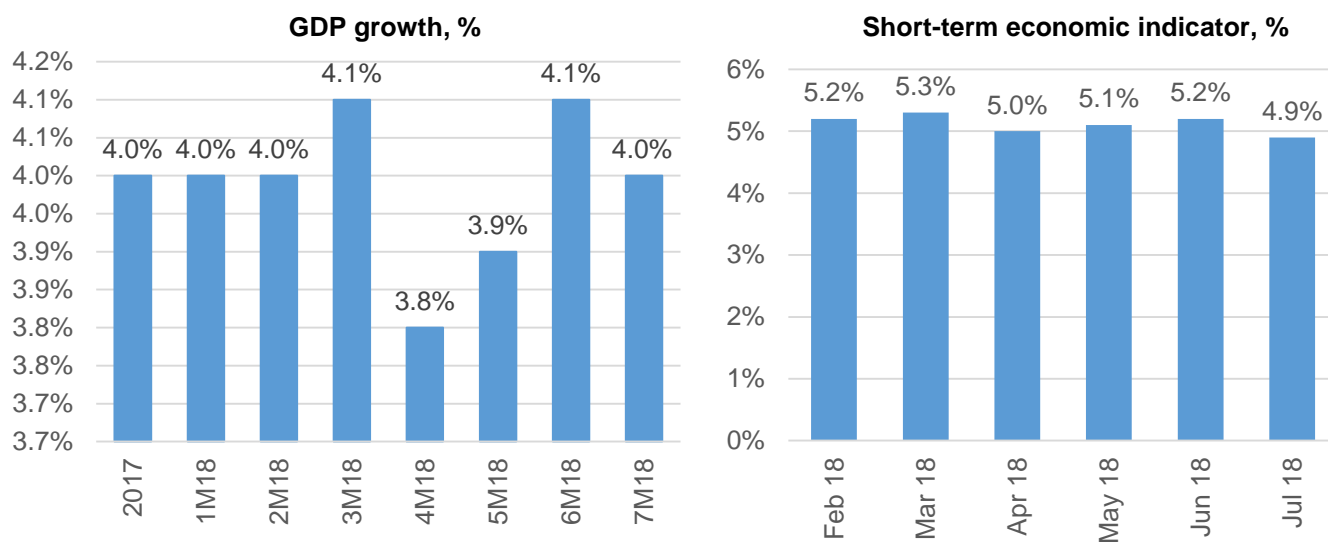


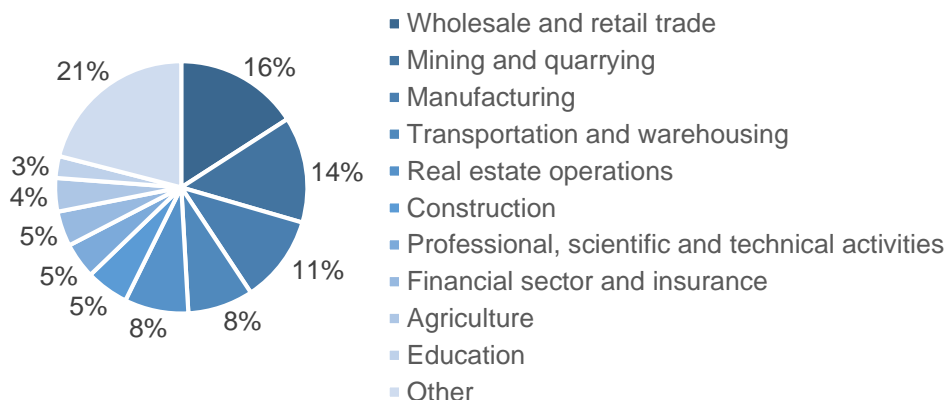
Macroeconomic Updates –7M18 GDP growth

According to the Ministry of National Economy's preliminary estimates, economic growth was at 4.0% YoY in 7M18 vs. 4.1% YoY in 1H18, well supported by (1) easing inflationary pressure (5.9% in July 2018 vs. 7.1% in December 2017), (2) solid investment dynamics, and (3) positive trends in key economic sectors. Economic growth rebounded to 4.0% in 2017, with momentum carried through 7M18. Short-term economic indicator was at 4.9% in July vs. 5.2% in June. The indicator comprises agriculture, industry, construction, transport, communication, wholesale & retail trade, with the combined sectors accounting for over 60% of GDP.



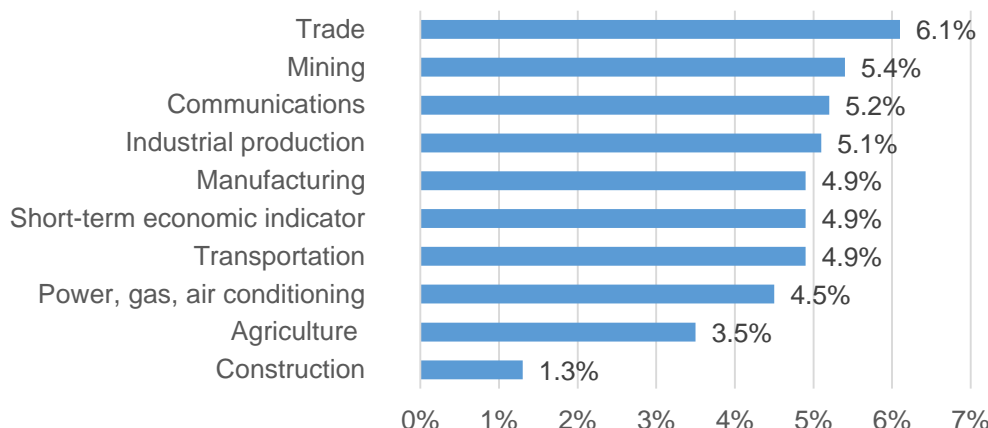
Source: Statistics Committee, Ministry of National Economy

GDP structure, % (2017)



Source: Statistics Committee

Growth by sectors, % (7M18)

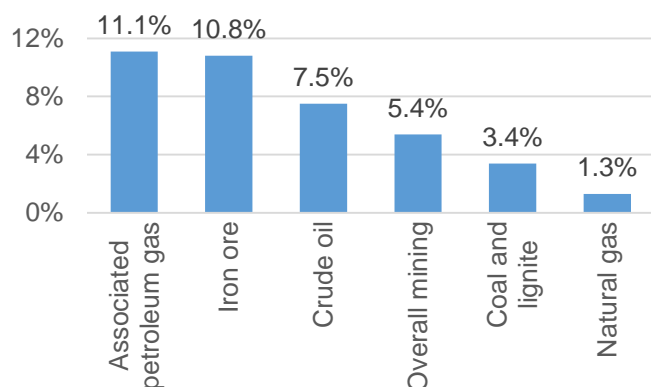


Source: Statistics Committee

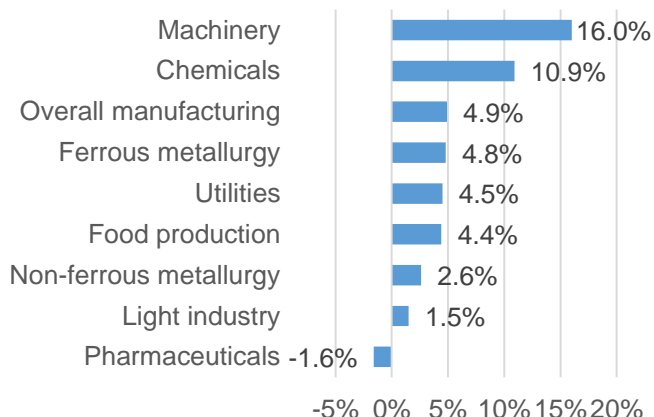
Industrial production rose by 5.1%, with **mining and quarrying expanding by 5.4%**, reflecting positive dynamics in oil, natural gas, metal ores, coal and lignite production. **Coal production** amounted to **63.5mln tons**, having **increased by 3.4%**. **Electricity production** rose by **7%** to **63.312bln kWh**. **Water supply** saw a **2.3% decrease**, while **electricity, gas, steam and air conditioning** rose by **4.5%**.

- The **manufacturing industry recorded a 4.9% growth** with production of food products, oil refining, chemical products, rubber and plastic products, metallurgy and machine building trending upward. At the same time, the production of beverages, pharmaceuticals, refined copper, non-metallic mineral products declined. Petrol production (including jet fuel) rose by 13.1% to 2.1mln tons, while diesel output declined by 0.5% to 2.7 mln tons.
- In 7M18, **oil production amounted to 45.194mln tons**, up by 7.5% with Kashagan oil output increasing to 7.37mln tons. Oil production at Kashagan field is anticipated at 10.8mln tons for 2018 (2017: 8.35mln tons). Oil production at Tengiz field reached 17.2mln tons, and Karachaganak saw a 7.3mln tons of oil production. Oil exports rose by 6.1% to 42.8mln tons. **Natural gas production** was at 13.6bln cm, up by 1.3%.
- Uranium production reached 12.5ths tons in 7M18, down by 6% YoY**, suppressed by low prices on the global market. That said, in order to stabilize prices on the global market, Kazakhstan intends to decrease uranium production to 21.6ths tons in 2018.

Mining sector growth breakdown, % (7M18)



Manufacturing sector growth breakdown, % (7M18)



Source: Statistics Committee

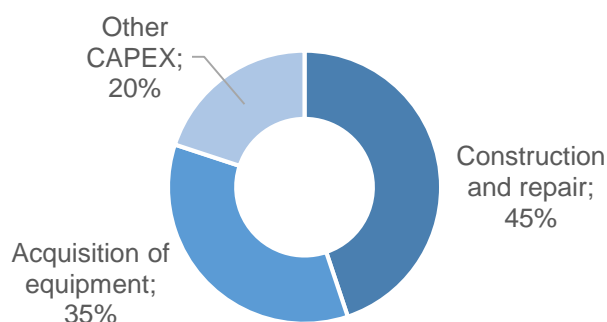
*Mining sector: In real terms except for Overall mining. Manufacturing: in values.

Macroeconomic Updates – 7M18 GDP growth

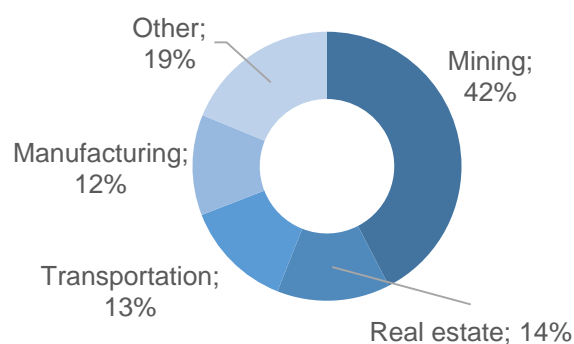
In 7M18, **freight turnover expanded by 9.4% to 333.6 bln t/km**, well supported by **railway**, which saw a **10.9% growth** (160.8 bln t/km). **Road transportation** rose to **90.3bln t/km, up by 6.9%**. The growth of **marine transportation** was at a **high of 15.8%** (1.021 bln t/km). **Air transportation** was at **29.4mln t/ km, up by 6.4%**, while **pipelines** saw a **9% increase** (81.4bln t/km).

Fixed investments made up KZT5.49tln, having expanded by 23.7%, boosted by mining and quarrying (42.4% of total investments), transport and warehousing (13.1%), real estate operations (13.6%). **Private sector contributed 72.5% of total funding**, while the share of state funds was at 11.2%. Bank loans accounted for 8.2% of total funding (of which foreign banks: 0.4%). In 7M18, **FDI inflows amounted to USD6.7bln, up by 24.4% YoY, led by industrial sector (32.7% YoY)**. This reflects (1) modernization of Shymkent oil refinery, and (2) implementation of an expansion project at Tengiz field.

Fixed-asset investment breakdown by type (7M18)



Primary beneficiaries of fixed-asset investments (7M18)



Source: Statistics Committee

Economic indicators (2017-2023f)

Key Indicators	2017	2018f	2019f	2020f	2021f	2022f	2023f
GDP, USD bln	160.8	168.3	182.8	197	212.5	229.3	248.1
GDP, % YoY	4.0	3.8	3.9	4.1	4.3	4.2	4.5
Industrial output, % YoY	7.1	3.3	2.8	3.4	3.3	2.8	4.6
Wholesale & retail trade, % YoY	3.2	3.9	4.3	4.5	4.7	4.3	4.8
Inflation, % YoY (at year-end)	7.1	5-7	4-6	3-4	3-4	3-4	3-4
Current account, % of GDP	-3.0	-2.2	-2.9	-2.6	-2.6	-2.5	-1.6
State budget deficit, % of GDP	-2.6	-1.5	-1.0	-1.0	-1.0	n/a	n/a

Source: Committee on Statistics, Ministry of National Economy as of 23 May 2018

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