9 October 2020
CIS Sovereigns

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Bracing for a new wave of challenges

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In response to the pandemic, the region's oil & gas sovereigns have diverged in their fiscal response, with more limited stimulus packages in **Azerbaijan** and **Russia** (c.4% of GDP) while **Kazakhstan** rolled out a larger package (9% of GDP). As we go into 2021, support will come from higher oil prices, with our base case seeing Brent at an average US$58/bbl for the year. Nonetheless, the recovery will be tepid at best as governments will focus on maintaining macro stability and the fiscal setting becomes less supportive. This is a positive in the short-run as it avoids depleting buffers, with the three countries boasting very strong fiscal and external balance sheets but will do little to address structural and institutional bottlenecks that weigh on growth potential.

In **Ukraine**, positives come from budget execution (with a smaller deficit so far than expected) and a current account surplus (which could surpass 3% of GDP in 2020). The sovereign also secured a US$5bn IMF Stand-By Arrangement in June but recent developments have raised concerns regarding monetary policy independence and the anti-corruption fight. Further setbacks are likely and preventing a reversal in hard-gained achievements since 2015 will be key to maintain investor sentiment.

Risks continue to come from the pandemic (with growing case numbers implying risks of reintroduced restrictions) and uncertainties to the oil price outlook. Moreover, geopolitical and social factors remain heavy weights, notably for Azerbaijan (with elevated risks coming from the escalation in the Nagorno-Karabakh conflict) and Russia which faces renewed sanction risks in light of the poisoning of opposition leader Navalny and uncertainties coming from the US elections.

Country forecasts for 2019-21

	Azerbaijan			Kazakhstan			Russia			Ukraine		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Activity & prices												
Real GDP (%YoY)	2.2	-3.3	1.9	4.5	-1.9	2.2	1.3	-2.5	2.5	3.2	-5.7	4.8
Nominal GDP (US$bn)	49	47	49	179	174	191	1,696	1,556	1,618	152	143	151
GDP per capita (US$)	4,892	4,621	4,778	9,463	9,060	9,790	11,694	10,729	11,157	3,600	3,450	3,600
Unemployment rate (year-end, %)	5.0	6.7	5.3	4.8	5.2	4.9	4.7	6.5	5.5	8.7	11.0	10.6
CPI (year-end, %YoY)	2.4	2.6	3.2	5.4	7.3	6.1	3.0	3.7	3.3	4.1	4.3	5.0
Fiscal balance												
General government balance (% of GDP)	9.0	-7.5	-1.6	-0.4	-5.1	-1.7	2.3	-4.5	-2.0	-2.0	-7.5	-4.9
Primary balance (% of GDP)	10.9	-4.9	0.7	0.5	-4.1	-0.8	3.2	-3.5	-0.9	0.9	-4.5	-2.0
General govt gross debt (% of GDP)	31.0	36.9	33.4	22.7	28.2	27.6	12.9	17.4	19.1	52.0	66.0	65.0
Fiscal breakeven oil price (US$/bbl)	40	64	62	69	99	79	48	82	71	n/a	n/a	n/a
External balance												
Current account balance (% of GDP)	8.9	-2.3	5.5	-3.1	-2.9	-1.2	5.3	1.3	2.0	-2.3	3.0	1.0
FX reserves ex gold (US$bn)	6	5	5	10	11	12	444	440	451	25.3	30	29
Merchandise import cover (months)	6.7	6.0	5.5	3.5	3.9	3.1	26	30	27	6.1	7.5	7.0
Gross external debt (% of GDP)	39	43	39	89	94	88	29	31	30	80	86	84
External breakeven oil price (US$/bbl)	49	47	48	77	53	63	47	36	44	n/a	n/a	n/a
Interest & exchange rate												
Central bank key rate (year-end, %)	7.5	6.50	6.50	9.25	8.75	8.75	6.25	4.00	3.50	13.5	6.0	5.0
Exchange rate vs USD (year-end)	1.7	1.7	1.7	382.9	410.0	410.0	61.9	72.0	73.0	23.7	28.5	28.5

Source: National sources, CEIC, ING estimates

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Oil price outlook

Oil demand uncertainties linger

Demand is the key uncertainty for the global oil market, and it is set to remain so as long as Covid-19 disrupts our everyday life.

It has become clear that the recovery in oil demand from the peak lockdown period over 2Q20 is taking longer than many had initially anticipated. A resurgence in Covid-19 cases, continued remote working, and the fact that international travel remains heavily restricted is weighing on the recovery.

For full-year 2020, Rystad Energy is expecting demand to be down a little over 10MMbbls/d YoY. Then, as we move into 2021, demand is estimated to grow by almost 6.8MMbbls/d YoY, which still leaves demand below 2019 levels. Over 2021, it continues to be the aviation industry that largely weighs on demand, with international air travel unlikely to return to anywhere near normal levels until there is a Covid-19 vaccine commercially available.

OPEC+ easing

The wobble in prices that we have seen more recently will be a concern for OPEC+, although members decided against recommending or taking any further action when the Joint Ministerial Monitoring Committee (JMMC) met on 17 September.

The issue for OPEC+ is that as the demand recovery has slowed, and Chinese buying has disappeared, the group has eased output cuts. Between May and July, under the deal they agreed to cut by 9.7MMbbls/d (while for June, Saudi Arabia, the UAE and Kuwait decided voluntarily to cut by an additional 1.2MMbbls/d), and this was eased to 7.7MMbbls/d from 1 August.

Meanwhile, and unsurprisingly there is always the issue of compliance, and at every OPEC+ JMMC, there is pressure on those producing above their quota to comply. The group have gone a step further this time, pushing those who have fallen short, to compensate for the lack of their compliance. However, according to the committee, compliance for the full group still came in at 102% in August.

More recently, OPEC member Libya (which is exempt from the output cut deal and has been suffering near zero production due to an export blockade since the start of the year) has started to see output returning. Libya's National Oil Corporation has lifted force majeure for several ports and facilities, following the lifting of an export blockade. The country's output is estimated to have grown from less than a 100Mbbls/d to around 300Mbbls/d since the lifting of blockades. However, the country still has some distance to go to get back to the more than1MMbbls/d it was pumping at the start of the year.

US supply also returns for now

The fairly strong and quick recovery we saw in prices from the April lows means that producers elsewhere that had shut-in production, have brought it back fairly quickly. This is most evident in the US, where producers have been very quick to bring back this production. US crude oil output bottomed out at a little over 10MMbbls/d in May, around 2MMbbls/d lower from the month before, but since May, output is estimated to be back in the region of 11MMbbls/d.

While we have seen a short-term bounce in US output, it is unlikely that output will continue to grow. Rig activity in the US has essentially come to a standstill, and so it will be difficult to sustain current production levels, never mind grow production, unless we

see a pickup in drilling. The industry is likely to turn to completing drilled but uncompleted wells (DUCs) in an attempt to maintain output.

Market still set to move higher

Assuming that demand continues its gradual recovery, we believe that stocks will decline over 4Q20 and 2021, which should see prices trending higher from current levels. We do not believe that further waves of Covid-19 will lead to full lockdowns, instead, governments are likely to take a more targeted and localised approach. However, we revise lower our forecast for ICE Brent, and now expect prices to average US$47/bbl over 4Q20, this compares to our previous forecast of US$50/bbl. Meanwhile, for 2021, we make some minor revisions, although the average for the year remains at US$58/bbl.

Apart from Covid-19 related demand risks, there are several other downside risks to our view. First is the OPEC+ deal, which is currently set to run all the way through 2021 and into 2022. If for some reason the deal was to fall apart, this would mean 5.8MMbbls/d additional supply coming onto the market in 2021, and this would be enough to push the market back to building inventories.

The second risk is related to the US election. The Trump administration has had a very hawkish stance with Iran, which saw the US re-implement sanctions against the country. If we were to see a Joe Biden victory, one would have to consider the possibility of the US lifting sanctions and re-joining the Joint Comprehensive Plan of Action. If this were to happen, we would likely see Iranian oil output recovering, leading to potentially more than 1.5MMbbls/d of supply returning to the market over time.

Fig 1 ING forecasts for ICE Brent and NYMEX WTI

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
ICE Brent (US$/bbl)	51	33	43	47	50	58	60	62
NYMEX WTI (US$/bbl)	46	28	41	44	46	53	55	57

Source: ING

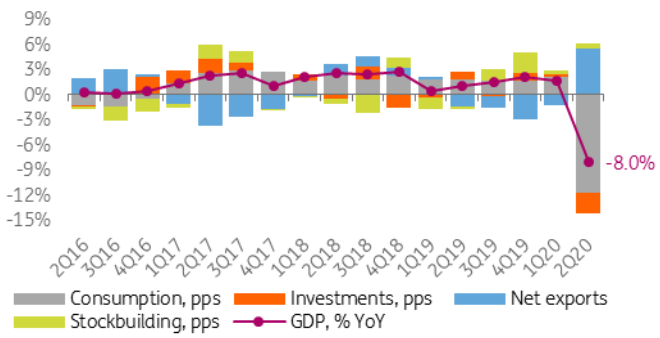
Russia

Assuming the ongoing pandemic does not result in a new wave of severe lockdowns, Russia is set for a tepid catch-up recovery in 2021, which should be mostly creditless for the private sector, with the exception of subsidised mortgages. Fiscal policy is being refocused towards social support and, given the expected budget consolidation, this implies a squeeze out of investment spending which will weigh on business sentiment. The government will remain the biggest borrower despite consolidation efforts, and unless sanction risks subside, local banks and funds are to absorb a large chunk of it, for which they have capacity if the pricing is right. With growth running below potential, we see low inflationary risks and CPI is likely to remain below the 4% target in 2021. Yet, the CBR is unlikely to allow real rates to drop below zero to account for Russia's country-specific risks. The rouble, though largely insulated from oil through the fiscal rule, is not immune to EM risk sentiment and sanction woes. Low local trust fuelling corporate accumulation of FX assets is a factor guiding gradual RUB depreciation in the long term.

Activity: Russia's economy, having underperformed global growth since 2014 on foreign policy and structural constraints, has shown some resilience in 2020. The factors limiting the Covid-19-related drop in economic activity include a lack of prior overheating, low share of SMEs and services in the economy, and increased trade ties with China (which has held on to positive GDP growth). GDP dropped 8.0% YoY in 2Q20 and is looking at a likely 2-3% decline in 2020 followed by a tepid recovery in the coming years depending on external risks. The risk of a second wave of quarantines given the recent rise in cases has to be considered: each month of quarantine is calculated to cost up to 2% of annual GDP.

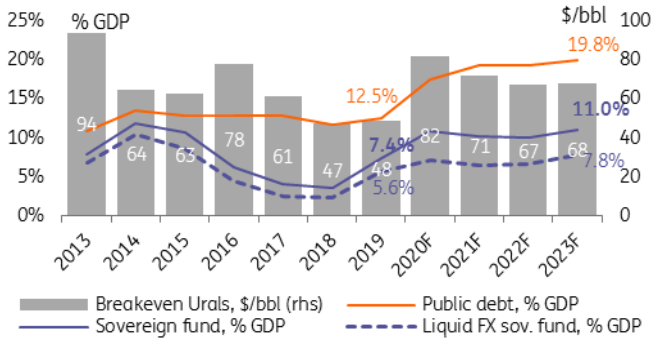
Fiscal: The fiscal response to the crisis has been modest, and limited to 4% of GDP, mostly directed towards higher spending on healthcare, social support and transfers to regions. Nevertheless, combined with the drop in fuel and non-fuel revenues this has led to a widening in the budget deficit to 4-5% of GDP, a spike in the budget breakeven Urals from US$48/bbl to US$82/bbl and erosion of state savings, which does not appear sustainable to the government. As a result, aiming at maintaining macro stability, public debt around 20% GDP and liquid FX public savings no less than 7% of GDP, the 2021-23 budget draft is guiding for consolidation through a roll back of spending and targeted increases in taxation, including on high personal income. While the actual scope of consolidation might not be as large as the Finance Ministry is guiding, it appears that fiscal policy is unlikely to be growth-supportive in the coming years.

Fig 2 GDP dropped 8% in 2Q20; tepid recovery inbound



Source: Rosstat, ING estimates

Fig 3 Fiscal policy focused on controlling breakeven

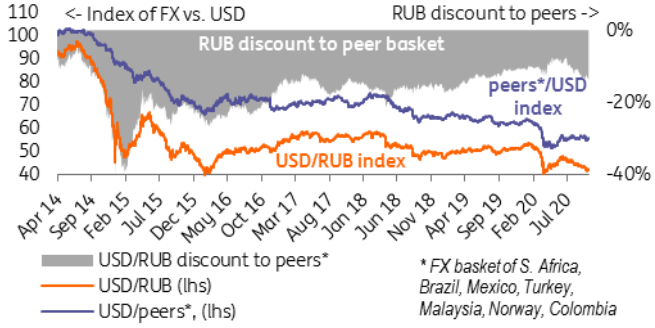


Source: Finance Ministry, ING estimates

External/RUB: The recent underperformance of RUB vs peers reflects a worsening of Russian risk perception given the adverse newsflow and a higher likelihood of a Democrat victory in the US. It remains unclear whether the actual tightening in sanctions is likely to take place. Nevertheless, in the long run the exchange rate is set for continued gradual depreciation, which is a way to maintain competitiveness amid stagnant productivity in

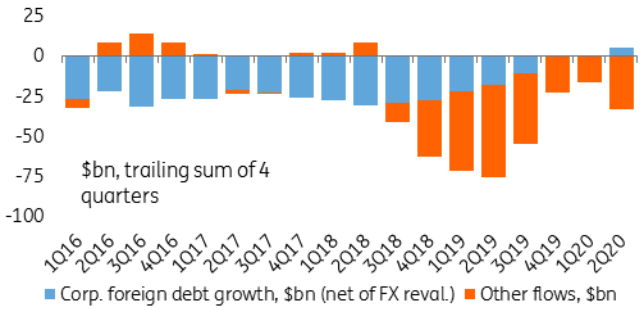
the absence of structural improvement. The private capital account remains the weakest link of the balance of payments, as low local trust is pushing corporates to accumulate international assets as opposed to boosting local capex. The persistent sanction risks have not been contributing to material RUB weakness since September but remain a factor limiting appreciation. On the plus side, Russia's strong macro stability indicators, including international reserves of around US$600bn (30% of GDP, over two years of imports) and a generally balanced net investment position of the private sector are limiting depreciation risks as well. The global risk appetite remains one of the key unknowns, lowering the forecasting visibility for the coming years.

Fig 4 RUB has lagged behind peers on sanction risks



Source: Bloomberg, ING estimates

Fig 5 Corporate capital outflow reflects low local trust



Source: Bank of Russia, ING estimates

Monetary: With the economy running below potential in 2020/21, Russia is in a disinflationary environment. After a temporary spike to 3.7-4.0% in 2020, CPI is likely to fall below the 4% target set by the Bank of Russia. We thus expect monetary policy to remain loose. In practical terms, we should see a real key rate of below 1%, ie, with CPI likely in the 3.0-3.5% area in 2021, this implies a nominal key rate range of 3.5-4.0%. In the longer term, the balance of risks to the economy is tilted towards higher inflation on the lack of new structural growth drivers and potential additional fiscal stimulus ahead of the new electoral cycle. Combined with external risks, this suggests that the key rate easing cycle in Russia is nearing its end and the market discussion is tilting towards the timing of the key rate returning to the neutral range of 5-6%.

Ratings (Baa3/BBB-/BBB): Russia's external and fiscal balance sheets remain among the strongest in EM (with FX reserves covering more than two years of imports and public debt/GDP below 20%) and will remain resilient beyond 2020 thanks to persistent C/A surpluses and modest fiscal deficits. In addition, the fiscal rule and CBR credibility have proven to be supportive anchors, with the factors above offsetting concerns on weak rule of law and structural growth constraints.

This provides comfort amid the pandemic and lower oil prices but has not offset market volatility coming from geopolitical and sanctions risk. Those risks are incorporated in a notch downward adjustment versus indicated ratings at S&P and Fitch. Moreover, materially tighter sanctions that threaten economic or financial stability are negative rating drivers across all rating agencies. Absent of those, however, Russia's ratings don't appear at risk for now.

Fig 6 Rating drivers/sensitivities, factors that could lead to an upgrade or downgrade

Agency (next review date)	Upgrade factors	Downgrade factors
Moody's Baa3 sta (4 Dec)	• Further declines in vulnerability to external shocks (ie, continued build-up of fiscal space and financial buffers, avoidance of actions which materially increase geopolitical tensions) • Enactment of policies which enhance other aspects of Russia's credit profile (eg, economic reform to raise productivity and potential growth, fiscal reforms to secure government finances in coming years against demographic shifts)	• Material deterioration in public finances or external position (eg, from sustained fall in oil prices which triggers sizeable negative confidence and income effects, significant pressure on exchange rate and rapid depletion of buffers) • Imposition of sanctions that materially impair ability to service and refinance debt or undermine finances or the economy • Impaired lending capacity of the banking system (ie, no adequate financing to the government and companies)
S&P BBB- sta (around Jan 2021)	• GDP per capita trend growth reaches rates comparable with that in countries with similar income levels (eg, through pro-growth policy measures) • Faster accumulation of fiscal buffers, mitigating commodity-related revenue volatility, and effective measures to address long-term fiscal pressures from an ageing population	• Multi-year deterioration of government balance sheet (eg, more permanent loosening of fiscal framework, crystallization of contingent liabilities in SOEs or the financial sector, both possibly exacerbated by lower-than-expected oil prices) • Significant capital outflows (eg, geopolitical events resulting in materially tighter international sanctions)
Fitch BBB sta (around Feb 2021)	• Macro: Higher and sustained real GDP growth above peers (eg, through implementation of a reform strategy addressing structural constraints to growth, while preserving improved macroeconomic stability) • Structural: Improvement of structural indicators (eg governance standards including rule of law, voice and accountability and control of corruption) • Public Finances: Significant additional strengthening of fiscal and external savings buffers (eg, through sustained high oil prices and windfall revenues)	• Macro: Changes in the policy framework that undermine policy credibility or increase the impact of oil price volatility on the economy (eg, in response to an extended period of economic weakness due to the pandemic) • Structural: Imposition of additional sanctions that undermine macroeconomic and financial stability, or impede debt service payments • Public Finances: Sustained erosion of the sovereign balance sheets (eg, materialisation of contingent liabilities from public sector)

Source: Moody's, S&P, Fitch, ING

Ukraine

The post lockdown recovery is, by now, past the mechanical rebound point and the next couple of quarters will test the economy's ability to generate growth on its own. At the declarative level, officials remain committed to the IMF programme but the fund's muted reaction to recent events make us fear that the risks of a further derailment of the agreement are higher than currently perceived. Nevertheless, the market's complacent stance looks little affected and, in a way, supportive for the current reform-moderation mood that seems to gain ground among policy makers.

Activity: While Ukraine's economy has shown signs of resilience in 1H20, we have seen the first signs of stalling economic activity in August. Compared to July, industrial production and retail sales contracted by 0.1% and 0.6%, respectively. On the year, the former remains 7.4% below last year's level, while consumption is looking in better shape at +6.0% versus 2019. Like industry, agriculture is also having a weak year, with January-August production printing almost 10% below the same period of 2019.

We expect the economic slowdown to continue as the increase in the number of new Covid-19 cases points to the reintroduction of some restrictions. At this stage, not only companies but also individuals are becoming increasingly aware that social distancing and possible lockdowns are everyday realities. We therefore reconfirm our forecast for a 5.7% GDP contraction this year followed by a relatively measured 4.8% expansion in 2021. It might all seem that the recovery is losing steam a bit earlier than expected, but we would still wait for a full 3Q20 picture before ringing the alarm bell.

Fiscal: Budget execution as of end-September reveals a mild positive surprise as the deficit has barely crossed 2.0% of GDP (UAH80.6bn). Should it stick to its 7.5% of GDP deficit target for the full year (same as our forecast), the government would need to spend around UAH210bn in the remaining three months of 2020. This is not impossible given local elections (25 October) and the usual year-end spending spree, but it remains quite a stretch and we believe that there are material chances to see the deficit closer to the 6.0% area. The solid issuance pace from the first half of the year imply little risk for financing this year's budget deficit, even absent disbursements from the IMF Stand-By Arrangement (SBA) and the EU's Macro-Financial Assistance (MFA) package. Should this be the case however, the government will have to come to terms with switching towards more local issuance which will probably entail a shorter average debt duration.

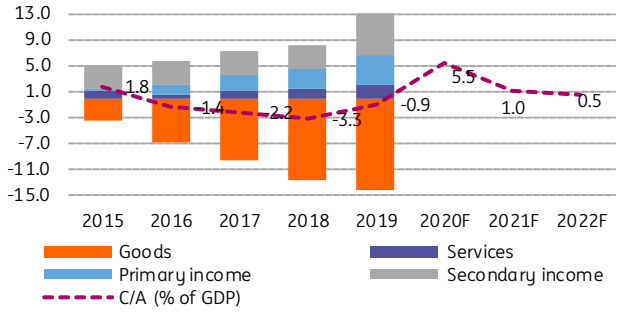
The challenge will become more obvious in 2021 for which the government has pencilled a 6.0% of GDP budget gap (still pending IMF's opinion) which essentially means a budget deficit smaller by only about US$1.2bn compared to 2020. We believe that eventually the 2021 deficit will land closer to 5.0% (ING forecast is 4.9%). The repayment profile will help to a greater extent, with foreign currency repayments totalling US$8.75bn in 2021 (US$5.4bn and US$3.35bn in external and domestic debt, respectively), compared to US$11.5bn in 2020. Local currency debt service is looking marginally lighter (by some US$700m) at this moment. Overall, while meaningful financing pressures do not seem to be on the horizon, an extended state of uncertainty regarding the IMF agreement could degenerate into higher borrowing costs and reduced demand for Ukrainian debt.

The increased deficits incurred this year will probably be tackled in a gradual manner over the following years. For this reason, we see the debt-to-GDP ratio increasing from 52.0% in 2019 to 66.0% in 2020 and remaining relatively stable around 65.0% over 2021 and 2022 as well, much in line with similarly rated 'B' peers.

External/UAH: 2020 is shaping out as an exceptional year for Ukraine's current account developments, with a surplus that could surpass 3.0% of GDP (from -2.3% of GDP in 2019). There is a mix of factors behind this dynamic ranging from changes in the

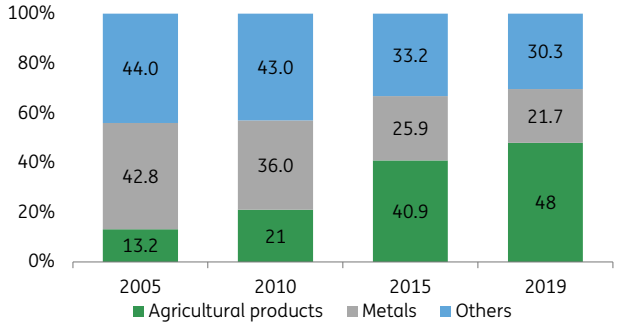
accounting treatment of FDI's to sticky remittances and positive trade balance dynamics due to fast import contraction and robust external demand for Ukrainian agricultural exports. As the economy recovers, we expect to see abruptly lower C/A surpluses, but we don't share the current market view for a return to C/A deficits in 2021. We believe that Ukraine's export structure is conjunctural favourable and that external demand will remain robust while domestic consumption will recover only gradually. Hence, we see the C/A remaining in a small surplus (+1.0%) in 2021 as well.

Fig 7 C/A picture to remain favourable



Source: NBU, MinFin, ING

Fig 8 Exports skewed towards less cyclical products



Source: NBU, ING

On the FX front, stability is likely to prevail around current levels of 28.5, with the 28.0 level apparently turning into a support. On the upside, the "hard-cap" is probably at 30.0, but we don't expect to see this level touched over the next year. Arguably, a policy of a relatively stable exchange rate is the optimal solution to reconcile many diverging influences and interests, ranging from the inflation pass-through to budgetary assumptions and debt metric levels.

Monetary: After cutting the key rate by 750bp to 6.0% this year, further policy easing is on hold for longer, with the NBU almost committing to no change in the key rate for the remainder of 2020. However, we don't share the current market consensus which expects the next move to be a rate hike in 2021. We are aware of the inflation profile which will approach the NBU's 5.0% target over the upcoming months due to higher energy and food prices but also on statistical effects. Yet, we believe that the central bank will try to look-through this inflation peak and resist the temptation of a hike. In fact, we forecast that the key rate will reach 5.0% by end-2021 as the NBU will likely want to better support a recovery which is shaping out to be rather anaemic.

Ratings (B3/B/B): The 18-month US$5bn IMF Stand-By Arrangement (SBA) secured in June was critical in stabilising investor sentiment and reducing near-term external vulnerabilities. The fund released US$2.1bn in June with plans to disburse another US$1.4bn this year, but this is once more being undermined by political dynamics in Ukraine, notably the Constitutional Court's decision to declare the appointment of the National Anti-Corruption Bureau's director illegal and the sudden change at the helm of the NBU.

On the ratings front, Ukraine was rewarded with an upgrade by Moody's to B3 (from Caa1) on the back of the IMF programme. However, with political uncertainty rising, rating risks have turned negative again although we believe that the current ratings provide some margin for delays in the IMF programme, not least because Ukraine has managed to retain capital market access.

Further setbacks are likely, but we believe that an irreversible breakdown with the IMF can be avoided while external vulnerabilities are contained for now. The country's previous dealings with the IMF have been anything but smooth but brought successes regarding banking sector and judicial reforms, and most importantly central bank credibility. Over the next year, landmark reforms are doubtful and instead the SBA

serves as a "loose" reform anchor and damage control, which should prevent a return to the 2015 setting.

Fig 9 Rating drivers/sensitivities, factors that could lead to an upgrade or downgrade

Agency (next review date)	Upgrade factors	Downgrade factors
Moody's B3 sta (20 Nov)	Progress on structural reforms that are expected to materially enhance Ukraine's credit profile through addressing some of the structural credit constraints (notably institutions and external position) • Improvements to the business environment which helps foster stronger investment and raise productivity growth (ie, faster progress on anti-corruption reforms and measures to enhance the integrity of the judiciary as well as faster progress on reforming SOEs) • Safeguarding previous reforms which have helped strengthen economic stability (notably on central bank independence and banking system clean-up)	Recurrence of external pressures that result in a marked deterioration in the assessment of Ukraine's external vulnerability and give rise to renewed concerns around government financing • Reduction in FX reserve buffer in relation to external repayment obligations • Breakdown in co-operation with the IMF resulting in material delays to multilateral financing and impairing access to external markets • Backsliding on critical prior reforms • Escalation of geopolitical tensions that have a negative spillover on economic and fiscal strength
S&P B sta (around Mar 2021)	• Faster-than-forecast consolidation in public finances (eg, from a stronger economic recovery and discretionary policies) • Outperformance of external liquidity vs projections	• Government's ability to meet debt service obligations is called into question on disruptions to funding from concessional programs or capital markets over the next year (eg, if the government were to backtrack on key reforms such as ensuring the independence of the NBU)
Fitch B sta (around Mar 2021)	• Public Finances: General government debt/GDP returning to a firm downward path over the medium term (eg, post-coronavirus fiscal consolidation) • External Finances: Reduction in external financial vulnerabilities (eg, sustained increase in reserves, strengthened external balance sheet and greater financing flexibility) • Macro/Structural: Increased confidence that progress in reforms will lead to improvement in governance standards and higher growth prospects while preserving improvements in macroeconomic stability	• Macro/External Finances: Increased external financing pressures, sharp declining in reserves or increased macroeconomic instability (eg, stemming from extended delays in IMF disbursements due to deterioration in the consistency of the policy mix and/or reform reversals) • Public Finances: Persistent increase in general government debt (eg, due to more pronounced and longer period of fiscal loosening, economic contraction or currency depreciation) • Structural: Political/geopolitical shocks that weaken macroeconomic stability, growth prospects and Ukraine's fiscal and external position

Source: Moody's, S&P, Fitch, ING

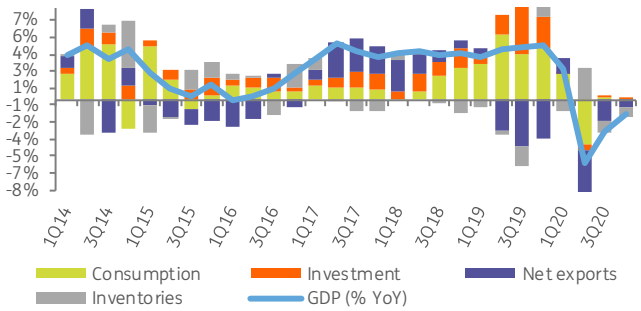
Kazakhstan

Despite having two rounds of lockdown and the need to comply with the OPEC+ deal, Kazakhstan seems to be weathering the Covid-19 crisis relatively well on the activity side. In part, this is thanks to the roll-out of massive (by EM standards) fiscal stimulus, which the country can afford given ample fiscal reserves and affordable debt levels. Still, given the persistent structural challenges, including high dependence on neighbouring trade partners and oil, and the risk of new waves of global turmoil, the government has to revert to a cautious fiscal stance and avoid the sovereign fund to fall below 30% of GDP, while the NBK has to maintain elevated real rates to address high FX risks. The latter come from a fairly high current account breakeven, lack of ability to significantly boost corporate foreign debt, and the need to bring down the high fiscal breakeven level.

Activity: Kazakhstan's GDP dropped by 1.8% in 1H20 (-5.6% YoY in 2Q20), with exports and consumption most affected. The second round of strict quarantine measures in July/August puts additional strains on economic activity. The drop should be dampened by the already announced fiscal stimulus of 9% of GDP and a newly proposed but not yet implemented support package (including regulating prices, continuing cash transfers and support to most-hit businesses). The consumer mood is still not out of the woods. Although unemployment shows no significant increase (5.0% in 1H20 vs 4.8% in 2019), Kazakhstani companies prefer pay cuts to layoffs. Exports may drop by 2.5% in 2020 following the OPEC+ deal (mandating an 18% cut in the oil production in Kazakhstan in Oct-Dec) and maintenance of two oilfields (accounting for 11% of production). Overall, we expect GDP to drop 1.9% this year followed by a 2.2% recovery in 2021. Those expectations are subject to downside risks in case of extended lockdowns globally.

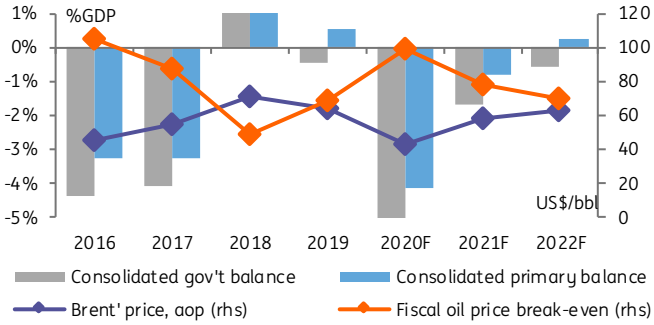
Fiscal: As a result of growing fiscal stimulus (US$13.8bn or 9% GDP) and the natural decline in revenues, the budget deficit could jump to 5.1% of GDP (vs 0.4% GDP in 2019) under average Brent of US$43/bbl. Kazakhstani fiscal buffers remain sound for now with the National Fund of the Republic of Kazakhstan's reserves at US$58.6bn (c.34% of GDP) at end-August. However, the high fiscal breakeven in the US$70-100/bbl range may put pressure on fiscal reserves, and they may drop towards 30% of GDP in the long term, a threshold level of comfort for the government. As a result, Kazakhstan is willing to add public debt to the financing mix, borrowing US$0.5bn of bonds on the Russian market and US$2bn of international loans, which will result in rising external public debt from 18.0% in 2019 to 20.4% of GDP in 2020. Overall public debt should jump to 28% GDP in 2020, stabilising thereafter.

Fig 10 GDP dropped 5.6% in 2Q20; lockdown prolonged



Source: CEIC, National sources, ING estimates

Fig 11 Focused on lower fiscal break-even in mid-term



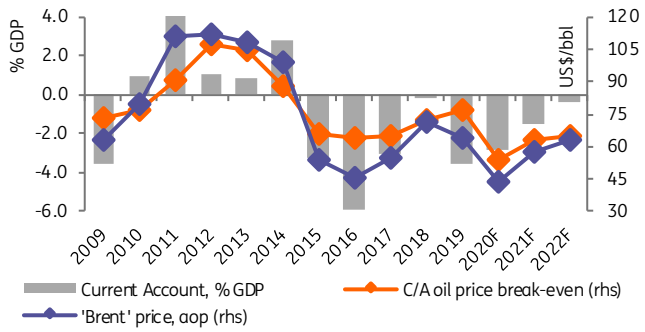
Source: CEIC, National sources, ING estimates

External/KZT: In 2Q20 USDKZT appreciated from 448 to 404, supported by FX selling by quasi-state enterprises, a US$2.1 current account surplus in 1H20 (on lower dividend outflow), and poor compliance with the OPEC+ deal. Since then, we have seen a gradual

reversal with the tenge reaching 432 per USD amid maintenance work on oilfields, stricter oil production cuts and external volatility. By year-end, a recovery in oil production and improved risk sentiment could see USDKZT at 410. However, the expected current account deficit (US$5.0bn or 2.9% GDP) and high dependence on oil and on Russia (which accounts for 10% of exports and 37% of imports) suggests that KZT will largely depend on capital flows, which may be volatile. Besides, the fiscal side implies a weaker tenge in the long term. Should oil prices in tenge terms remain at the current KZT18,000/bbl the fiscal breakeven could jump to US$104/bbl instead of returning to the expected US$75-80/bbl. Therefore, even assuming a further increase in USD oil prices, we expect KZT to stay close to 410-415, which would assure return of the KZT oil price toward the KZT23,000-25,000/bbl seen in 2018-19, giving the government some fiscal room. A weaker tenge would also fit into NBK's preference to avoid direct spending of reserves, which have reached 20% GDP in August. That said, we cannot exclude that administrative measures or indirect management (through SOEs) of exchange rate could be applied to prevent volatility. External debt is growing (from 89% to 94% of GDP this year) but given the high ratio of NBK's reserves to short-term external debt (358%) and a lower C/A breakeven oil price, external vulnerabilities are under control.

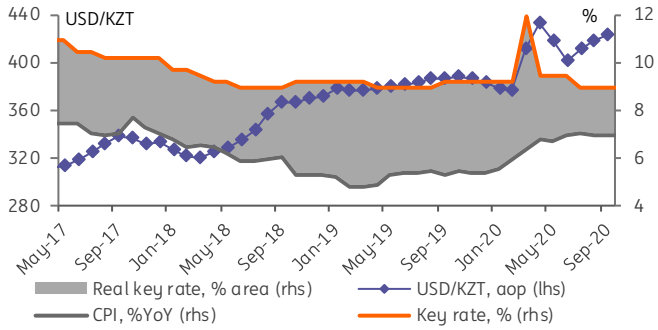
Monetary: Since March, the NBK has cut its 1-day repo rate by 300bp to 9.0%. At 2%, the real rate is high but at the same time, this year's spike in inflation (with CPI accelerating from 5.4% in end-2019 to 7.0% in September) and high FX risks will limit the room for the easing cycle to continue. Under high deferred demand in 4Q20, CPI might climb to 7.3% in end-2020. However, in 2021, ceteris paribus, disinflationary factors should prevail, translating in decelerating CPI towards the NBK's upper boundary of the 4.0-6.0% target range.

Fig 12 C/A slightly improved on lower dividend outflow



Source: CEIC, National sources, ING estimates

Fig 13 2.0% real key rate (higher than most peers)



Source: CEIC, National sources, ING estimates

Ratings (Baa3 pos/BBB-/BBB): Funds under the National Fund of the Republic of Kazakhstan (NFRK) underpin the sovereign's strong fiscal and external balance sheets. Moreover, fiscal and monetary policymaking has improved in recent years with the introduction of a fiscal rule and a more freely floating exchange rate, however implementation has been less stringent (notably vs Russia). The banking system remains the country's Achilles' heel, reflected by the regulator's decision to revoke the license of a local bank in September. All three rating agencies adjust their ratings for banking system risks, resulting in a one notch downward revision vs indicated ratings at S&P and Fitch. Also, dollarization has come down in recent years but remains high at around 40%.

Kazakhstan's ratings are on par with Russia, with the exception that the former also has a positive outlook at Moody's since August 2019. The rating agency noted signs of economic resilience in the hydrocarbon and non-hydrocarbon sectors and rising incomes. An upgrade however looks unlikely given Kazakhstan's high dependency on the hydrocarbon sector (c.60% of exports and 40% of government revenue) amid the ongoing pandemic.

Fig 14 Rating drivers/sensitivities, factors that could lead to an upgrade or downgrade

Agency (next review date)	Upgrade factors	Downgrade factors
Moody's Baa3 pos (NA)	• Strengthening of institutional framework, policy credibility and effectiveness, and economic competitiveness (notably enhanced economic resilience coming from reforms that materially advance economic diversification) • Substantial reduction in banking sector risks (supported by prospects of sustained improvement in banking system health, more effective credit intermediation and enhancements to regulation and supervision)	For outlook to stable: • Significant and long-lasting deterioration in economic and fiscal metrics (eg, through a large, negative oil price shock) • Re-emergence of domestic political risks, with a negative impact on the government's reform agenda and business environment
S&P BBB- sta (around Mar 2021)	• Significant and tangible devolution of power to the cabinet and parliament (supporting improved policymaking predictability) • Meaningful improvement in banking sector health (supported by further advances in regulatory oversight or improvements in corporate governance)	• Prolonged and sharp fall in oil prices or production beyond our expectations if it leads to deterioration of external performance (eg, if gross external financing needs exceed 100% of current account receipts plus usable reserves) • Re-emergence of destabilising factors (eg, spike on deposit dollarization)
Fitch BBB sta (around Feb 2021)	• Structural: Strengthening of economic policy framework and institutional capacity to further enhance policy predictability and effectiveness • Macro: Improvement in the resilience of the economy and public finances to commodity price shocks (eg, through economic diversification and a further building of fiscal and external buffers)	• Public Finances: Failure to reduce the consolidated fiscal deficit materially or a faster than expected erosion of the sovereign's balance sheet strengths • Macro Policies that undermine monetary policy credibility or confidence in the flexibility of the exchange rate to respond to external shocks • Public Finances: Materialisation of significant contingent liabilities from the banking sector and SOEs

Source: Moody's, S&P, Fitch, ING

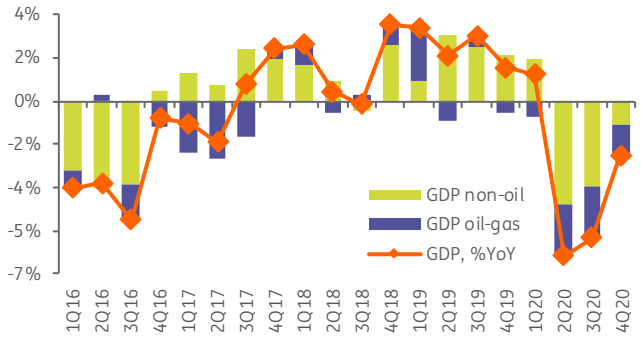
Azerbaijan

On top of the initial shock coming from the Covid-19 outbreak, which has resulted in an extended lockdown and lower oil exports, Azerbaijan is subject to pressure coming from the recent spike in military tensions over the Nagorno-Karabakh region. As a result, we downgrade our 2020 GDP expectations from -2.5% to -3.3% and see further downgrade risks. The contraction is dampened by fiscal stimulus which however remains stringent relative to the macro buffers. This could imply the government's preference for elevated savings in order to build up further spending if need be. On the external side, the current account has shown some resilience thanks to new development projects. However, weaknesses, including military tensions, as well as structural constraints to the economy remain the long-term challenge to the country's investment case.

Activity: Covid-19 continues to affect the economy through the oil sector, tourism and more than six months of lockdown. Household consumption remains weak amid rising unemployment (6.5% in 1H20 vs 4.8% in end-2019) while the oil industry is under pressure due to production cuts under the OPEC+ deal and lower prices, resulting in the drop of merchandise exports by 28.8% YoY in 1H20. Recently, escalating tensions with Armenia on the Nagorno-Karabakh territory have added pressure on economic activity, exacerbated by the introduction of martial law which weighs on consumer and business confidence. As a result, we now expect GDP to contract by 3.3% in 2020 with further downside risks. The 2021 GDP recovery is likely to be quite modest given the limited fiscal support rolled out so far.

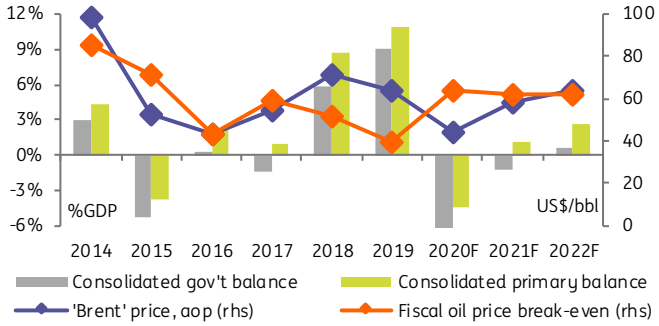
Fiscal: Following the extended period of lockdown, the government increased the fiscal package slightly from initially US$1.5bn (3.2% of GDP) to US$2.0bn (4.3%) while additional fiscal pressure comes from the Nagorno-Karabakh conflict (defence expenditures historically account for 10-15% of fiscal spending). The higher expenditures and lower revenues driven by the high dependence on the hydrocarbon sector (around two-thirds of budget income under the elasticity US$0.2bn of revenues per US$1/bbl) point to a fiscal deficit of around 7.5% of GDP this year. The deficit will be covered by borrowings, with public debt growing from 31% in 2019 to 37% in 2020. Moreover, the state oil fund (SOFAZ) will carry some of the burden: As of end-August, SOFAZ transferred US$4.5bn to the budget (65% of this year's planned US$7.2bn transfers) but it's assets stood at a high US$43.2bn or c.85% of GDP as of end-June.

Fig 15 Lockdown, martial law, add more risks



Source: CEIC, National sources, ING estimates

Fig 16 More spending on economic support and military



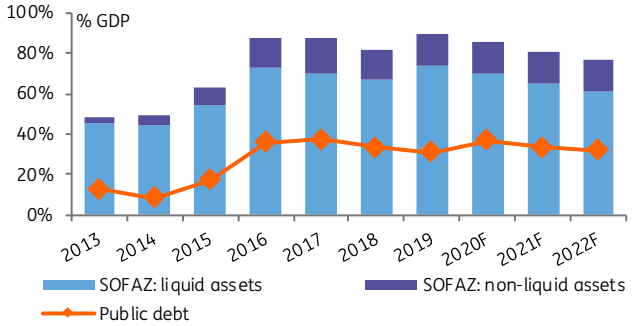
Source: CEIC, National sources, ING estimates

External/AZN: The current account has come under pressure from lower exports and remittances, but as of 1H20 it was still in 1.3% GDP surplus thanks to growing gas production in Shah-Deniz 2 and exports to Turkey via TANAP. Those partially offset the impact from falling crude oil exports (on lower demand, OPEC+ deal and scheduled maintenance on the Azeri-Chirag-Guneshli oilfield). With oil prices having recently

recovered somewhat (each US$1/bbl assures US$0.3bn for annual exports), we revise our C/A deficit forecast in 2020 to 2.3% of GDP (from 4.1% of GDP). External buffers, consisting of CBA reserves (US$6.5bn in September) and SOFAZ assets (US$43.2bn as of June), are still above 100% GDP as of end-June, suggesting low external vulnerability even in the face of an increase in overall foreign debt from 39% GDP in 2019 to 43% GDP this year.

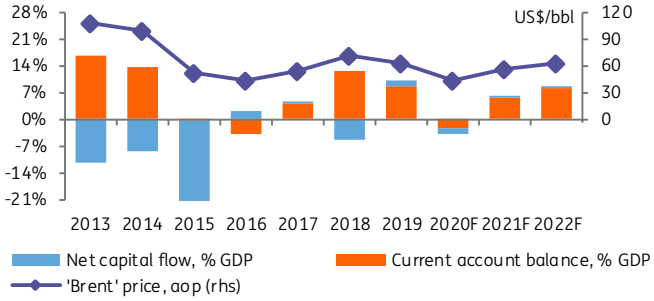
The manat remains pegged at 1.7/USD, supported by the state oil fund's buffers. We expect the government to remain committed to the peg, with some help of scheduled US$2.6bn SOFAZ transfers to the budget between September and December.

Fig 17 Reserves to stay ample in 2020-2022



Source: CEIC, National sources, ING estimates

Fig 18 Balance of payments may recover in 2021



Source: CEIC, National sources, ING estimates

Ratings (Ba2/BB+/BB+ neg): The Nagorno-Karabakh conflict, should it persist or escalate further, will likely see attention turning away from much-needed economic diversification plans (oil and gas account for c.40% of GDP and 90% of exports), hurt the transport and tourism industry and affect budget outcomes. In a worst case, Azerbaijan's hydrocarbon infrastructure is also vulnerable to disruptions and damages. However, even if fighting calms down, a long-term solution to the conflict remains out of sight. As a result, the conflict exposes Azerbaijan to further negative rating pressure which we see most pronounced at Moody's as a "sharp escalation" of the conflict is specifically highlighted as a downgrade driver and thus, a negative outlook is possible.

Already in April, the outbreak of the pandemic and the drop in oil prices caused Fitch to revise the outlook on the BB+ rating to negative due to increased external pressures and the risk of a disruptive macroeconomic adjustment, notably coming from a possible manat devaluation. With oil prices having somewhat recovered, the latter risk has somewhat eased but not disappeared. Those risks are exacerbated by the limited policy transparency and predictability. Moreover, as highlighted above, geopolitical considerations have to be added to the list of bigger worries. We therefore believe that Fitch's negative outlook will remain in place.

Similar to Kazakhstan, additional risks come from a weak banking sector which suffers from high NPL ratios (S&P sees risks for the NPL ratio to rise from 8% in end-2019 to 12-15% this year), significant government on-lending and guarantees (c.30% of GDP) and high dollarization (35% FX share in loans and 61% in deposits in end-2019), but those risks seem to be under control in the medium term. On the positive side, fiscal and external buffers remain strong, thanks to SOFAZ assets of around 85% of GDP and tolerable public debt levels (c.37% of GDP in 2020). As a result, we are not concerned about repayment capacity.

Fig 19 Rating drivers/sensitivities, factors that could lead to an upgrade or downgrade

Agency (next review date)	Upgrade factors	Downgrade factors
Moody's Ba2 sta (NA)	• Significantly increased policy credibility and effectiveness as well as more substantial buffers against shocks from ongoing and further reforms (macroeconomic and financial policies; eg, prospects of a more rapid decline in the government's debt burden and contingent liabilities, and marked progress in economic diversification)	• Reduced momentum or potentially reversal of fiscal reforms that support macroeconomic stability and a sustained debt burden reduction • Resurfacing banking sector weakness and significantly raised contingent liability risks • Sharp escalation of the Nagorno-Karabakh conflict that would weigh on economic activity and government finances
S&P BB+ sta (around Jan 2021)	• Higher-than-expected external surpluses, resulting in further accumulation of fiscal assets (eg, through markedly increase in hydrocarbon revenues) • Implementation of reforms addressing structural impediments (eg, limited economic diversification and substantial constraints to monetary policy effectiveness)	• Fiscal and external balances do not start improving in 2021 as currently expected, resulting in quicker drawings on liquid external assets (eg, as a result of a substantial decline in hydrocarbon revenue or if increased fiscal pressures from Covid-19 and economic slowdown persisted beyond 2020) • Trend growth of real per capita GDP falls further below that of peers with similar levels of economic development
Fitch BB+ neg (20 Nov)	• External Finances: Easing of external pressures that reduce the likelihood of a disorderly FX devaluation (eg, higher oil prices) • Public Finances: Confidence in the government's ability to reduce the consolidated fiscal deficit and preserve government liquid/financial assets and low government debt/GDP beyond the Covid-19 shock • Macro: Improvement in the macroeconomic policy framework (including exchange rate policy) that strengthens the ability to address external shocks and reduces macro volatility	• Macro: Developments in the economic policy framework that undermine macroeconomic stability (eg, rapid erosion of sovereign's external balance sheet or disorderly FX devaluation) • External Finances: Sustained low oil prices or a more prolonged external shock that would have a significant adverse effect on the economy, banking sector, public finances or the external position

Source: Moody's, S&P, Fitch, ING

CIS Corporate Sectors

We have revised corporate financial results and the liquidity structure in 2Q/6M20 for the oil & gas, metals and mining sectors. Our key takeaways are the following:

- Liquidity remains at acceptable levels in the oil & gas and metals and mining sectors by the end-2Q20.
- Dividend payments in 3Q20 (and most of it were paid for the FY19 period) consumed a large part of liquidity in energy sector.
- In order to keep sustainable liquidity levels, corporates will increase their overall debt outstanding and leverage.
- So far, we do not expect massive rating downward pressure, as the liquidity cushion was abundant and leverage levels moderate.

Oil & Gas

2Q20 was one of the weakest quarters for CIS corporates in the energy sector in their history: Oil price wars and weak demand for energy products triggered by weakening demand led to significant contraction in earnings and operating cash flows. At the aggregated level (see Figure 20) total cash flow from operations fell by 41% YoY in 6M20 and EBITDA by -58% YoY for the same period. Aggregated capex contracted by 15-20% for each company in 6M20. As a result, aggregated free cash flow in the sector was squeezed by 3 times vs 6M19 but remained positive. Most corporates maintained sufficient cash to cover short-term debt needs for the next 12 months as of June. However, aggregated liquidity contracted by around 15% YtD in 6M20. A significant part of the accumulated liquidity vanished due to dividend payments for 2020 which were mostly paid during 3Q20. In the case of LUKOIL, Gazprom, Rosneft, NOVATEK and KMG, dividends amounted to US$11.8bn vs available cash of US$30.2bn.

Our view. The sector's leverage will grow further towards end-2020 as a result of large dividend payments as companies will need to refill cash holdings with debt. Dividend distributions could add c.20bp to aggregated Net Debt/ EBITDA, towards levels of c.2.0x vs 1.0x in end-2019. A significant impact of such payments could be seen in Gazprom, which paid around US$4.9bn in 3Q20 and expects to see leverage at 3.0x at end-2020. Leverage growth will be a crucial concern for rating agencies, and we would not be surprised if rating agencies raised the issue with Gazprom. However, Gazprom's monopoly and government ties rule out the chance of any downgrade in the nominal rating.

Fig 20 CIS Corporates: Oil & Gas

	Cash (US$m)		ST Debt (US$m)		Cash to ST Debt (%)		Total Debt (US$m)		CFO (US$m)		EBITDA (US$m)		Net Debt/EBITDA (x)	
	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	6M19	6M20	6M19	6M20	4Q19	2Q20
Gazprom	11.2	10.4	13.1	9.4	85.3	110.8	66.2	65.1	19.9	10.7	19.7	7.7	1.3	2.6
Gazprom neft	3.3	2.0	0.6	0.5	504.4	378.7	12.9	11.7	4.8	2.4	5.1	1.8	0.9	1.6
KazMunayGas NC	2.8	2.4	0.7	1.0	402.7	243.6	10.1	9.9	-0.4	0.5	1.5	0.8	2.2	3.1
KazTransGaz	0.3	0.5	0.1	0.3	338.8	201.3	1.3	1.2	0.2	0.4	0.3	0.2	1.8	1.5
LUKOIL	8.3	8.7	2.1	3.3	396.0	261.9	8.9	11.2	8.1	4.6	10.0	4.1	0.0	0.2
NAFTOGAZ	3.3	0.0	0.6		574.2		2.5		1.9		1.5		-0.3	
NOVATEK	0.9	0.6	0.2	0.8	350.4	85.9	2.6	2.5	2.7	0.9	2.1	0.5	0.1	0.9
Rosneft	3.7	3.0	10.1	11.4	36.4	26.4	59.0	55.7	7.3	5.4	15.0	5.5	1.6	2.5
SIBUR Holding	0.3	0.6	0.5	0.7	56.6	96.7	6.1	6.5	0.9	0.8	1.4	1.0	2.4	3.0
Transneft	1.3	2.0	1.3	1.8	99.7	111.9	10.6	9.4	2.5	2.4	3.9	3.5	0.7	0.6
Aggregated	**35.3**	**30.2**	**29.4**	**29.0**	**119.9**	**104.2**	**180.4**	**173.2**	**48.0**	**28.2**	**60.5**	**25.2**	**1.0**	**1.8**
YoY	-16.1	-27.3	8.3	20.4					10.6	-41.4	7.4	-58.4		

Source: S&P Capital IQ, ING

Metals & Mining

In comparison with the oil & gas sector, steel producers have seen less stress during 6M20. Aggregated ferrous corporates' EBITDA and operating cash flows declined by around 22% and 20% YoY, respectively, in 6M20. Aggregated capex was revised downwards compared to initial ambitions but still grew by around 5% YoY. Thus, free cash flows before dividend payments contracted by around 65-70% YoY, in line with the energy sector.

Liquidity remained abundant for most steel and non-ferrous corporates due to historical practices and a low share of short-term debt. In some cases, cash exceeded short-term debt payments by several times and, in general, exceeded short-term debt. During 6M20, liquidity levels changed differently across subsectors depending on particular "contributors", ie, Norilsk Nickel accumulated a huge liquidity cushion by end-6M20. Dividend payments should have less of an impact in 3Q20 when compared to oil & gas due to the common practice to smoothen dividend payments through quarterly or semi-annual payments. The largest dividend payers are Norilsk Nickel, Severstal, NLMK and EVRAZ which distributed around 28% of FY19 dividends in 3Q20 or US$2.8bn compared to US$9.8bn of aggregated cash on balance. For steel companies, leverage changed insignificantly, by 20-30bp in the case of Severstal, NLMK, MMK and Norilsk Nickel. The leverage of gold miners (Polyus and Nordgold) even contracted by 20-40bp. In contrast, ALROSA's credit profile faced significant challenges due to virtually absent sales for several months and as a result, leverage grew by 50bp to 1.3x in 6M20.

Our view. Sector leverage will likely remain stable by end-2020 as dividend payments were smoothed over the year and have been linked to previous quarters' FCF. We do not expect massive ratings revisions, except in some particular outstanding cases like ALROSA which faced an adverse environment and Norilsk Nickel which was given ecological fines for diesel leakages in Norilsk city.

Fig 21 CIS Corporates: Metals & Mining, Steel producers

	Cash (US$m)		ST Debt (US$m)		Cash to ST Debt (%)		Total Debt (US$m)		CFO (US$m)		EBITDA (US$m)		Net Debt/EBITDA (x)	
	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	6M19	6M20	6M19	6M20	4Q19	2Q20
Severstal	1,081.0	584.0	305.0	75.0	354.4	778.7	2,803.0	2,590.0	1,117.0	911.0	1,405.0	1,047.0	0.6	0.8
MMK	1,105.0	477.0	334.0	337.0	330.8	141.5	870.0	894.0	725.0	391.0	931.0	679.0	-0.1	0.2
Metalloinvest	303.7		70.2		432.6		4,059.4		1,093.8	719.5	1,438.5	1,076.7	1.5	
NLMK	713.0	1,121.0	468.0	1,219.0	152.4	92.0	2,656.0	3,358.0	1,345.0	1,166.0	1,432.0	1,181.0	0.6	0.8
Metinvest	274.0	465.0	590.0	651.0	46.4	71.4	3,032.0	3,010.0	570.0	685.0	809.0	713.0	2.6	2.6
Aggregated	3,476.7	2,647.0	1,767.2	2,282.0	196.7	116.0	13,420.4	9,852.0	4,850.8	3,872.5	6,015.5	4,696.7	0.9	0.7
YoY	11.5	-17.3	13.1	5.2			22.8	-20.3	6.6	-20.2	-15.8	-21.9		

Source: S&P Capital IQ, ING

Fig 22 CIS Corporates: Metals & Mining, Non-Ferrous

	Cash (US$m)		ST Debt (US$m)		Cash to ST Debt (%)		Total Debt (US$m)		CFO (US$m)		EBITDA (US$m)		Net Debt/EBITDA (x)	
	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	6M19	6M20	6M19	6M20	4Q19	2Q20
Norilsk Nickel	2,784.0	4,840.0	1,131.0	1,048.0	246.2	461.8	9,844.0	12,192.0	2,587.0	3,191.0	3,719.0	1,838.0	0.9	1.2
Polyus	1,795.6	1,654.0	702.0	23.0	255.8	7,191.3	5,138.2	4,170.0	889.0	1,196.0	1,060.0	1,351.0	1.3	1.0
Nord Gold	189.9	331.6	50.1	88.6	379.3	374.2	981.8	977.9	217.8	354.8	257.3	425.8	1.2	0.8
Petropavlovsk	48.2		5.4		896.2		622.6		1.1		76.8		2.3	
ALROSA	214.5	919.7	533.3	1,016.1	40.2	90.5	1,889.0	3,037.7	581.7	-15.9	888.3	414.8	0.8	1.3
RUSAL UC	1,781.0	2,096.0	562.0	851.0	316.9	246.3	8,286.0	8,085.0	741.0	173.0	522.0	219.0	6.7	9.1
Aggregated	6,813.1	9,841.3	2,983.7	3,026.8	228.3	325.1	26,761.7	28,462.5	5,017.5	4,898.8	6,523.4	4,248.6	1.4	1.6
YoY	87.2	65.0	11.5	30.8			9.5	12.1	-11.0	-2.4	-2.6	-34.9		

Source: S&P Capital IQ, ING

Fertilizers

Liquidity in the sector remained fairly tight given still intensive capex and as companies are using various funding tools to cover short-term liquidity needs. Aggregated EBITDA and operating cash flows contracted by 25% and 11%, respectively, in 6M20. Sector leverage rose by 40bp, in line with a 12% YtD rise in total outstanding debt and reached 3.0x. In our view, sector leverage will remain stable by end-2020. The ramp up in Eurochem's potash project will support a decline in overall sector leverage decline going into 2021 and we don't expect meaningful ratings revisions.

Fig 23 CIS Corporates: Fertilizers

	Cash (US$m)		ST Debt (US$m)		Cash to ST Debt (%)		Total Debt (US$m)		CFO (US$m)		EBITDA (US$m)		Net Debt/EBITDA (x)	
	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	4Q19	2Q20	6M19	6M20	6M19	6M20	4Q19	2Q20
Uralkali	482.7	532.0	1,510.1	576.2	32.0	92.3	5,350.9	5,255.2	536.7	476.0	886.4	563.6	3.1	3.8
Acron	182.9	339.3	222.8	264.1	82.1	128.5	1,435.7	1,653.0	188.5	71.8	333.4	214.4	2.2	3.2
PhosAgro	132.7	109.5	618.2	193.8	21.5	56.5	2,252.0	2,059.1	743.8	548.1	691.1	545.7	1.7	1.9
Eurochem	313.2	844.0	1,531.5	1,793.3	20.5	47.1	5,090.2	5,410.0	566.5	714.3	863.8	751.5	3.0	3.1
Aggregated	**1,111.5**	**1,824.7**	**3,882.7**	**2,827.4**	**28.6**	**64.5**	**14,128.7**	**14,377.3**	**2,035.4**	**1,810.1**	**2,774.7**	**2,075.2**	**2.6**	**3.0**
YoY	-32.2	51.5	18.9	-6.2			3.7	11.7	21.0	-11.1	26.8	-25.2		

Source: S&P Capital IQ, ING

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