

## **Foreign Exchange Market**

*(October 2017)*

In the reporting period, the national currency strengthened by 0.7 percent from KGS 69.2301 to 68.7200 per USD at the foreign exchange market year-to-date. The currency supply was maintained by market participants, mainly due to the US dollars received as a result of the banks' conversion transactions, placement of funds on the deposits, money transfers, decashing, as well as placed interbank deposits of other banks.

In the reporting period, the aggregate turnover of interbank foreign exchange trades increased by 0.1 percent compared to the same indicator of the previous month and amounted to USD 40.1 million. In the reporting period, the National Bank of the Kyrgyz Republic did not conduct foreign exchange interventions as there were no sharp fluctuations in this market.

The total volume of transactions on foreign currency purchase and sale increased by 5.5 percent against the comparable indicator of the previous month and made KGS 61.7 billion. It was caused by the increase in the volume of cash transactions of the commercial banks - up to KGS 28.4 billion (+12.5 percent) and cash transactions of the exchange offices - up to KGS 29.1 billion (+0.9 percent). The volume of non-cash transactions performed by the commercial banks on the contrary decreased down to KGS 4.2 billion (-5.1 percent per a month).

At the end of the reporting period, the structure of transactions conducted in foreign currency was as follows: cash transactions of the exchange offices – 47.2 percent (-2.1 percentage points), cash transactions of the commercial banks – 46.0 percent (+2.9 percentage points) and non-cash transactions of the commercial banks – 6.8 percent (-0.8 percentage points).

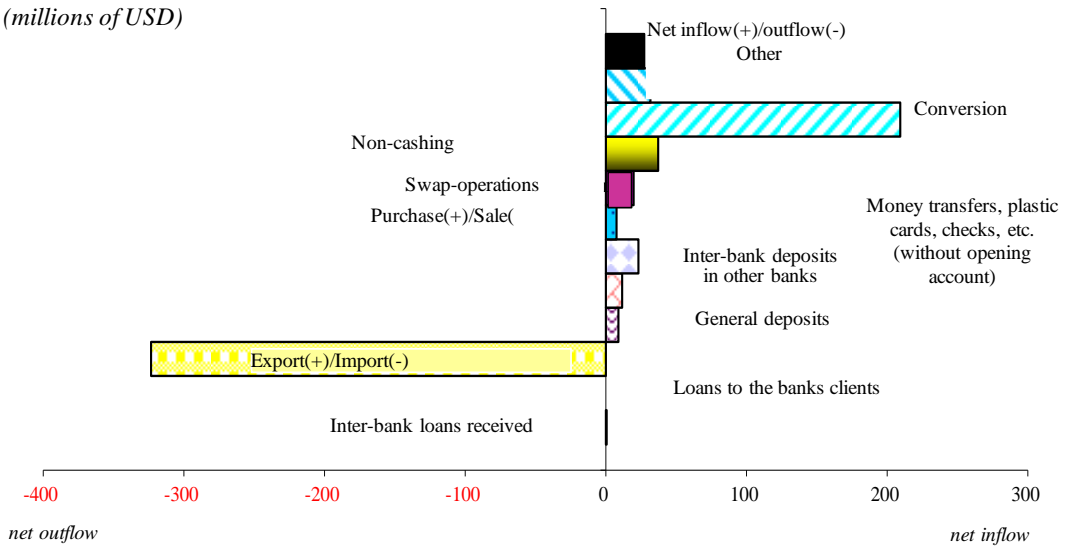
In the reporting period, the increase was observed in the volumes of transactions in the US dollars – by 9.1 percent, in the Kazakh tenge – by 5.2 percent, and in the Russian rubles – by 1.5 percent, however, the transactions in euro decreased by 12.4 percent.

As a consequence, the equity ratio of currencies in the total volume of transactions was distributed as follows: the share of USD transactions was 57.9 percent (+1.9 percentage points), the share of ruble transactions – 39.0 percent (-1.6 percentage points), the share of euro transactions – 1.8 percent (-0.4 percentage points), and the share of transactions in tenge – 1.2 percent.

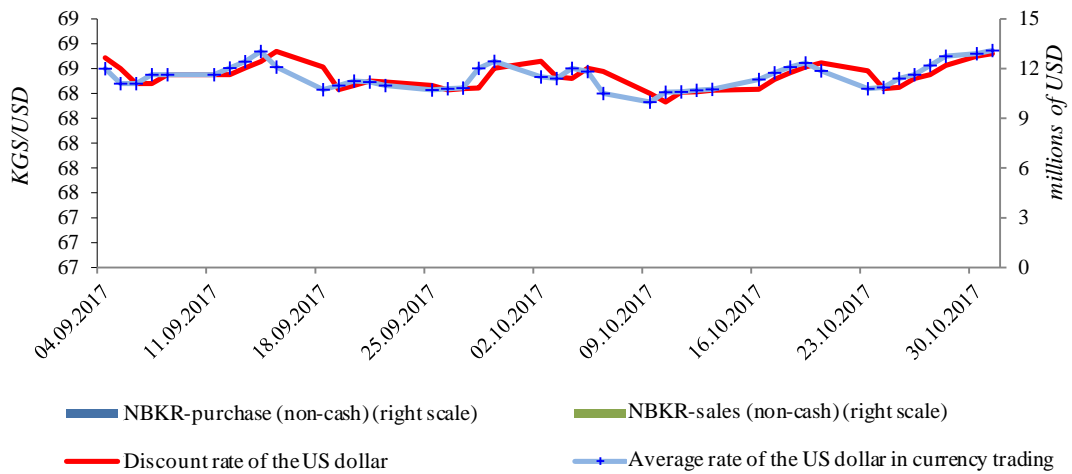
In the reporting period, the National Bank of the Kyrgyz Republic did not conduct any SWAP transactions with the commercial banks.

**Graph 1. Inflow (outflow) of non-cash US dollars in commercial banks**

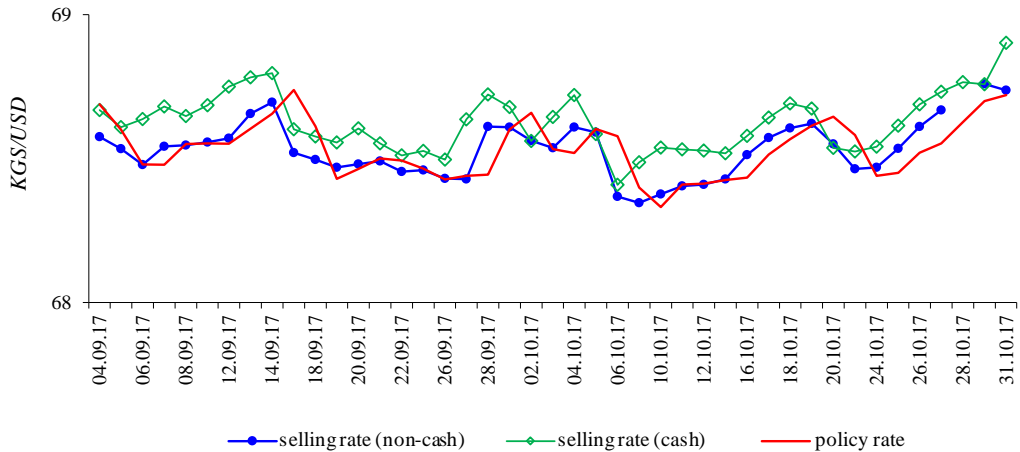
(millions of USD)



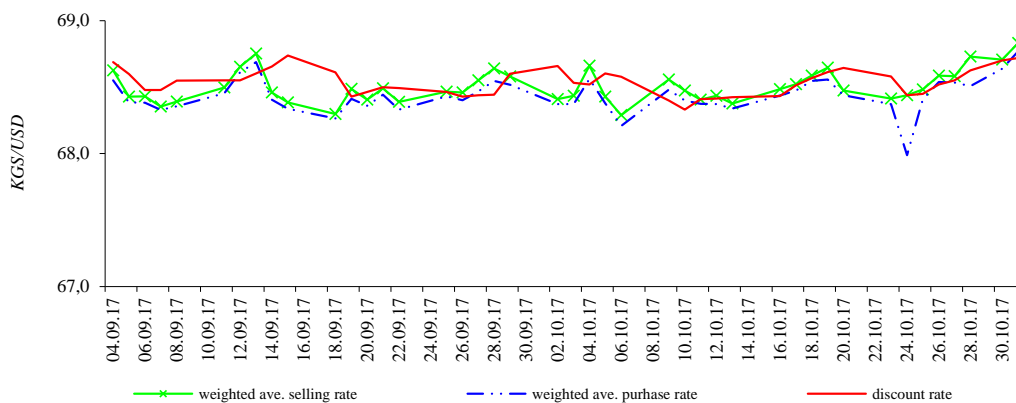
**Graph 2. Dynamics of the US Dollar in the Inter-Bank Foreign Exchange Markets**



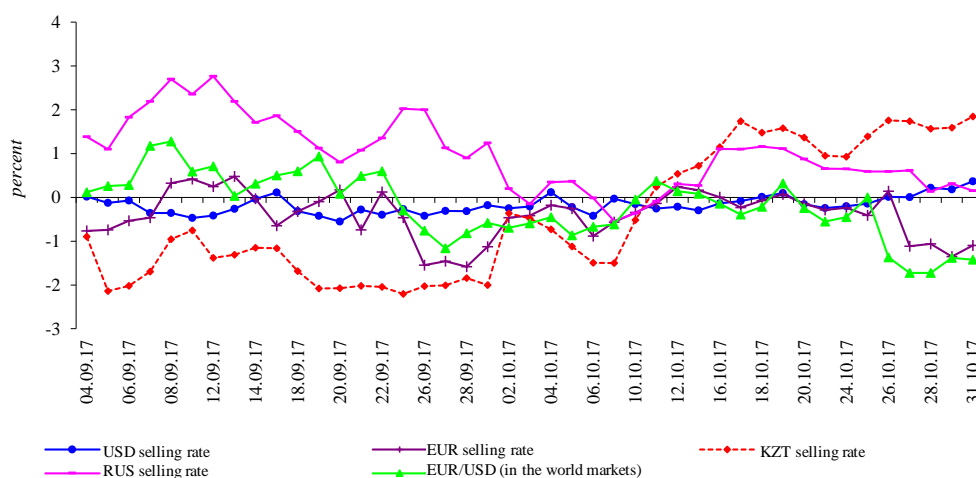
**Graph 3. Dynamics of selling rate on non-cash and cash US dollars in commercial banks**



**Graph 4. The dynamics of the US dollar in exchange offices**



**Graph 5. Dynamics of major currency rates in exchange offices, and the US dollar rates in world markets**



**Table 1. The volume of purchases and sales of foreign exchange transactions by type (in som equivalent)**

*mln KGS*

Period		Total amount of transactions	non-cash operations of comm. Banks		cash operations of comm. Banks		cash operations of exchange offices	
			volume of operations	share (%)	volume of operations	share (%)	volume of operations	share (%)
2016	10	36 794,2	3 323,4	9,0	18 462,2	50,2	15 008,6	40,8
	11	34 313,4	4 179,0	12,2	17 218,0	50,2	12 916,3	37,6
	12	34 447,2	3 348,7	9,7	18 829,0	54,7	12 269,5	35,6
2017	01	30 124,9	4 716,7	15,7	14 345,3	47,6	11 062,9	36,7
	02	28 407,2	2 906,1	10,2	14 907,4	52,5	10 593,7	37,3
	03	38 033,4	3 370,5	8,9	19 541,2	51,4	15 121,7	39,8
	04	35 522,7	3 911,6	11,0	18 998,5	53,5	12 612,6	35,5
	05	40 313,7	3 129,4	7,7	21 173,7	52,5	16 010,6	39,7
	06	38 576,2	2 914,2	7,6	22 379,7	58,0	13 282,4	34,4
	07	44 359,4	5 995,3	13,5	23 635,7	53,3	14 728,4	33,2
	08	64 314,9	3 613,0	5,6	26 399,3	41,0	34 302,6	53,3
	09	58 537,3	4 429,9	7,6	25 265,2	43,2	28 842,2	49,3
	10	61 742,6	4 202,7	6,8	28 424,6	46,0	29 115,4	47,2

**Table 2. The volume of purchases and sales of foreign currency by currency (in some equivalent)**

*mln. KGS*

Period		Total volume of operations	USD		EUR		RUB		KZT		Other	
			volume	share	volume	share	volume	share	volume	share	volume	share
					volume	share	volume	share	volume	share	volume	share
2016	10	36 794,2	22 164,2	60,2	920,4	2,5	12 791,7	34,8	904,8	2,5	13,0	0,0
	11	34 313,4	21 600,1	62,9	896,8	2,6	10 984,6	32,0	818,1	2,4	13,7	0,0
	12	34 447,2	20 983,3	60,9	818,2	2,4	11 918,4	34,6	713,5	2,1	13,7	0,0
2017	01	30 124,9	19 473,2	64,6	839,1	2,8	9 233,9	30,7	567,1	1,9	11,6	0,0
	02	28 407,2	17 028,7	59,9	844,8	3,0	9 926,5	34,9	596,7	2,1	10,4	0,0
	03	38 033,4	21 831,5	57,4	1 261,5	3,3	14 242,5	37,4	687,9	1,8	10,0	0,0
	04	35 522,7	21 324,3	60,0	830,4	2,3	12 692,8	35,7	665,2	1,9	10,0	0,0
	05	40 313,7	22 297,3	55,3	842,9	2,1	16 455,8	40,8	707,8	1,8	9,9	0,0
	06	38 576,2	22 251,5	57,7	851,9	2,2	14 723,5	38,2	733,1	1,9	16,2	0,0
	07	44 359,4	26 652,0	60,1	1 057,8	2,4	15 803,5	35,6	828,1	1,9	17,9	0,0
	08	64 314,9	35 304,3	54,9	1 105,1	1,7	27 068,7	42,1	822,8	1,3	13,9	0,0
	09	58 537,3	32 785,7	56,0	1 266,6	2,2	23 757,1	40,6	711,3	1,2	16,7	0,0
	10	61 742,6	35 766,2	57,9	1 109,5	1,8	24 103,0	39,0	748,4	1,2	15,5	0,0

**Table 3. Data on the discount rate of foreign currencies to the som**

Period		Discount rate at end of month				Changing the discount rate for the month			
		USD	EUR	RUB	KZT	USD	EUR	RUB	KZT
2016	10	68,6538	74,8704	1,0914	0,2062	1,1%	-1,7%	1,5%	1,7%
	11	69,1565	73,2575	1,0648	0,2033	0,7%	-2,2%	-2,4%	-1,4%
	12	69,2301	72,8439	1,1413	0,2079	0,1%	-0,6%	7,2%	2,3%
2017	01	69,1338	73,9386	1,1491	0,2121	-0,1%	1,5%	0,7%	2,0%
	02	69,1298	73,1324	1,1932	0,2213	0,0%	-1,1%	3,8%	4,3%
	03	68,6069	73,6358	1,2169	0,2179	-0,8%	0,7%	2,0%	-1,5%
	04	67,5000	73,5818	1,1845	0,2147	-1,6%	-0,1%	-2,7%	-1,5%
	05	68,0492	75,8068	1,2041	0,2189	0,8%	3,0%	1,7%	2,0%
	06	69,1367	78,9956	1,1701	0,2151	1,6%	4,2%	-2,8%	-1,7%
	07	68,6500	80,3617	1,1529	0,2103	-0,7%	1,7%	-1,5%	-2,2%
	08	68,6880	82,0513	1,1695	0,2052	0,1%	2,1%	1,4%	-2,4%
	09	68,6585	80,9518	1,1834	0,2012	0,0%	-1,3%	1,2%	-1,9%
	10	68,7200	79,9282	1,1875	0,2057	0,1%	-1,3%	0,3%	2,2%

**Table 4. Data on exchange rate of the som in the exchange offices**

Period		Average margin for the month				Average daily deviation of the currency				Changing the currency selling rate for the			
		USD	EUR	RUB	KZT	USD	EUR	RUB	KZT	USD	EUR	RUB	KZT
2016	10	0,3%	1,2%	0,8%	2,2%	0,1%	0,2%	0,3%	0,3%	1,0%	-1,9%	1,8%	0,4%
	11	0,1%	0,8%	0,8%	1,9%	0,1%	0,3%	0,3%	0,2%	0,7%	-1,9%	-2,4%	-0,7%
	12	0,1%	0,5%	0,3%	0,8%	0,0%	0,2%	0,4%	0,2%	0,0%	-1,1%	7,3%	2,5%
2017	01	0,1%	0,4%	0,3%	0,8%	0,1%	0,3%	0,3%	0,1%	0,0%	1,8%	1,4%	1,4%
	02	0,2%	0,4%	0,3%	0,8%	0,0%	0,2%	0,4%	0,2%	0,0%	-0,9%	3,2%	4,5%
	03	0,1%	0,4%	0,2%	0,8%	0,1%	0,3%	0,2%	0,1%	-0,9%	0,1%	2,1%	-1,4%
	04	0,2%	0,4%	0,2%	0,8%	0,1%	0,3%	0,2%	0,1%	-1,2%	0,5%	-2,5%	-1,1%
	05	0,2%	0,5%	0,2%	0,8%	0,1%	0,2%	0,4%	0,2%	0,5%	3,1%	1,1%	1,2%
	06	0,1%	0,5%	0,2%	0,8%	0,1%	0,2%	0,3%	0,2%	1,7%	4,1%	-2,6%	-1,5%
	07	0,2%	0,4%	0,3%	0,8%	0,1%	0,2%	0,2%	0,1%	-0,7%	1,4%	-1,9%	-2,4%
	08	0,1%	0,6%	0,1%	0,8%	0,1%	0,2%	0,2%	0,1%	-0,1%	2,0%	1,6%	-1,8%
	09	0,1%	0,3%	0,1%	0,8%	0,1%	0,3%	0,4%	0,1%	-0,1%	-1,1%	1,2%	-2,0%
	10	0,1%	0,4%	0,1%	0,8%	0,1%	0,2%	0,1%	0,2%	0,4%	-1,1%	0,2%	1,8%