

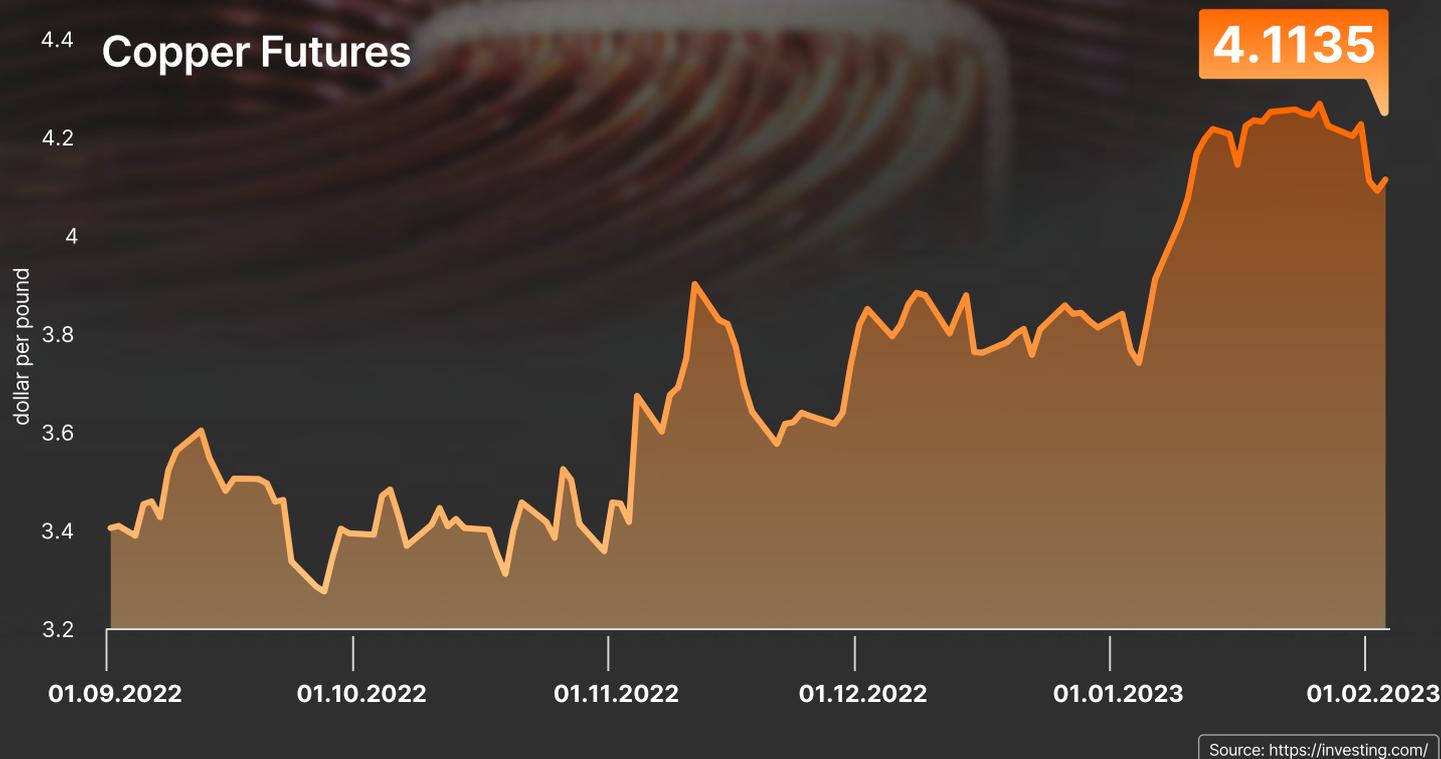
News digest for

01/30/2023-02/05/2023



Copper prices are rising due to the stabilization of China's economy

<https://www.zakon.kz/6383058-tseny-na-med-rastut-na-fone-stabilizatsii-ekonomiki-kitaya.html>



“The UN forecasts China's economic growth for 2023 at 4.8%, and the IMF – at 5.2%. The recovery of the Chinese economy since the beginning of the year after the opening of borders and the lifting of strict quarantine measures had positively impacted the country's production capacity. And since China is the world's key consumer of copper – more than half of the global demand falls on the Celestial Empire – copper prices reacted as expected in January of this year.

Many economists regard the change in copper prices as a leading indicator of the economy. Thus, we can assume that now the rising copper prices indicate a decreasing recession probability.

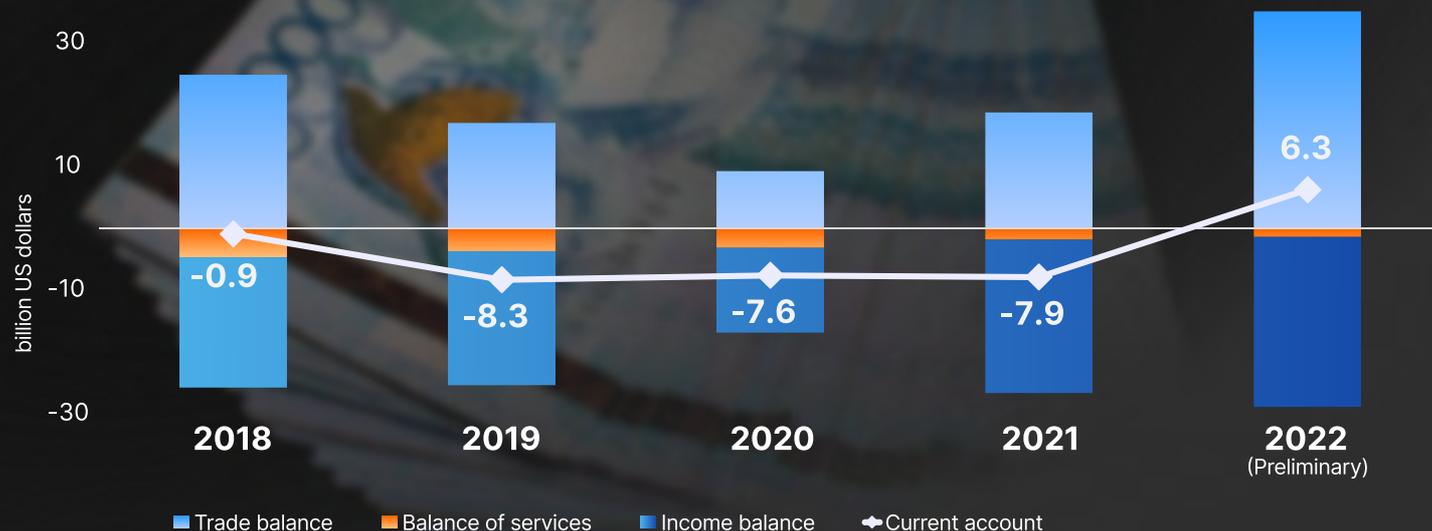
The increase in copper prices will also have a positive impact on Kazakhstan's economy, since we are one of the leading countries in the world for its reserves, and we export almost all of it (the share of copper from all exports is about 5% and from exports of non-ferrous metals - more than 50%), where China is the main buyer.”



Klara Seidakhmetova

The current account of the balance of payments has a surplus of 6.3 billion US dollars

<https://kapital.kz/finance/112596/tekushchiy-schet-platezhnogo-balansa-slozhilsya-s-profitsitom-v-6-3-mlrd.html>



Source: the National Bank of the Republic of Kazakhstan

“According to preliminary data of the NBK, the current account of the balance of payments has a surplus for the first time since 2014. The trade balance improved 1.8 times compared to 2021. This was due to a significant increase in exports by 40.7% because of high commodity prices, while imports increased by 19.6% mainly due to the increase in imports of consumer and intermediate goods. This growth corresponds to our previously announced forecasts and suggests that Kazakhstan had a good inflow of foreign currency last year. This, in turn, will increase reserves and support tenge.

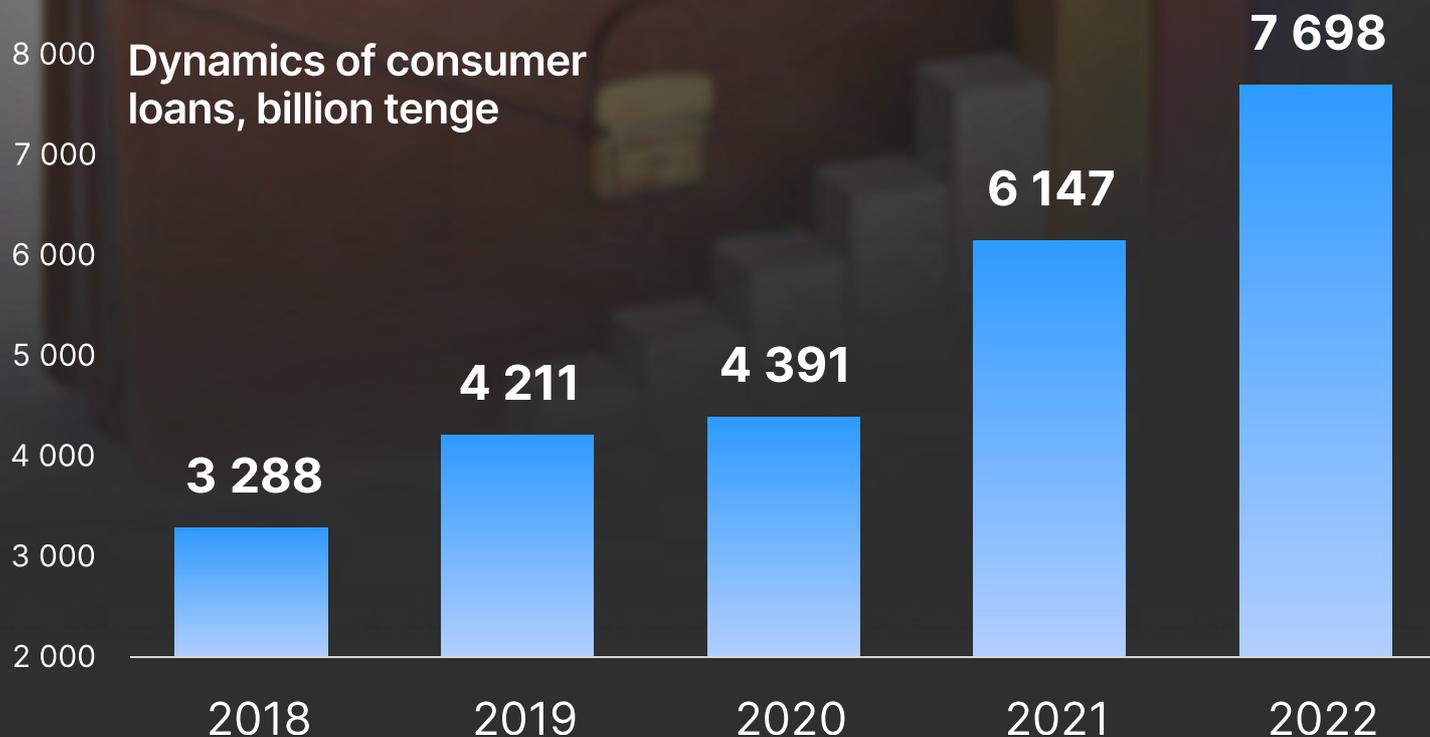
We believe that this trend will continue this year. Exports of goods will continue to positively impact the current account due to increased oil production, stable external demand and high energy prices. At the same time, imports of goods will increase both due to the lack of Kazakhstan production, which could cover the growing consumption, and due to prolonged fiscal stimulus.”



Klara Seidakhmetova

The portfolio of unsecured consumer loans in Kazakhstan increased by 28.3% and reached 7.7 trillion tenge.

<https://kapital.kz/finance/112510/portfel-bezzalogovykh-potrebitel-skikh-kreditov-potyazhelel-na-28-3.html>



Source: data of the National Bank of the Republic of Kazakhstan

“Retail, including consumer lending, has been considered as the main driver of the loan portfolio growth. The share of consumer loans in the total loan portfolio is 33.7%.

The synergy of the digitalization of banking platforms with the successful introduction of installments has greatly affected the lives of Kazakhstan citizens. The population actively buy the necessary goods in installments even with high inflation expectations and low incomes, thereby replacing consumer spending with borrowed funds. Such action causes aggregate demand in terms of domestic goods shortage and problems with supply. And this is reflected in inflationary pressure.”



Sunggat Rysbek

The Central banks bought a record 1,136 tons of gold in 2022. The global demand for gold reached its highest since 2011 and amounted to 4,741 tons, an increase of 18% by the end of the last year.

<https://t.me/kursivmedia/15257>

“Gold is considered a conservative option of a protective asset, which becomes attractive against the background of high inflation and volatility. Given the geopolitical and economic risks of the past year, it was logical to assume that central banks would increase gold reserves. The main buyers were central banks of developing countries, such as China, Turkey and the Middle East.

An additional factor in this demand can be considered the blocking of Russian currency assets by Western countries. It is important for countries like China to have protected assets with which they could settle in critical situations.

Kazakhstan citizens were also interested in gold and purchased about 37,940 gold-weighted bullion bars with a total weight of 1.1 tons. As we have written before, gold is a good option for long-term investment and its price increases during various political and economic shocks. However, the yield of this asset was significantly lower than the tenge deposit in 2 years.”



Sunggat Rysbek

More than 10 thousand Kazakhstan citizens have filed for bankruptcy. Following the Ministry of Finance, a maximum of 1.1 million people will be able to use the bankruptcy procedure.

<https://kapital.kz/finance/112558/boleye-10-tysyach-kazakhstantsev-podali-zayavki-na-bankrot-stvo.html>

“The Law on bankruptcy procedure has been discussed for a very long time. On the one hand, this procedure will make life easier for Kazakhstan citizens with a high debt burden, and on the other hand, it greatly changes the rules of the game in the banking segment. Banks may have to revise their risk assessment by increasing the volume of provisions. And this may affect the interest rates on loans.”



Sunggat Rysbek

Auhors: Klara Seidakhmetova, Sunggat Rysbek

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