

WEEK OF STOCK MARKET OF KAZAKHSTAN

July 4-8, 2011

Date	Index KASE	USDKZT	TONIA	TWINA	KazPrime
01.07.11	1,564.54	145.80	0.1343	0.2594	1.6300
04.07.11	1,555.24	145.84	0.1783	0.2631	1.6300
05.07.11	1,563.58	145.71	0.4738	0.2641	1.6300
07.07.11	1,567.91	145.49	0.1751	0.2586	1.6300
08.07.11	1,572.52	145.43	0.1037	0.2497	1.7300
Trend	8.0	-0.37	-0.03	-0.01	0
%	+0.5	-0.25	-22.8	-3.7	+6.1

MAIN NEWS OF KAZAKHSTANI STOCK MARKET

Agency of Statistics of Republic of Kazakhstan informed that:

- In 2010 investment in fixed capital of Kazakhstan was 4.7 trillion. KZT;
- In June 2011, prices in some segments of the economy has changed;
- In June 2011 compared with December of 2010 crop production, realized agricultural enterprises, has become more expensive by 14.5%, livestock products - by 6.7%;
- On the housing market in June 2011 there was an increase in prices;
- In June 2011 compared to December last year the price of construction works increased by 3.1%, machinery and equipment - by 3.7%, other works and costs - 2.2%.

July 4 credit ratings service Standard & Poor's confirmed the ratings of Kazakhstan's postal service operator JSC "Kazpost" - long-term credit rating of "BB" and the national scale rating "kzA +", and then withdrew them on request of the issuer. As stated at the time of revocation the ratings reflect the high, according to S & P, the probability of obtaining timely and adequate state support in an emergency situation and an assessment of their own creditworthiness of JSC "Kazpost" ("b"). At the time of the withdrawal of its own credit rating score of "Kazpost" ("b") reflects the weak performance of liquidity, low profitability, and weak systems of accountability and corporate governance of "Kazpost". In addition, it adversely affected the company's plans to expand the more "risky" activities - retail lending, and the intention to raise about 4.2 bln of debt to finance its investment program. To evaluate its own credit positively influenced adequate capitalization and good market position the company in the rural areas.

July 4 were published the results on KASE trades for the first six months of 2011:

- The volume of trading in shares on KASE (excluding transactions in the market of repo operations) amounted to 118.4 billion tenge (equivalent to U.S. 811.5 million) and increased relative to the corresponding period of 2010 by 3.6 times;
- The volume of trading of corporate bonds on KASE (excluding transactions in the market of repo operations) amounted to 173.2 billion tenge (equivalent to 1,187.8 million U.S. dollars) and rose comparing with the corresponding period in 2010 by 1.9 times;
- The volume of trading in government securities on KASE (excluding transactions in the market of repo operations) amounted to 535.9 billion tenge (equivalent of 3,675.8 million U.S. dollars) and decreased relative to the corresponding period of 2010 by 29.1% (28.4 % in dollar terms);
- The volume of trading in repo on KASE totaled 5,663.5 billion tenge (equivalent to 38,808.8 U.S. dollars) and declined in the same period last year by 11.4% (10.6% in dollar terms);
- The volume of trades in foreign currencies at KASE, including currency swaps, amounted to 7.879.9 billion tenge (equivalent to 53,978.2 U.S. dollars) and rose on the corresponding period in 2010 by 27.1% (28.1% in dollar terms);
- The volume of trades at the KASE in all sectors amounted to 14,370.9 billion tenge (equivalent to 98,462.2 U.S. dollars) and rose on the corresponding period in 2010 by 6.7% (7.6% in dollar terms).

July 5 it was announced that credit rating agency "Expert RA Kazakhstan" JSC has downgraded ratings of "Kazcat" to the level of B (a satisfactory level of creditworthiness) and the first bond issue rating (KZ2C0Y05C622) to the level of B (a satisfactory level of reliability), the company has previously acted rating B + (a sufficient level of credit) and the first bond issue rating B + (sufficient level of reliability). Also, "Expert RA Kazakhstan" assigned rating is the second issue of bonds (NIN - KZ2C0Y07D964) at the level of B (a satisfactory level of reliability). As stated, the main factors that negatively affected the rating level of Kazcat, are the high risk of losing a large part of receivables, as well as large size and low diversification of receivables (receivables is 81% of the company's assets at the end of 2010). The company currently is working to reduce the volume of receivables. In addition, negatively was rated a high level of debt (interest payments account for 47% of gross revenue for 2010). In addition, the deterrent effect on the rating companies had a diffuse ownership structure (the largest shareholder as of June 17, 2011 owned 16.32%). As indicated, among the factors that positively influenced the level of the rating companies were singled out high liquidity (as of December 31, 2010 absolute liquidity ratio was 4.03, acid-test ratio - 25.8), acceptable rates of business activity (turnover period payable by the end of 2010 amounted to 2 days receivable - 892 days), the low level of accounts payable (at the end of 2010 - less than 1% of liabilities of the Company), as well as growth of equity capital of the Company for the period from 2007 to 2010 by 293%.

July 5 the National Bank of Kazakhstan reported that:

- National Bank of Kazakhstan plans in 2011 to increase the authorized capital of the Fund for Guaranteeing Deposits by KZT 12 billion;
- Board of the National Bank of the Republic of Kazakhstan decided to establish July 1, 2011 the official refinancing rate of the National Bank of Kazakhstan at 7.5% per annum;
- the net international reserves of National Bank decreased by 3.4% to 34.2 billion U.S. dollars (from the beginning of the year - an increase of 23.5%);
- the current account surplus of balance of payments of the Republic of Kazakhstan for the first quarter of 2011 totaled \$ 4.4 billion, an increase of 58% compared with that in the first quarter of 2010;
- in the first quarter of 2011 gross external debt of the Republic of Kazakhstan (GED) increased by \$4.9 billion;
- the total volume of residents' deposits in depository institutions in May 2011 decreased by 0.8% to KZT 7,825.6 billion (YTD growth of 5.8%);
- the total amount of banks' lending to the economy for May 2011 increased by 0.7% to KZT 7,811.2 billion (YTD increase of 2.8%);
- Total assets of banks as of June 1 was KZT 12,392.7 billion, decreased in May by 56.2 billion or 0.5%;
- According to preliminary data, up to 5 months of 2011, total assets of insurance (reinsurance) organizations in Kazakhstan increased by 5.2% to KZT 361.0 bln on June 1;
- According to preliminary data, the total amount of pension savings has increased in Kazakhstan in January-May 2011 by 160.8 billion tenge, or 7.1%;
- As of June 1, 2011 the sum of the total assets of mortgage companies totaled KZT 121.2 billion, an increase in May by 0.6 billion or 0.5%.

July 7 service credit rating Standard & Poor's has assigned counterparty credit ratings - a long-term 'BBB' and Short-term 'A-3' - for Kazakhstani SB of JSC "HSBC Bank Kazakhstan" (HSBC-BC). Simultaneously, S & P assigned to this bank national scale rating "kzAA +". The outlook was "stable". As stated, the ratings of HSBC-BC reflect an assessment of S & P of the bank: the presence of well-recognized brand, belonging to a well-known banking group, a high degree of integration into the business and the association with the brand name HSBC, significant assistance from the strong strategic shareholder inclined to provide support. In addition, they reflect the high standards of underwriting and "niche" strategy of the bank, providing services mainly to the largest companies

("blue chips"), so the bank has assets of good quality, despite the risks inherent in the operating environment, and its deposit base is cheaper and more stable than most domestic banks.

July 8 service credit rating Standard & Poor's has assigned the Kazakh producer of grains and oilseeds JSC "Holding KazExportAstyk" long-term credit rating of "B". Forecast - "stable". S & P analysts believe that weak liquidity indicators, the relatively low coverage of interest payments due to EBITDA and mostly short-term debt financing instruments used have a negative impact on the financial risk profile of the holding. Over the past three years, the average ratio of adjusted debt to EBITDA was 3.8 x. Adverse impact on the business profile of the Holding Company, according to S & P, has a volatile nature of the agricultural industry. This is due to the influence of such uncontrollable factors as weather, health, agricultural crops, the world supply and regional trade policy. In addition, the quality of earnings of Holding suffers because of the concentration of income and profits in the emerging market of Kazakhstan, although the company is increasingly selling their products to neighboring countries.

Stock exchange market

During the study period at KASE on the secondary market sale 111 deals were concluded

	current week	change for	
		1 week	2 weeks
Average daily volume. USD th.	324.5	13.4 times	18.8 times
Average daily volume. KZT m.	47.2	13.5 times	18.8 times
Stake of nego deals. number (%)	0	0	0
Stake of nego deals. volume (%)	0	0	0
KASE members	26	-21.2%	-7.1%
Number of shares denominations*	14	-12.5%	-6.7%
Stake of pension funds. gross (%)	0	0	0
on purchase	0	-0.6 pp	-2.6 pp
on sale	0	0	0
Stake of individuals. gross (%)	70.2	+48.8 pp	-7.2 pp
on purchase	59.8	+54.9 pp	+8.2 pp
on sale	80.7	+42.80 pp	-22.7 pp
Stake of nonresidents. gross (%)	0	-6.3 pp	-1.9 pp
on purchase	0	-0.7 pp	-1.3 pp
on sale	0	-11.9 pp	-2.42 pp

**on which the deals on KASE have been conducted*

In the described period falling of average daily prices was detected for four instruments, growth showed seven instruments involved in the transaction prices of the three instruments has not changed. Adverse change in shares prices was in the range of 0.38% (RDGZ) to 6.92% (EXBNp), positive - from 0.26% (KZTK) to 17.30% (BTAS).

At the end of the week under consideration KASE index remained virtually unchanged. Kazakhstan stock market managed to ignore the external background, while activity in the market remained fairly low. Lack of ideas and investor certainty in the market has forced investors to refrain from serious participation in the auction.

Stock Quotes of Kazakhmys and ENRC last week rose by 3.1% and 1.2% respectively. Positive dynamics of these quotes helped recovery in prices on the international commodities market, as well as reduced stocks of copper on the London area.

At the same time, the cost of oil futures continued to fall back down. At this time the pressure on the raw output data provided from the U.S. labor market, according to which the unemployment rate in June was 9.2%. Under the influence of negative quotes from foreign markets of common shares of EP KMG "decreased by 1.1%.

The banking sector also demonstrated positive trend. Common shares of the "Halyk Bank of Kazakhstan" JSC and "Kazkommertsbank" went up by 3.3% and 1.7%, restoring the lost positions. Quotes have grown, despite the fact that the securities of the banking sector in foreign markets showed a negative trend.

More detailed information on share trades at KASE is given in the table below:

Results of share trades on KASE, including STF of RFCA within July 4 – 8, 2011, only by data on deals made on the secondary market of KASE by the methods of opened trades):

Share code on KASE	Price, KZT per share:		Last deal:		for last 365 days:		Volume of deals Th. USD	Num. of deals	Best for The period:	
	min	max	price	trend,%	min	max			Demand	Supply,
BSUL	630	630	630	0	620	658.05	58.15	1	630	630
BTAS	2.05	2.3	2.3	+15.00	1.8	549	30.19	8	2.3	2.05
CCBN	490	505.04	499	-0.20	487.01	670	102.66	10	505.04	490
EXBNp	1210	1210	1210	-6.92	1210	1300	6.12	2	1210	1210
GB_ENRC	1850	1901.01	1875	+1.24	1755	2600	86.50	13	1901.01	1850
GB_KZMS	3210	3300	3300	+3.13	2241	3800	54.32	11	3300	3210
HSBK	320	333	332	+3.27	300	445	42.12	9	333	320
KAZIp	300	314	300		300	390	44.68	9	314	127
KKGB	406	415	407	+1.75	356	616	108.66	3	415	406
KZTK	19550	19600	19600	+0.26	13500	20850	65.40	6	19600	19500
KZTKp	9200	9200	9200	0	6300	9990	1.90	1	9200	9200
RDGZ	17600.01	17600.01	17600.01	-1.12	15155.01	21000	1.21	1	17900	17600
RDGZp	17650	17900	17700	+0.28	12400.01	20510	649.09	33	17900	17650
14							1,297.9	111		

Notes: Trends are given relative to the last deal of the previous 30 days period (May 2 – June 2, 2011). If deals were not made in the previous month the trend is not calculated.

Corporate bonds market

In this sector of KASE during the analyzed period 59 deals were made.

	current week	Change for	
		1 week	2 weeks
Average daily volume. USD th.	5,262.4	-38.7%	3.0 times
Average daily volume. KZT m.	766.7	-38.9%	3.0 times
Stake of nego deals. number (%)	0	0	-0.03 pp
Stake of nego deals. volume (%)	0	0	-0.05 pp
KASE members	26	+13.0%	+11.0 pp
Number of bonds denominations*	21	-8.7%	+16.7%
Stake of pension funds. gross (%)	0	-31.1 pp	0
on purchase	0	-47.1 pp	0
on sale	0	-15.1 pp	-12.5 pp
Stake of individuals. gross (%)	17.7	+0.2 pp	+11.8 pp
on purchase	2.2	-14.5 pp	-4.7 pp
on sale	33.3	+14.9 pp	+28.3 pp
Stake of nonresidents. gross (%)	16.5	+12.0 pp	+11.2 pp
on purchase	22.1	+21.0 pp	+16.8 pp
on sale	11.0	+3.0 pp	+5.5 pp

* on which deals were made at KASE

Following the period growth of average net prices on the open market characterized the bonds of 10 titles, falling - 9, the price of three tools has not changed. Yield to maturity on deals rose in the week for 7 bonds, declined - for 8, the yield of five instruments has not changed. Positive change in bond yield to maturity was in the range from 0.10% (TEBNb18) to 3.15% (ZERDb1), negative - from 0.01% (AGKKb1) to 4.99% (TSBNb2).

More detailed data on corporate bonds on KASE is shown in the table below:

Results of bond trades on KASE including STF of RFCA within July 4– 8, 2011 (only on data of deals . made on secondary market of KASE by the methods of opened deals):

Bond code on KASE	Yield to maturity for a buyer. % APR:						Amount		best for the period:	
	on the last deal:		for last, 365 days,:				Of deaks, Th. USD	Number Of deals	demand	supply,
	min.	max.	yield	min.	min,	max,				
AGKKb1	8.49	8.49	8.49	8.00	9.64	65.29	1	8.49	8.49	
ATFBb4	9.00	9.00	9.00	8.00	9.00	20.54	1	8.50	9.00	
ATFBb6	9.00	9.00	9.00	6.70	10.12	155.43	1	9.00	9.00	
BTAIb3	9.01	9.38	9.01	9.00	91.40	289.06	3	9.01	9.01	

To be continued on the page 5

Continued of table

Results of bond trades on KASE including STF of RFCA within July 4– 8, 2011

(only on data of deals . made on secondary market of KASE by the methods of opened deals):

Bond code on KASE	Yield to maturity for a buyer. % APR:						Amount		best for the	
	on the last deal:		yield	for last, 365 days,:			Th. USD	Number Of deals	demand	supply,
	min.	max.		min.	min,	max,				
BTASe7	15.96	15.96	15.96	+0.80	9.67	15.96	196.55	1		
EUBNb5	8.00	8.00	8.00	0	7.00	8.00	3,466.53	1	7.80	8.00
EUBNb9	8.00	8.00	8.00		8.00	11.00	3,312.71	1	8.00	8.00
EXBNb1	14.50	14.50	14.50		14.50	17.00	1.37	1	14.50	14.50
HSBKb12	9.00	10.36	9.00	-1.36	8.00	10.36	376.52	3	9.00	10.36
HSBKe3	6.86	6.86	6.86	+0.29	6.30	7.14	1,030.78	1	6.86	6.86
KDTSb1	12.80	12.80	12.80		10.00	21.38	4.77	1	15.95	12.80
KKGBe4	8.80	8.98	8.98		7.14	10.88	4,551.56	2	8.80	8.98
KMGZe4	5.46	5.46	5.46		5.46	5.79	111.88	1	5.46	5.46
KZIKb21	8.00	8.00	8.00		8.00	8.00	20.86	1	8.00	8.01
ORDKb2	12.00	12.00	12.00	-2.00	12.00	16.02	96.01	2	12.00	12.02
PRKRb4	7.30	7.30	7.30	-1.00	6.15	8.50	2,958.08	1	7.30	7.30
RGBRb4	10.00	10.00	10.00	0	6.00	15.00	1.42	2	10.00	10.00
TEBNb18	12.10	12.50	12.10	+0.10	12.00	31.59	935.87	9	12.10	12.50
TEBNb6	12.50	12.50	12.50	0	12.00	23.10	1,916.58	22	12.50	12.50
TSBNb2	9.00	9.00	9.00		9.00	15.50	14.26	1	9.00	9.00
ZERDb1	15.46	15.48	15.48		5.00	86.67	443.95	2	15.46	15.48
21							19,970.0	58		

Notes: Trends are given relative to the last deal of the previous 30 days period (May 2 – June 2, 2011). If deals were not made in the previous month the trend is not calculated.

GOVERNMENT SECURITIES (GS) SECTOR

Primary market sector

July 8 in the trade system of KASE was held specialized auction on placement of short-term treasury bills of the Ministry of Finance of the Republic of Kazakhstan MEKKAM-12 one hundred and seventeenth release (KZK1KY011172, MKM012_0117, 100 Tenge, 08/07/11, 07/08/12), on which the Ministry of Finance planned to involve KZT 13,000.0 mln. The subject of the auction is the price of bonds. In the auction was attended by 12 primary dealers, which are members of KASE category "K". Through these subjects, investors filed 25 applications, of which the expiration time applications were active 24 orders. Total volume of active bids (demand volume) was 53,828.0 million tenge and exceeded the suggested volume of 4.1 times. Price of bonds in active bids varied from 98.0392% to 98.4252% of the cost, in average terms, 98.3161% of the value of the bond. As a result of trade, the issuer granted the application for the purchase of 130 million bonds in the amount of 12,794,821,699.99 KZT. (100% of the planned volume of placement) at 1.60% per annum.

Secondary market sector

During the study period, the total volume of 4 deals concluded on KASE totaled 2,365.4 million tenge (\$ 16.2 million). In the previous period (June 27 - July 1, 2011) the figure was 7,411.4 million tenge (\$ 50.7 million), with 16 transactions. Share exchange turnover in the overall volume of Kazakhstan secondary market for government securities of comparable sales and purchases in the analyzed period amounted to 100.0% (previous period - 34.6%).

Parameters of Exchange's transactions in GS within July 4-8, 2011

Days till maturity	Yield to maturity for a buyer. % APR.			Volume.		
	min	max	last deal	min	max	last deal
Coupon (KZT) MEOKAM				100% (100%) of purchase and sale sector's turnover		
731 - 1095	2.92	2.92	2.92	2.92	959.78	1
1096 - 1460	2.93	2.93	2.93	2.93,(2.92)	538.51	1
1461 - 1825	3.10	3.10	3.10	3.10,(4.15)	867.10	2
Total					2,365.4 (7,408.4)	4 (15)
TOTAL					2,365.4 (7,408.4)	4 (15)

WORLD MARKETS

Main news of the world markets

July 4 according to the Institute for Supply Management (ISM) it became known, the index of business activity in the industrial sector of the U.S. economy in June 2011 rose by 1.8 percentage points to 55.3% from 53.5% in May. Analysts had expected a decline of the index in June to 51.8%. The index of business activity in the U.S. service sector, which is calculated by the

Institute for Supply Management, in June 2011 decreased by 1.3 percentage points - to 53.3% from 54.6% in May. Analysts had expected a smaller decline of 0.9 percentage points - to 53.7%.

July 4th it was reported that industrial prices in the euro area in May 2011 decreased compared to the previous month by 0.2%. Compared with May 2010, producer prices in the euro area in May 2011 increased by 6.2%. Retail sales in the euro area in May 2011 in relation to the previous month decreased by 1.1%. In the EU27 the rate band on a monthly basis fell by 1.1%.

July 08, according to Automatic Data Processing Inc. (ADP), the number of jobs in the private sector of the U.S. in June 2011 increased by 157 thousand, compared with May. Analysts had expected growth rate in June, only 70 thousand for revised data, the number of jobs in companies in May 2011 increased by 36 thousand, while the previously reported increase of 38 thousand U.S. Labor Department reported that the number of initial applications unemployment benefits in the U.S. for the week that ended July 1 fell by 10 thousand to 418 thousand applications. Analysts had expected a decline rate of 8 thousand applications.

July 8 it was announced that the ECB would raise interest rates by 0.25 percentage points to 1.5%. The decision was due to an acceleration of inflation in the euro area. In June, inflation in the euro area was 2.7%, exceeding the target level of 2% per annum.

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