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Major Economic and Financial Indicators

CURRENCY RATES (January 23, 2009)			
	US\$	EUR	RUB
UZS	1398.37	1952.54	42.93
UZS (weekly change, %)	0.16 ▲	0.16 ▲	6.10 ▼
KZT	121.32	158.24	3.70
KZT (weekly change, %)	0.04 ▼	1.00 ▼	1.86 ▼

Source: Central Bank of Uzbekistan, National Bank of Kazakhstan

COMMODITY PRICES (January 23, 2009)		
	Price (US\$)	Bi-Weekly change (%)
WHEAT FUTURE (CBT) (bu)	564.00	1.91 ▼
CORN FUTURE (bu)	383.50	2.95 ▲
NATURAL GAS FUTR (MMBtu)	4.62	5.35 ▼
BRENT CRUDE OIL FUTR (bbl)	45.35	5.76 ▼
GOLD 100 OZ FUTR	856.90	4.11 ▲
COTTON NO.2 FUTR (lb)	48.93	1.83 ▲

Source: Bloomberg

ECONOMIC INDICATORS (9 months 2008)		
	Uzbekistan	Kazakhstan
GDP (US\$, bln)	18.6	96.7
GDP (% , y-o-y)	9.4	3.9
Agricultural output (US\$, bln)	5.78	9.42
Industrial output (% , y-o-y)	12.4	2.9
Foreign Trade Turn-over (US\$, bln)	15.7	84.2
Export (US\$, bln)	10.1	56.1
Import (US\$, bln)	5.6	28.1
Inflation (%)	4.5	8.8
Population (mln)	27.4	15.7

Source: State Statistics Committee of the Republic of Uzbekistan, State Statistics Committee of Kazakhstan

**Economy**

Personal insurance leads on payout level (21.2%) among voluntary insurance products. Payout level on property insurance rose from 10.8% to 17.8% last year.

"London hosted a meeting of the participants of the project of "Caspian shipping", supported by the British government, said sources in the Azerbaijani embassy to Great Britain.

Highlights of Uzbekistan Insurance Sector in 2008 - updated

Uzbek insurers paid US\$ 14.2 bln of insurance payout in 2008, or up 62.9% y-o-y. The insurance payout growth increases three times.

SAIPRO analysts reported that about 45.6% of total payouts were carried out in the fourth quarter of 2008 both in voluntary and mandatory insurance products.

Insurance companies paid US\$ 12.8 bln of insurance payouts on voluntary insurance products, which is 86.3% more compared to 2007. The growth in 2007 made up 15.2%.

About US\$ 1.4 bln were paid on obligatory insurance products, which is up 30.2% y-o-y.

Payouts volume significantly increased in voluntary personal insurance in 2008. The companies paid US\$ 2 bln in 2008 or

doubled compared to 2007. The share of voluntary personal insurance rose from 11.8% in 2007 to 14.3% in 2008 in total volume of payouts.

About 75.2% of total payouts fell to share of voluntary property insurance. In 2008, payouts on this product rose 1.8 times.

Payouts level in the market increased 1.5 times and made up 16.3%, which is the highest figure during 2004 and 2008.

At the same time, level of payouts on voluntary insurance products rose 1.5 times and made up 16%, while payouts level on mandatory products fell 1.5 times to 20.1%.

UzbekInvest signs agreement with Ipoteka Bank

In the late May UzbekInvest Insurance Company and Ipoteka Bank signed a general agree-

ment on cooperation for the purpose of further development of financial-economic sector of Uzbekistan and creation of an effective mechanism of protection of bank interests associated with the potential risks of the bank's activity in general and mortgage lending in particular.

New requirements set for insurance companies

The Resolution of the President of the Republic of Uzbekistan "On additional measures on further reformation and development of the insurance services market" of 21 May 2008 set a new requirement for the minimum size of the capital of insurance companies. Starting from 1 January 2010 the minimum size of capital of insurance companies will be 750,000 euros.

Azerbaijani and Kazakh delegations discuss oil transportation by Caspian Sea in London

The representatives of the Foreign Ministry of Great Britain, International Marine Organization, delegations of Azerbaijan and Kazakhstan, as well as representatives of some international oil companies, engaged in production of hydrocarbons in the Caspian region attended the event.

Members of the Azerbaijani and Kazakh delegations held wide discussions regarding bringing oil transportations by the Caspian Sea in compliance with international rule and prevention of sea pollution and oil leakage into the sea, technical security of oil transportations and other issues.

Moreover, the sides exchanged views regarding the ecological

state of the Caspian Sea and development of the infrastructural and financial-technical basis of the companies, engaged in transportations.

Kyrgyzstan to increase the import from Belarus

Import from Belarus into Kyrgyzstan is incomparably more than export, according to the First Vice-Prime Minister of Kyrgyzstan.

New tractor collection factory had started to produce the tractor MTZ on the base of one of factories in Bishkek.

All details to collect the tractors delivered from Belarus which is producing by Minsk Tractor plant MTZ.

39 tractors were collected in 2008 and they already start working in Kyrgyz fields and the plan for 2009 is 1000 ma-

chines.

The trade turn over between two countries in 2007 was equal to US\$ 25.5 mln and increased on 31% comparing with 2006. However the export in 2007 was US\$ 1.8 mln and import was US\$ 23.8 mln, which increased on 27%.

For 11 months of 2008 the trade turn over has increased to US\$ 55.5 mln. Kyrgyzstan send to Belarus electricity bulbs, vegetables, fruits, cotton and other products.

"We interested in cooperation with Belarus and first of all in increasing the volume of export of agriculture products. At present the import is prevailed. Therefore we need to think about creation of enterprises for processing the agricultural products to sale them to Belarus", said First Vice-Prime Minister.



Financial Markets

Participants of the general meeting discussed the potential of the development of cooperation with the World Organization of the Council of Credit Unions (WOCCU) and its importance for system of credit unions of Uzbekistan. In light of this participants agreed on the importance and need to prepare for the affiliation with the organization as a full-righted member in 2009.

Halyk Bank JSC is a Kazakhstan-based company offering banking services to private and corporate clients.

As of 31 December, 2007, the Bank's branch network consisted of 22 regional branches, 127 sub-regional offices and 473 cash settlement units, as well as numerous cash machines. It operates through 14 subsidiaries (12 wholly owned) located on the territory of Kazakhstan, Russia, Kyrgyzstan, Mongolia and the Netherlands. Halyk Bank AO is headquartered in Almaty, Kazakhstan.

General meeting of members of Credit Unions Association held

General meeting of the members of the Credit Unions Association was held on 17 January 2009. In total the meeting was attended by the managers of 12 credit unions that are members of the Association of Credit Unions.

The meeting summed up the results of the Credit Unions Association's activity in 2008 and discussed the top priorities for its activity in the year ahead. In the reporting year the Association performed its activity within the frames of the Strategic Development Plan of the Association for 2008-2010, according to which significant work was carried out on institutional development of the Association aimed at strengthening cooperation and interacting within the system of credit unions of Uzbekistan.

Halyk Bank has reached agreements with Samruk-Kazyna

Joint Stock Company 'Halyk Savings Bank of Kazakhstan' is pleased to announce that on 15 January 2009 it has reached agreements between the National Wealth Fund Samruk-Kazyna, Halyk Bank and Holding Group Almex JSC, Halyk Bank's major shareholder, for realization of the Memorandum of Understanding (MoU).

The parties agreed the main terms of participation of Samruk-Kazyna acting on behalf of the Government of the Republic of Kazakhstan in the equity of Halyk Bank (up to 25% of its total common shares).

Halyk Bank is taking all measures required to ensure that the capital increase is conducted in compliance with the legislation of the Republic of Kazakhstan,

The practice of organizing business clubs at one of the credit unions on quarterly basis was introduced. During the club meetings participants were familiarized with the history of development and special distinguishing features of the activity of the receiving credit union.

In 2008 the Association was joined by four new credit unions, Tayanch (Namangan), Tashabus (Ferghana), Credo and Bukhoro Tadbirkori (Bukhara), which along with the other eight credit unions, members of the Association became full-righted participants of the Alliance Guarant Stabilization Fund, a system of guaranteeing return of members' deposits in credit unions. The size of the stabilization fund increased by almost 50% in the reporting period and currently covers the deposits of

more than 35,000 members for the total amount of 4.5 billion soums.

A new area in the activity of the Association was the creation of a subsidiary company, Alliance Guarant Service in the early 2008. By means of this company the association is planning to work with credit unions that are not members of the Association on partnership basis. Moreover, the subsidiary company organized seven trainings and seminars on different aspects of the activity of credit unions for more than 160 specialists of the CUs.

In 2009 the Association will focus its efforts on the development and integration of new types of financial products and services, thereby ensuring effective expansion of cooperation with other credit unions.

including the provision to offer Halyk Bank's existing shareholders and GDR holders the right to buy newly issued shares on a pre-emptive basis, the Listing Rules of Kazakhstan Stock Exchange and London Stock Exchange as well as the terms and conditions of the international agreements signed by Halyk Bank.

The parties also agreed to further coordinate their efforts aimed at supporting the growth of the real sector of Kazakhstan economy and stability of the financial sector of Kazakhstan.

The preliminary step for Samruk-Kazyna's participation in the equity shall be the short-term deposit allocated with Halyk Bank shortly or another financial instrument aimed at strengthening Halyk Bank's position on the market.

IFC arranges US\$160 mln to build cement plant in Kazakhstan

Vicat, a French industrial group, announced that the financing of Jambyl Cement's Greenfield cement plant in Kazakhstan has been completed.

The US\$ 160 mln financing has been arranged by International Finance Corporation (IFC), and it includes a first US\$ 50 mln tranche financed by IFC and a second US\$ 110 mln tranche syndicated with Calyon, Société Générale, Crédit Industriel et Commercial and Banca Intesa. Maturities are 10 and 7 years respectively.

IFC has also made an equity investment in this project, initiated by Vicat and its local partner Kazkommerts Invest, by taking a 10% stake in Jambyl Cement Company.



Company & Industry

In January-November of 2008 GDP of Armenia amounted to about US\$ 10.7 bln, in market prices.

*Kazakh state oil and gas company **KazMunaiGas** said on January 12, 2009 it had bought a controlling stake in local upstream company **MangistauMunaiGas**.*

The company's total investments may be about US\$ 41.2 mln less than the planned US\$5.74 bln, given an oil price of US\$40 a barrel, according to a statement posted on the government's website.

***Turkmenistan** forecasts GDP in 2009 around 10.7%, comparing to 2008.*

Armenia faces no threat of recession

Armenia faces no threat of recession amid ongoing global crisis, Ara Nranyan, MP from Armenian Revolutionary Federation Dashnaksutyun, said at a press conference on January 16, 2009.

He thinks the country's authorities can ward off the recession, if refrain from solving budget problems by means of tax administration. The lawmaker thinks that domestic industries, especially agriculture, are quite developed.

Nranyan thinks that the global crisis has its positive and negative aspects and gives room for redistribution of forces, i.e. if superpowers face decline, other countries can improve things on domestic markets.

Nranyan said that Armenia may take advantage from triple fall in

world oil prices. He said that the global crisis has already had its positive impact on Armenian domestic market and economic policy.

Nranyan also said that Armenia has already got rid of its ambition to ensure double-digit economic growth at any cost, since not only quantity, but also quality is important. Armenia recorded 7.2% economic growth in Jan/Nov 2008, compared with the same period of the previous year.

Speaking about negative impacts of the crisis on Armenia's economy, Nranyan said that flow of money transfers to Armenia, especially from Russia and the United States will dwindle as Armenians working overseas will return home.

Downward movement of aggre-

gate demand may stall the economy and slow down business, and skepticism will hobble proper tax inflow.

According to National Statistical Service of Armenia, individuals have received US\$1489.2 mln from abroad over the period between January and November 2008 for non-commercial purposes.

This amount is 26.2% or by US\$309.1 mln greater than that of the same period of the same period of 2007.

The most intensive net flow came from Russia and the United States in Jan/Nov 2008, just as a year earlier.

Transfers that came from these countries made 91.6% of total inflow in Jan/Nov 2008 against 95% of the same period a year earlier.

KazMunaiGaz to invest US\$ 2.3 bln in Kashagan

KazMunaiGaz National, Kazakhstan's state-run oil company, will invest about US\$2.3 bln in the development of the Eni-led Kashagan offshore field this year, after doubling its stake in 2008.

KazMunaiGaz increased its interest in Kashagan to 16.81 per cent last year, equal with ENI and partners ExxonMobil, Royal Dutch Shell and Total following cost overruns and delays to the start of production. The Caspian Sea deposit has about 13 bln barrels of oil equivalent recoverable reserves.

The budget for Kashagan's experimental phase has risen to \$36 billion from a government estimate of \$27 billion a year earlier, Energy Minister Sauat Mynbayev said on September 5, 2008. The experimental period

covers exploration and development through the start of production, which Mynbayev said is on target to meet an October 2013 deadline.

Average salary in Azerbaijan raised 24% in 2008.

According to State Statistical Committee of Azerbaijan the average monthly salary stood at US\$ 335 in Azerbaijan in 2008, up 24.2% on a year ago. The highest salary was earned in mining industry, finance, real estate and leasing sectors. In general, the fastest economic growth of the country continues to increase the take-home pay. Employees got US\$ 17.6 mln in social benefits and allowances during January-November. The average salary of acting workers was US\$ 170.9 and employees on contract earned US\$ 312.6 on average a month.

Turkmenistan GDP grew 10.5% in 2008

Turkmenistan's gross domestic product (GDP) amounted to 43.68 billion manats in 2008, and the GDP growth rate increased by 10.5% compared to 2007, the Turkmenistan Statistical Agency reported.

The share of industry increased by 15.1%, which was promoted by a significant rise of investments in the production field (over 70% of the total investments).

Production amounted to 46.24 billion manats, which is up 23.9% then in 2007. The highest growth rates were achieved in industry (37.8%), construction (32.5%), trade (25.1%), transport and communications (20.8%).

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