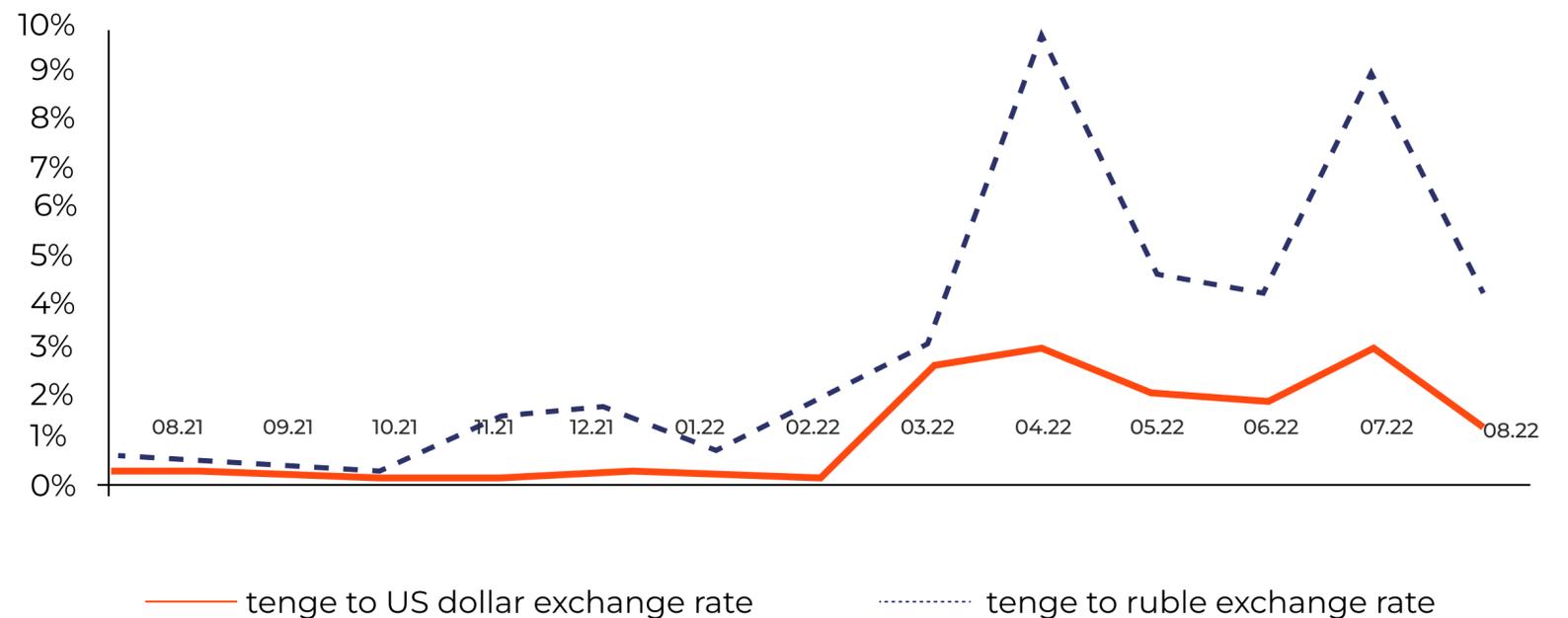
- data on the beginning of recessionary processes. These include a technical recession in the US, a decline in business activity in Germany, and weaker than expected growth in business activity in China;
- increase in OPEC+ output, resumption of oil production and exports after a quarterly break in Libya;
- volume growth of "black gold" reserves in the United States. According to the Energy Information Agency, the fact amounted to +4.5 million barrels instead of the forecast -0.6 million;
- positive statistics on the US labour market – a decrease in unemployment to 3.5%..

Thus, the first week of August was specified by concerns about a recession and a global demand decline among market participants.

Due to the growing tensions around Nancy Pelosi's visit to Taiwan and favourable labour market statistics, the dollar index increased by 0.25% to 106.62 in July.

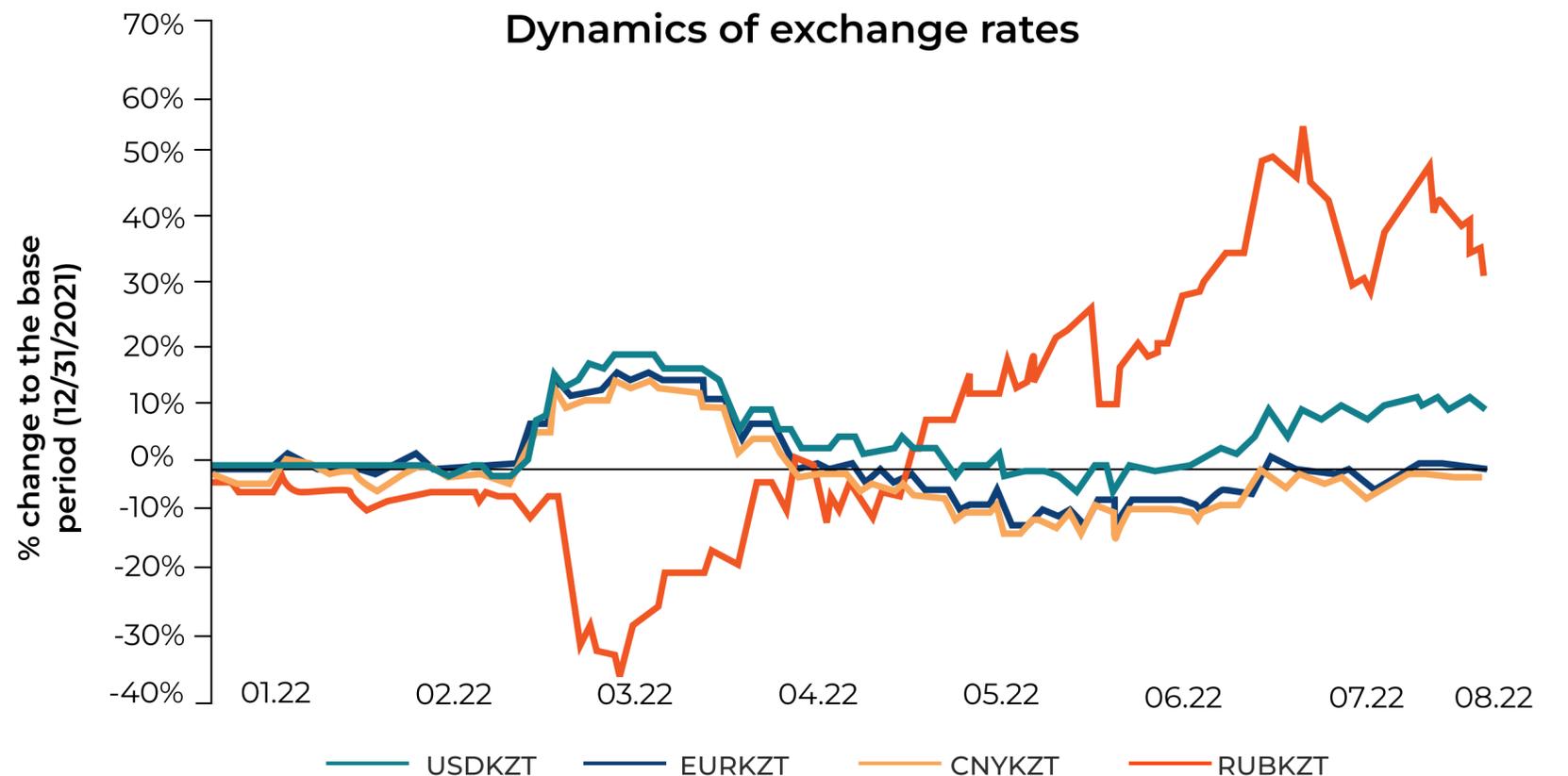
The Russian currency against the US strengthened by 1.7% to 60.58 rubles per dollar this week. At the same time, the ruble weakened by more than 17% in a month.

## Currency exchange rate volatility



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

## Dynamics of exchange rates



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

Prices of most of Kazakhstan's exports are declining amid growing fears of the global demand reduction. Experts suggest that the change in copper prices was closely correlated with the direction of the global economy soon. The depreciation of the metal used in many industries indicates a high probability of deterioration of the economic situation.

### Jusan Analytics Opinion

We have observed a decrease in the strength of the exchange rate in response to changes in fundamental factors during the week. Despite a significant change in both internal and external market terms the tenge exchange rate remains at the same level.

Moreover, the tenge exchange rate was not affected in any way by the most significant recent weekly drop in oil prices, nor by information on pumping through Tengiz-Novorossiysk pipeline decreased due to repairs at Tengiz deposit and the suspending production at Kashagan.

In general, there is a slight shift in the reaction of the tenge exchange rate as a tool for absorbing internal and external shocks to the economy, which is probably due to the lag in the reaction of foreign exchange market participants. They have recently had a tendency of a sharp transition from potent negativity to unreasonable optimism about exchange rate formation. It is difficult to say that the domestic foreign exchange market is effective due to the observed imbalances in exchange rate formation, so we expect greater volatility with a simultaneous strengthening of the dollar's position against the tenge in the future.

### Dynamics of the main export goods of Kazakhstan

	Closing price, USD	Change in a week, %	Change from the beginning of the year, %	Dynamics
crude oil	94,92	-13,72	+26,21	
wheat	795,25	-3,69	3,18	
uranium	48,85	-1,61	+8,44	
iron stone	109,20	+1,85	-2,93	
zinc	309,85	+6,92	+8,60	
aluminum	2396,75	-2,71	-14,63	
copper	7870,50	-0,59	-19,03	

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

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