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Dynamics analysis and development forecasting of the main socio-economic indicators of the Republic of Kazakhstan

Annotation
The analysis of the modern condition of economy and bank sector of the Republic of Kazakhstan is carried out in the article. Indicators of gross domestic product (GDP) and investment in the fixed capital in the directions of using are considered, the structure of financial sector is presented.

Keywords
analysis, economy, banking sector, GDP, financial system

1 Introduction

State program realization of "NurlyZhol" infrastructure development for 2015-2019 is to ensure the development of transport and logistics, energy and industrial infrastructure of the country. Modernization of housing and communal services, water supply and heat supply systems will be started, schools and housing will be built, and the active support of small and medium-sized businesses will be continued. According to our forecasts, the Program will have multiplicative effect on the increase in the volume of construction, production in related manufacturing industries, transport and logistics and other services.

In order to improve the investment attractiveness of the country it is necessary to gradually introduce the best standards in Kazakhstan and corporate governance principles of the Organization for Economic Cooperation and Development [2].

2 Over view of the study area

Preserving of macroeconomic and financial stability can be reached by conducting counter-cyclical economic policy aimed at achieving the target parameters of real economic growth, also by taking measures to curb inflation to a level acceptable for economical growth and by maintaining a competitive exchange rate and fiscal consolidation.

Due to the unfavorable dynamics of oil on the world commodity markets and the strengthening of the geopolitical situation the dynamics of socio-economic development of Kazakhstan will be characterized by a moderate pace of growth, according to our forecasts the economic growth rates in 2016 - 2020 will amount to 3,5-5,3%.

Nominal GDP per capita on average will be 9.3% and by the end of 2019 it will be estimated at 19589.5. $.

The economy will grow at moderate growth rates of the world economy and recovery in demand and prices for commodities. At the same time the stable and sustained economic dynamics is expected due to the increase in public investment in infrastructure and consumption of population.

As far as the strengthening of the crisis in the world economy with the attendant reduction in external demand is possible, economic growth in 2016 - 2020 will mainly rely on domestic demand, which in the mentioned period will grow at an average of 4.3%.

In connection with the decline in the industry production the GDP structure on the use of the forecast period will undergo some changes. There will be an increase in the share of household consumption in GDP, which will reach 58.3% by the end of 2020 (Figure 1).

Investments will be an essential factor to support the economic growth. Public investments in the implementation of large industrial and infrastructure projects will increase the investment contribution in the dynamics of domestic demand. Average annual growth of investment is expected in the range of 3.9%.

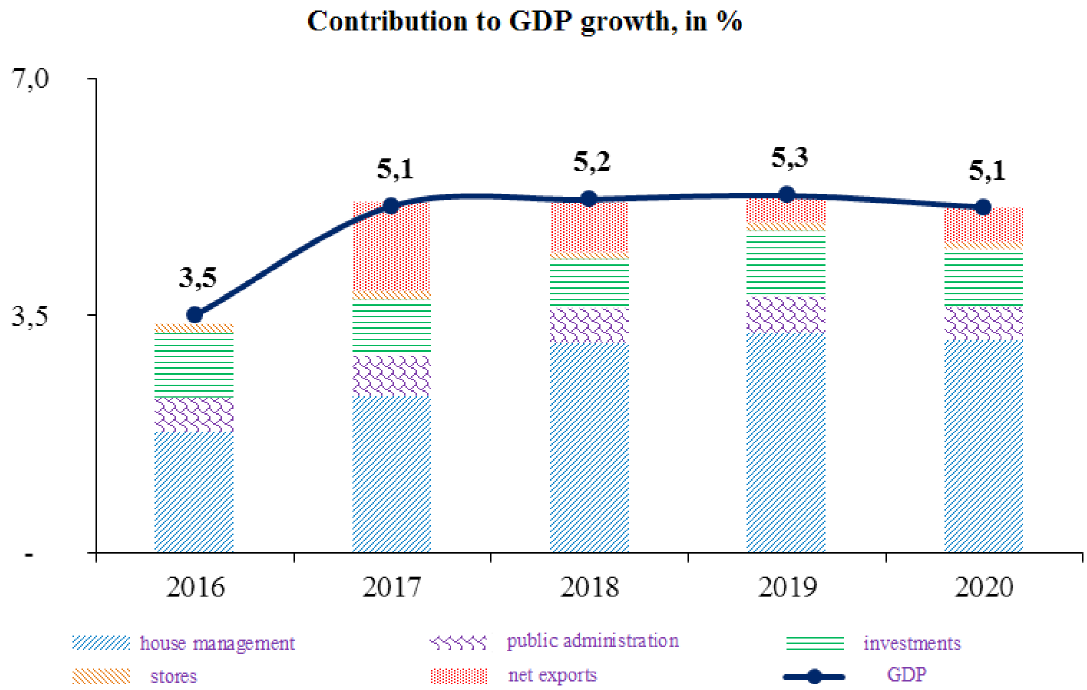

Figure 1 Contribution to GDP growth

Because of the significant decline in world prices for oil and metals, Kazakhstan's exports will tend to decrease in 2015. However, after 2015 the exports dynamics of goods and services will move to the path of profitable growth, which in 2016-2020 will be 3.5% in annual average (Table 1).

Table 1 GDP estimated figures

	2016	2017	2018	2019	2020
GDP	103,5	105,1	105,2	105,3	105,1
Domestic demand	103,6	104,1	104,6	105,2	104,9
Imports of goods and services	100,9	100,0	101,2	101,5	100,6
Domestic production	109,5	109,3	109,7	112,5	111,4
External demand (exports of goods and services)	100,7	106,2	104,7	102,8	102,9
The structure of increase (decrease) sources in domestic demand*	100,0%	100,0%	100,0%	100,0%	100,0%
Import	19,9%	18,9%	18,5%	17,2%	16,3%
Domestic production	80,1%	81,1%	81,5%	82,8%	83,7%

*price in the relevant period

The average annual imports growth of goods and services in 2016-2020 will amount to 0.8%. However, the growth dynamics of imported goods in the country could emerge above the projected level. It is caused by the need to meet the rapidly growing domestic demand as in the form of population consumer products and business areas as investment goods [4].

However, despite the relatively high export ratio in GDP in 2015 there will be a negative contribution of net exports to GDP growth. This is due to the projected decline in export growth because of the projected lower prices on world commodity markets in the mentioned year. In the following years 2016-2020 there will be a positive contribution of net exports to GDP growth (Figure 2).

The process of import substitution in 2016 - 2020 will be slow due to the need for a certain time lag to improve the competitiveness of domestic producers. If 80.1% of domestic demand in 2016 is covered by domestic production, then the level of coverage will increase to 83.7% in 2020.

The sectoral structure of the economy in 2016 - 2020 will not undergo significant changes compared with the proportions of the previous periods. Based on the fundamentals of the price environment formation in the commodity markets in 2015 it will be going to cut back production in traditional export-oriented sectors of the economy followed by growth in 2016-2020.

GVA of the industry will grow at an average 3.8% in 2016-2020.

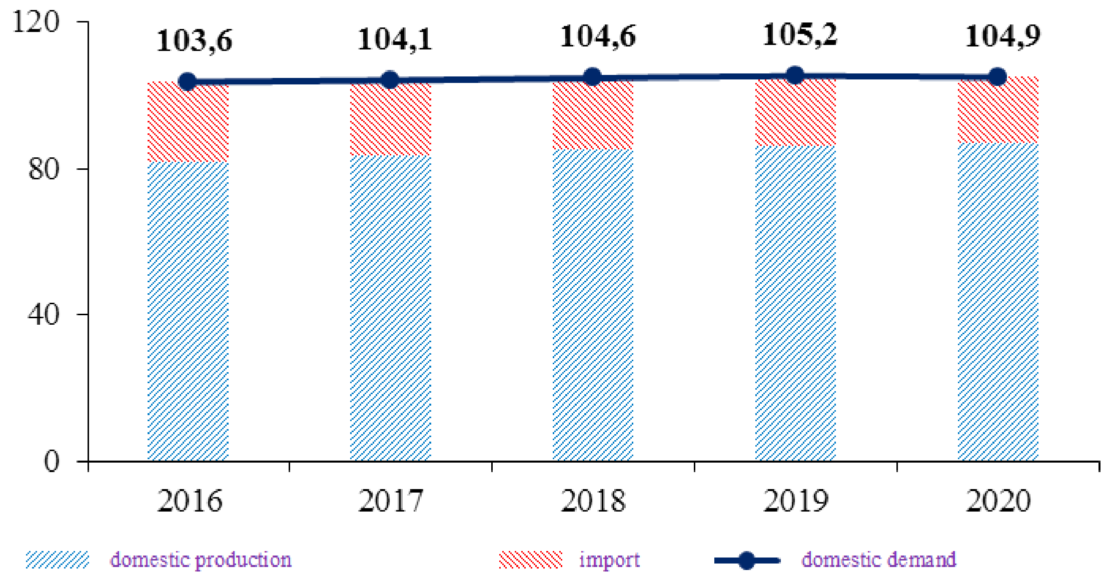

Figure 2 Satisfying the domestic demand in %

GVA of mining industry during the forecast period will increase to 4.6% in annual average.

Taking into account the negative tendency of the world oil price the forecasts for the volume of oil production lean to decrease. According to forecasts the oil production in 2015 will amount to 80.5 million tons with the subsequent increase to 104 million tons in 2020.

GVA of manufacturing industry will grow between 1.1% - 6.4% in 2016-2020.

The average annual growth of gross agricultural output will be 3.3%.

The increase of GVA in the chemical industry at an average will be 2.2% per year.

The increase of GVA in the engineering industry at an average will be 9.8%.

The average annual growth of electric power GVA will be 0.5%.

The average annual growth of construction GVA will be 3.1%. However, the growth dynamics of the construction work may be above the projected level. This is due to the start of the State program implementation of "NurlyZhol" infrastructure development for 2015 - 2019.

Increased budgetary expenditures on social economy sectors will ensure an increase in the production of services in the economy. The production of services will grow at an average of 5.5%.

Domestic consumer activity will contribute to the growth of services trade, growth rates which averaged 8.1%.

The growth of production in industry and agriculture will increase the volume of cargo transportation for export and domestic routes, increasing the average physical volume of GVA of the transport and storage by 4,7% during the forecast period.

The average annual growth of information and communication services will be stood at 4.6% according to the forecast.

Taking into account the supposed external conditions for economic development in the baseline scenario and the projected rate of economic sectors development in 2016 - 2018 there will be the projected growth of state budget revenues (excluding transfers) from 5 436.9 billion tenge in 2016 to 6 770.8 billion tenge in 2018 (Table 2).

Table 2 Forecast of the state budget revenues (excluding transfers), billion tenge

Name	2016	2017	2018
Revenues (excluding transfers)	5 436,9	5 994,1	6 770,8
Tax revenue	5 308,5	5 859,6	6 630,5
Nontax revenues	100,0	104,1	108,8
Income from capital transactions	28,4	30,4	31,5

Forecast of the state budget revenues for 2016 - 2018 is calculated based on the forecast of macroeconomic indicators for the medium-term period subject to the provisions of the Tax and Customs Code and other legal acts, the effect of Customs Union suggests the use of the mechanism of enrollment and distribution of customs duties in the Customs Union.

The growth of budget revenues will be mainly provided by the projected increase in tax revenue occupying about 98% of the income of the state budget.

The increase in tax revenues will be contributed to the projected growth of the economy, the growth of goods imports and also the increase of production in branches, including the introduction of new industries in the implementation of investment projects of the Industrialization Map [5].

Taking into account the attraction of the guaranteed transfer from the National Fund in the amount of 1 702.0 billon tenge in 2016 - 2017 and 1 480.0 billion tenge in 2018, the total government revenue is projected to increase in 7 485,3 billion tenge in 2016 to 8 255,7 billion tenge in 2018 (Figure 3).

In accordance with the policy to reduce the budget deficit it is planned to reduce it in relation to the projected GDP from 2.4% in 2016 to 1.6% in 2018 or from 1059,4 billion tenge to 889.4 billion tenge in respectively absolute terms.

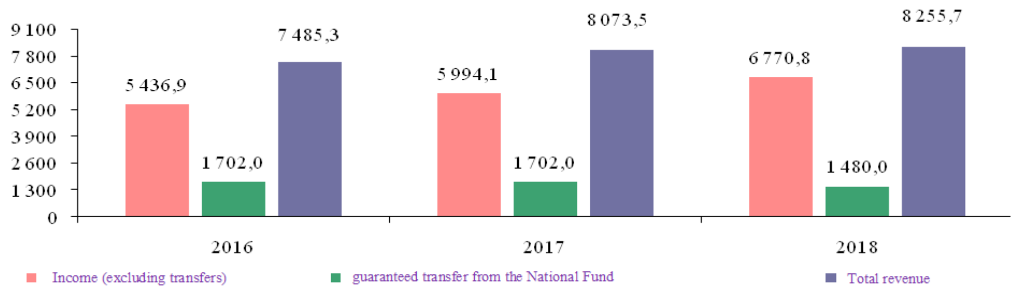

Figure 3 The forecast of the state budget revenues, billion tenge [6-10]

Based on the projected revenues and the planned reduction of the deficit it is expected to increase state budget costs from 8544,7 billion tenge in 2016 to 9.1452 billion tenge in 2018 (19,1-16,5% of GDP).

The planned increase in government costs will support the needed domestic demand and fixed capital formation by public investment for sustainable economic growth and thus, it will not exceed the growth rates of nominal GDP, which ensures the fulfillment of the condition of the counter-cyclical fiscal policy principle.

Taking into account the expected volumes of oil production the forecast parameters at the world price of oil Brent, the estimated US dollar exchange rate, revenue of direct taxes from oil sector enterprises to the National Fund in 2016 are projected at $ 1636.2 billion tenge, in 2017 - 1594.1 billion tenge, in 2018 - 2091.7 billion tenge [6-10].

Limited use of the National Fund in the prospect will contribute to the net savings of oil revenues in the Fund.

Besides, it is planned to reduce the share of attracted funds from the National Fund in the form of a guaranteed transfer in the total revenues of the state budget on the basis of the forecast data (Figure 4).

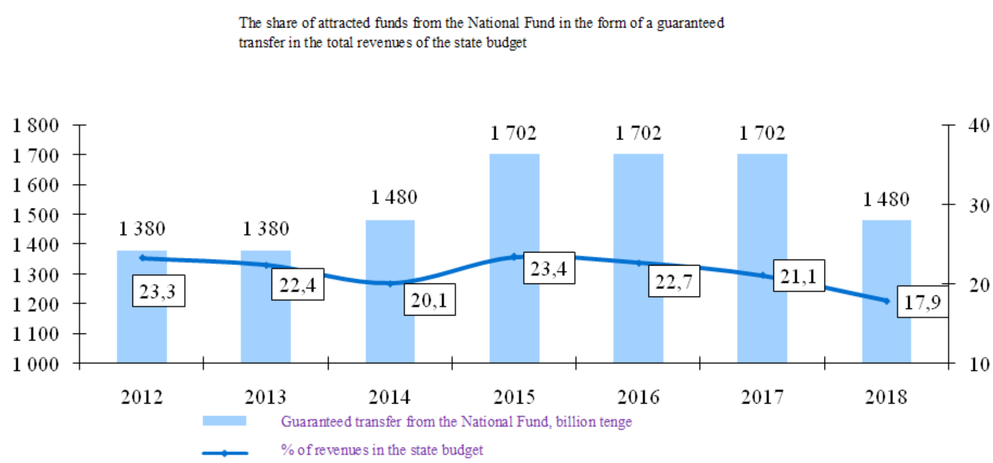

Figure 4 The share of attracted funds from the National Fund in the form of a guaranteed transfer in the total revenues of the state budget

Restriction of the National Fund use in contrast to increasing non-oil revenues of the state in accordance with the policy of the balanced budget and the National Fund will help to reduce the non-oil deficit to 4.3% of GDP in 2018 (Figure 5).

Compliance with these fiscal rules will provide a net accumulation of oil revenues in the National Fund and an increase in its volume, which will be 90,8 billion US dollars in 2018 according to the forecast, as it is shown in Figure 6.

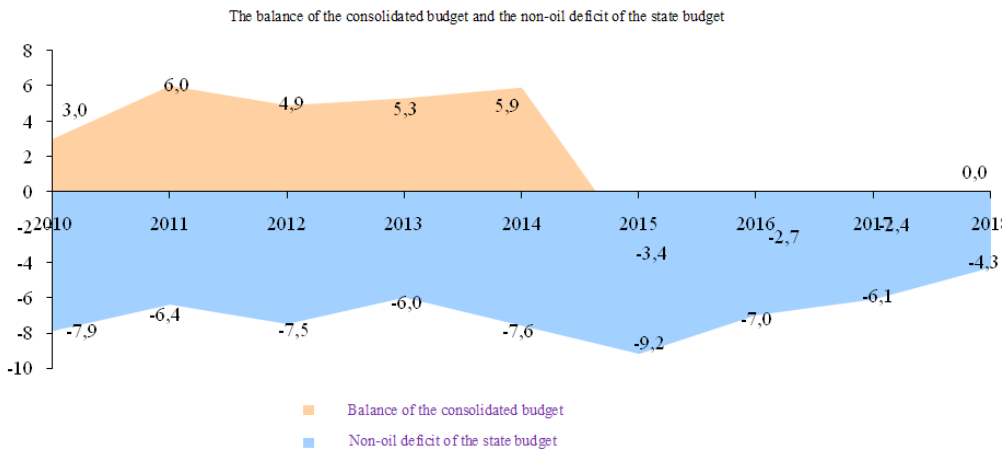

Figure 5 The balance of the consolidated budget and the non-oil deficit of the state budget [6-10]

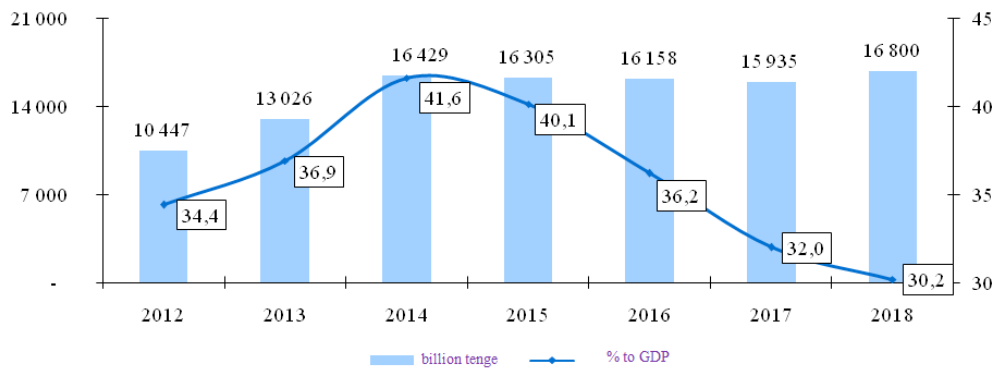

Figure 6 Resources of the National Fund, the total at the year-end [6-10]

3 Conclusions

Thus, performing stabilization and savings functions will be provided by the Fund.

Replenishment of the National Fund will increase the sovereign rating of the country. This, in turn, provides an access to the attraction of external financial resources in more attractive and favorable conditions for investment promotion.

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