

A REPORT

You are an analyst working for an investment fund ABS. Your team has asked you to prepare a report if it is worth investing in Kazakhstan. Look at the figures of economic indicators provided below, read the text “Kazakhstan: Economic Background” and write a report on the Kazakh economy.

	2003	2005	2007	2009
Population (m)	15.0	15.2	15.5	15.4
GDP (US\$ bn)	30.8	57.1	101.2	107
Consumer price inflation (av. %)	6.5	7.6	8.8	7.3
Exchange rate (US\$)	149.6	132.9	122.7	147.8

Kazakhstan: economic background

During the past few years, the economy in Kazakhstan has grown at an average rate of about 7%, one of the fastest rates in the world. Income per capita is now 65% higher than in 2000. Foreign investment has increased sharply in the last 10 years and will reach \$28bn this year, 80% of it in the oil sector. So, the immediate future looks good.

According to the minister of economy, the size of the economy – currently \$37.6bn – is expected to triple by 2015 as a result of increased oil production.

At the moment, Kazakhstan is producing 1m barrels of oil a day and planning to triple this output in the next 10 years. However, Kazakhstan is at risk from a sharp increase in the local currency fed by revenues from natural resources, making the economy uncompetitive.

Kazakhstan is already showing some signs of growing too fast. The boom in consumer spending cannot be satisfied by the local economy and it has created a

sharp increase in imports and levels of debt.

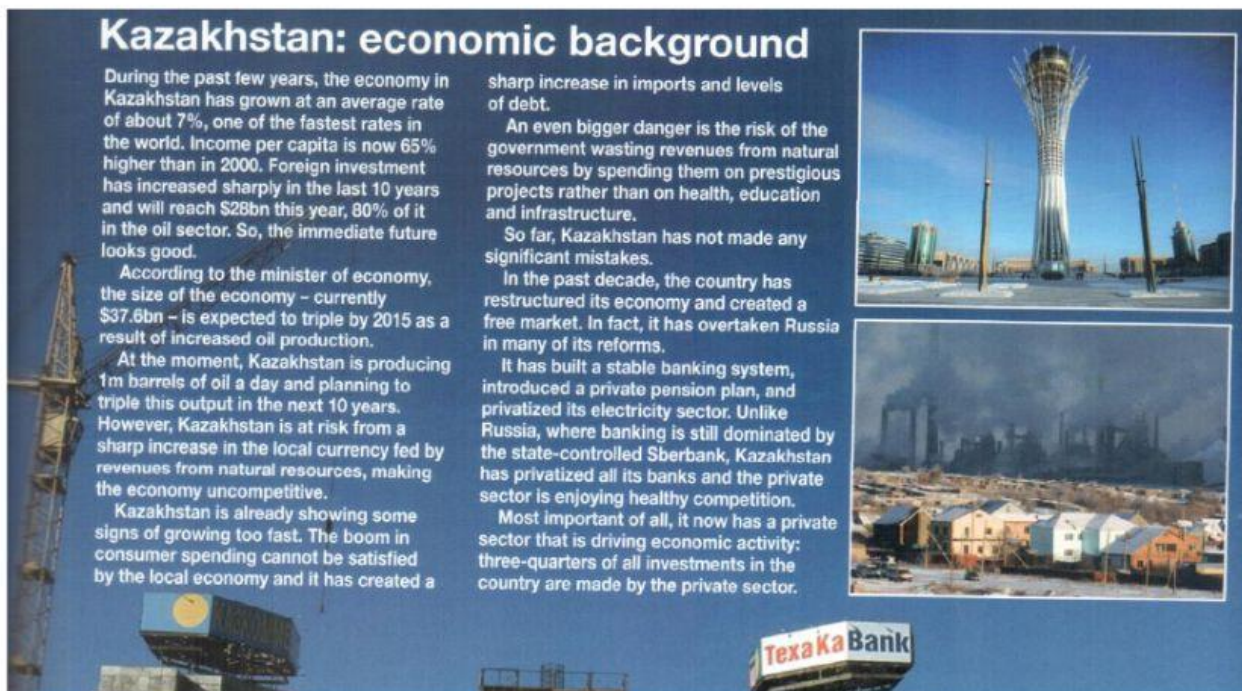
An even bigger danger is the risk of the government wasting revenues from natural resources by spending them on prestigious projects rather than on health, education and infrastructure.

So far, Kazakhstan has not made any significant mistakes.

In the past decade, the country has restructured its economy and created a free market. In fact, it has overtaken Russia in many of its reforms.

It has built a stable banking system, introduced a private pension plan, and privatized its electricity sector. Unlike Russia, where banking is still dominated by the state-controlled Sberbank, Kazakhstan has privatized all its banks and the private sector is enjoying healthy competition.

Most important of all, it now has a private sector that is driving economic activity: three-quarters of all investments in the country are made by the private sector.



TIPS HOW TO WRITE A REPORT

When writing a financial report it is important to organize the information in clear sections with a heading, sub headings, and numbered paragraphs. A good rule is to think of matching one main idea to one paragraph.

In financial reports, people want to know what is fact and what is opinion and interpretation. So judgements (for example, explanations of what figures mean, predictions of what will happen in the future, and recommendations for what to do) should be separated from the facts.

If you are making a personal judgement, you can use expressions like:

I think / believe that inflation will increase by 5%.

My recommendation is / I would recommend that we invest cautiously in this market.

If you are reporting other people's opinions, you can quote them directly. Or, if you don't want to say whose opinion it is, you can use the passive:

The IMF ***expects*** inflation to increase by 5%.

The consultants ***have recommended that*** we invest cautiously in this market.

Inflation ***is expected*** to increase by 5%.

Cautious investment in this market ***has been recommended***.

THE STRUCTURE OF A REPORT

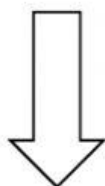
An analyst's report usually contains these five main sections.

Match the headings 1-5 with the definitions:

1. Title (of the report)
2. Executive summary
3. Objectives
4. Findings
5. Recommendations

A. The purpose of the report and who it is written for
B. brief summary in a few sentences of what the report contains
C. What action should be taken based on the results of the report
D. The information found in all the research, organized by paragraph with subheadings
E. What the report is to be called and who wrote it

Use notes from your research on Kazakhstan in Reading and complete the report below.



A REPORT ON THE KAZAKH ECONOMY

Title: _____

written for ABS fund management team.

Executive summary: The Kazakhstan economy offers great opportunities for investment, especially in the oil and natural resources sectors. Growth is currently 7% per year and domestic consumption is rising sharply.

1 Objectives:

The purpose of the report is to analyse _____

2 Findings:

Section 1: Background

Since 2003, GDP _____

The inflation rate _____

The exchange rate _____

Section 2: Current situation

Oil: _____

Risks: _____

Reforms: _____

The banking sector: _____

3. Recommendations

Given the strong growth forecasts I would recommend that our fund _____