

## Weekly Forex Review (August 12 - 19, 2022)



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

As well as last week, there were no strong changes in the tenge exchange rate against the dollar. By the end of this week, the exchange rate was **476.43 tenge per dollar**. Tenge weakened against the Russian currency to **8.07 tenge per ruble**. At the same time, the strengthening occurred against the yuan by 0.91%. Since the beginning of August, the national currency has strengthened against the dollar by 0.14%, and has weakened by 10.34% since the beginning of the year.

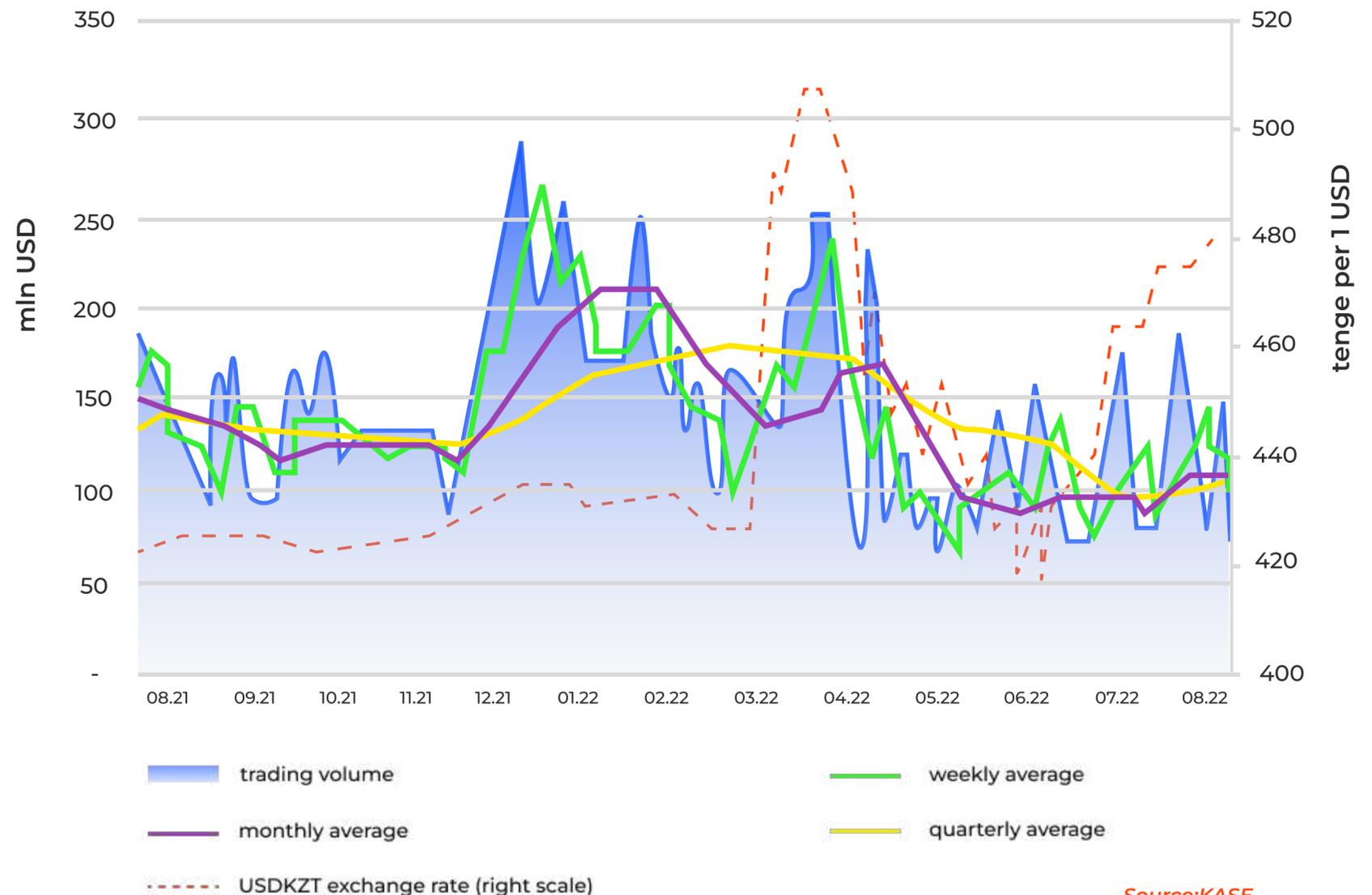
The weekly volatility of tenge against the dollar was 0.1%, against the ruble – 1.6%, which is respectively 0.1 p.p. less and 0.8 p.p. more than last week.

The USDKZT pair **trading volume** decreased by 23.06% over the past week compared to the previous one (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		476.58	475.94	0.1% ▼
RUBKZT		8.07	7.76	1.6% ▲
EURKZT		485.56	479.86	0.5% ▼
CNYKZT		70.34	70.00	0.2% ▼

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

### USDKZT pair currency exchange trading

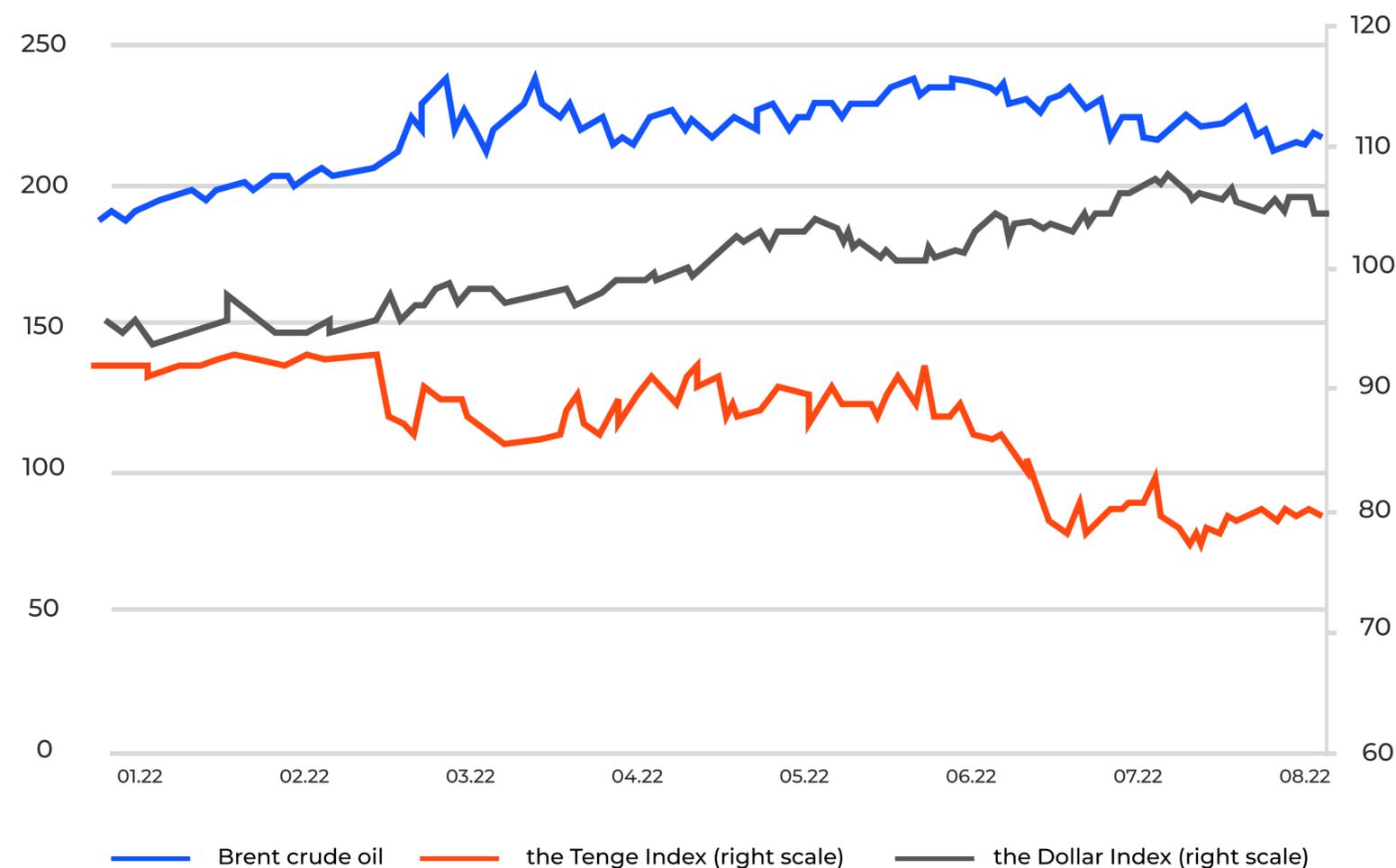


## The Tenge Index

During the week under review, the [Tenge Index](#) strengthened by 0.3% and amounted to 78.7 points. Since the beginning of the year, the dynamics of the Index indicate the continued loss of the national currency purchasing power relative to the currencies selected for its calculation (weakening by 13.3%).

According to the Index, the tenge strengthening position occurred despite a simultaneous increase in the Dollar Index (strengthening by 2.4% to the level of 108.17 points) and a decrease in oil prices (a decrease of 1.5% over the week). Thus, the current exchange rate of the national currency is more influenced by the expectations of participants in the domestic foreign exchange market, the supply and demand ratio in the foreign exchange market and other fundamental internal factors than the external market conditions.

**Dynamics of changes in the Tenge Index, the Dollar Index and oil prices to the base period (December 2018)**



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

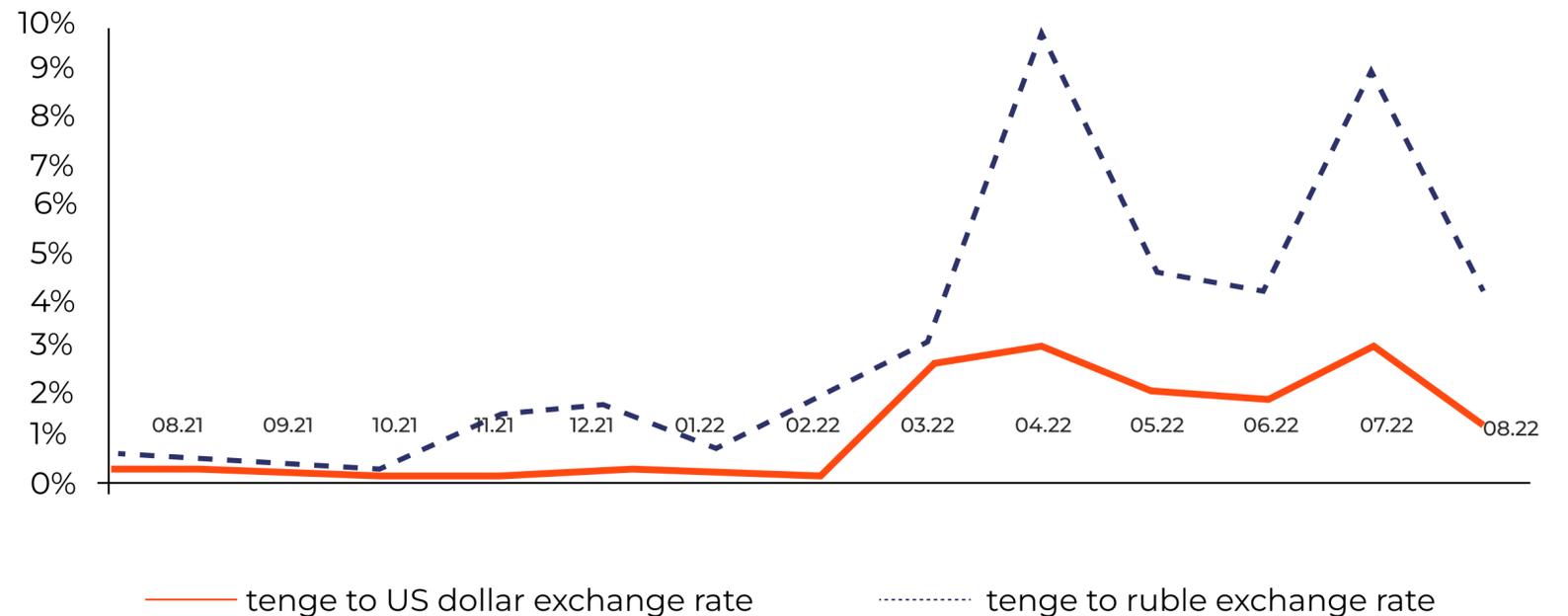
## External factors of exchange rate

The situation in foreign markets over the past week was characterized by a **noticeable pessimism among the participants regarding the world economy prospects**.

The key factor in the deterioration of expectations was the situation in the United States. **The Dollar Index has updated its monthly high** amid the aggressive hawkish rhetoric of the US Federal Reserve. According to the minutes of the Fed meeting in July, most participants **expect a further rate hike** and its retention at a level that will help to limit price growth for some time. At the same time, the prospects for the American economy growth are becoming less rosy. FOMC members believe that **the most interest rate-sensitive sectors of the economy are already showing recession signs** (the household and real estate sectors).

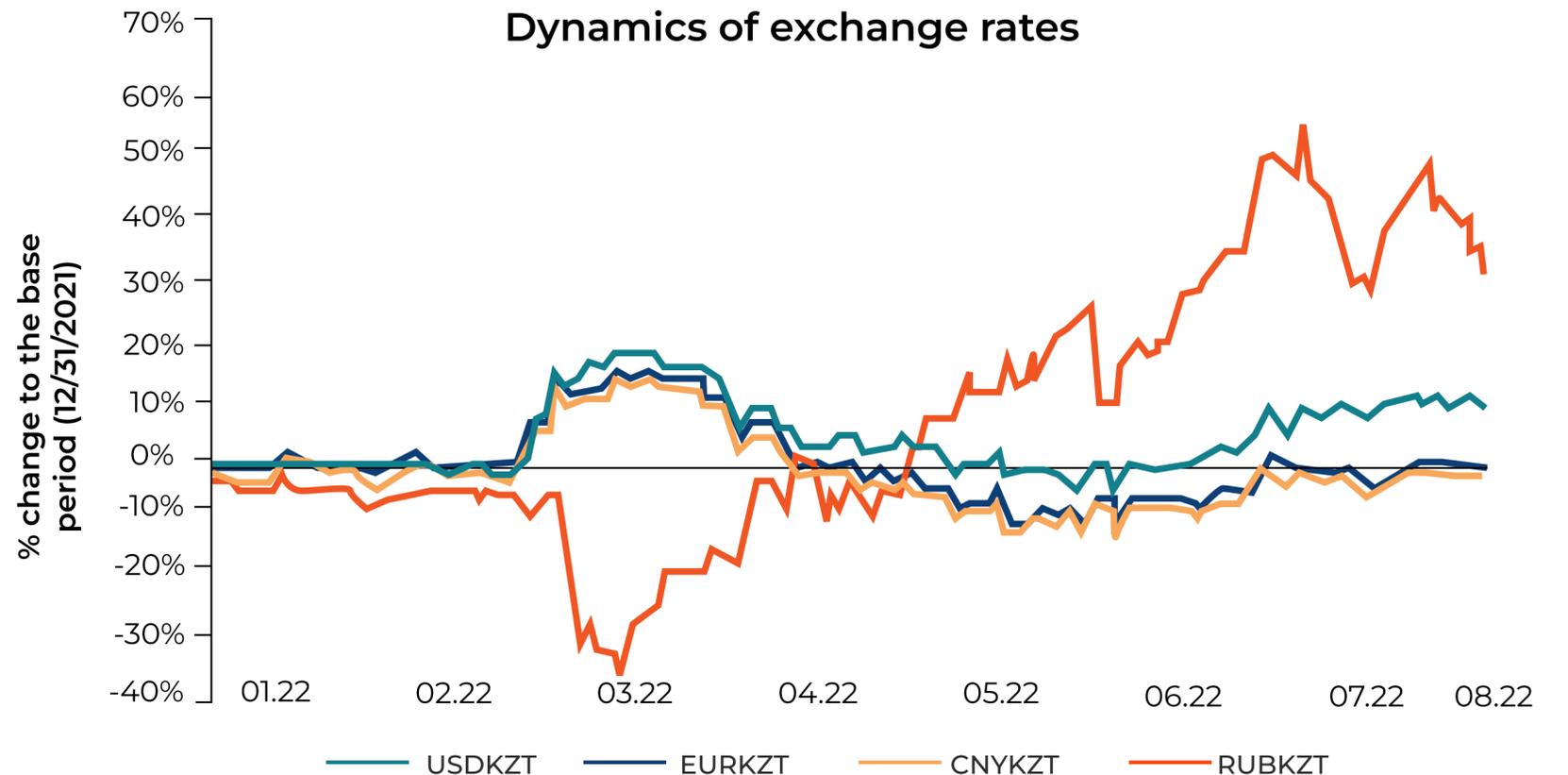
Another factor was the news on the Chinese economy. The current situation in the real estate market of China indicates the beginning of the mortgage crisis, and together with rising inflation, modest data on economic growth in July and a zero-tolerance policy for COVID-19 leads to a **likely recession in the Chinese economy**. This, in turn, poses a significant threat to the prospects for global demand.

## 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

### External factor of exchange rate

In response to increased risks to the global economy growth rate, **oil prices** showed a decline in the middle of the week to \$ 93 per barrel (they were at this level before the start of the Ukrainian-Russian conflict), but by the end of the week, they regained their positions to the level of \$ 96-97 per barrel. The "black gold" price was influenced by data on the decline in oil reserves in the United States over the past week.

The prices of all goods except uranium for the week under review showed a decrease. The shortage of energy resources, which affected the EU and China markets, has had a serious impact on the non-ferrous metals market. Due to high energy prices, there was a reduction in the production of zinc, aluminum and other metals. Pessimistic expectations, together with the already seen signs of a slowdown in the world's largest economies, lead to a decrease in the cost of non-ferrous metals. Further demand for metals will depend on how the situation in the Chinese real estate market develops.

### 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	96.72	-1.46	+28.60	
wheat	771.00	-6.26	-0.03	
uranium	49.20	+0.72	+9.21	
iron stone	105.05	-3.71	-6.10	
zinc	315.05	-3.74	+10.43	
aluminum	2371.75	-2.06	-15.52	
copper	8078.50	-0.16	-16.86	

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

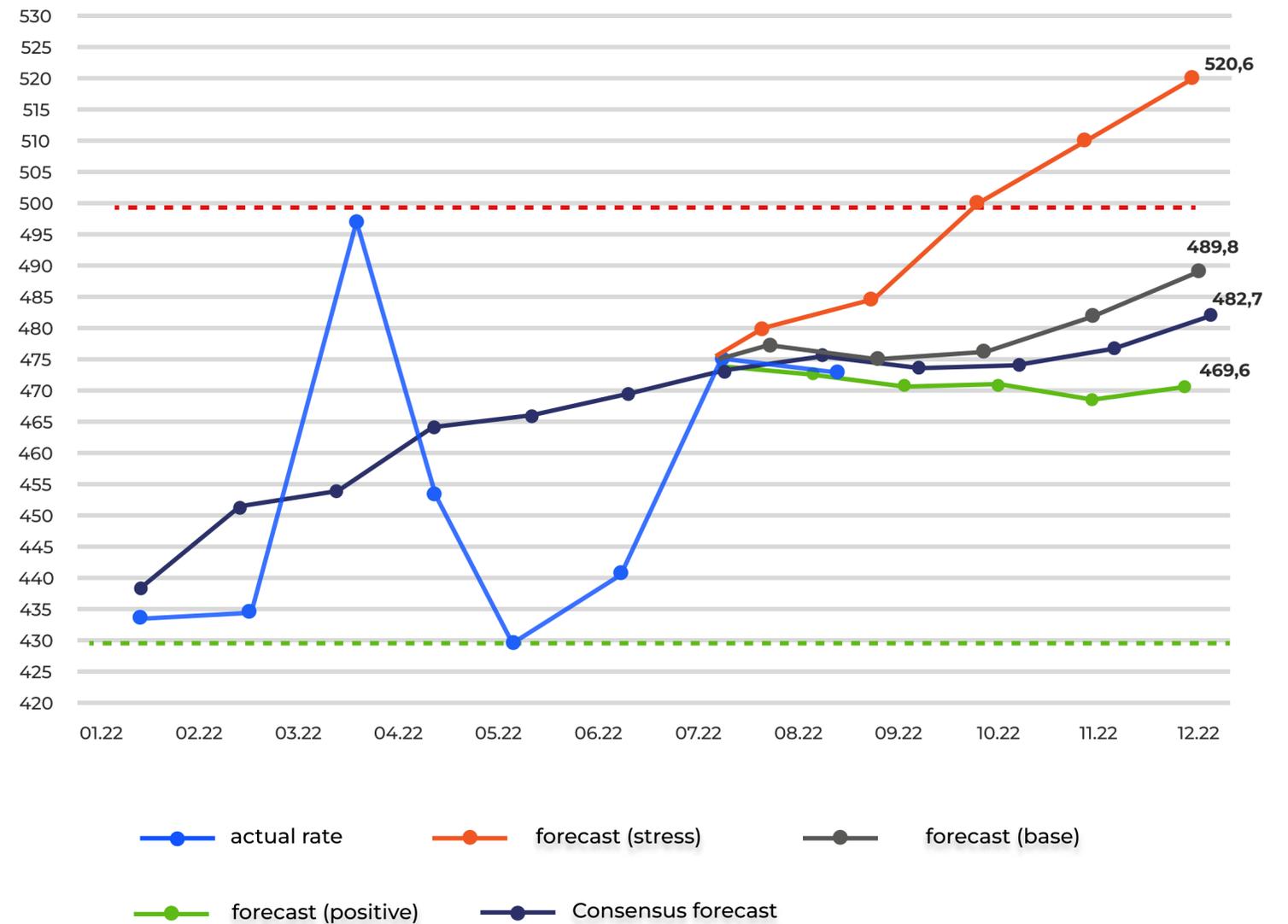
## Jusan Analytics Opinion

The growing concerns about aggressive monetary tightening by the world's leading economies and the global economic prospects are putting significant pressure on the currencies of developing countries and must lead to an increase in their volatility. Therefore, the continued tenge strengthening with a simultaneous decrease in its range of fluctuations relative to other foreign currencies raises questions.

High prices for "black gold" and an increase in Kazakhstan's oil production volume led to increase in currency proceedings for the country, which favourably affected the tenge exchange rate and added optimism to the foreign exchange expectations of the market participants. Thus, contrary to the dynamics of other factors, each big tax week will impact the tenge strengthening. Such shocks bring in uncertainty into the foreign exchange market, increasing its inefficiency.

Due to the upcoming tax week, we expect some strengthening of the national currency to 462-467 tenge per dollar, and then stabilization of the exchange rate at the level of 470 tenge in the short time. And in long term, we expect the exchange rate at the level of 472-477 tenge per dollar in case of no significant shocks from oil under the influence of the inflationary component at a zero real rate, as well as pressure from the US currency.

Simulated dynamics of the exchange rate



## Upcoming tax payment periods in August-December, 2022

### 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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