



**INFLATION
EXPECTATIONS
OCTOBER 2024**

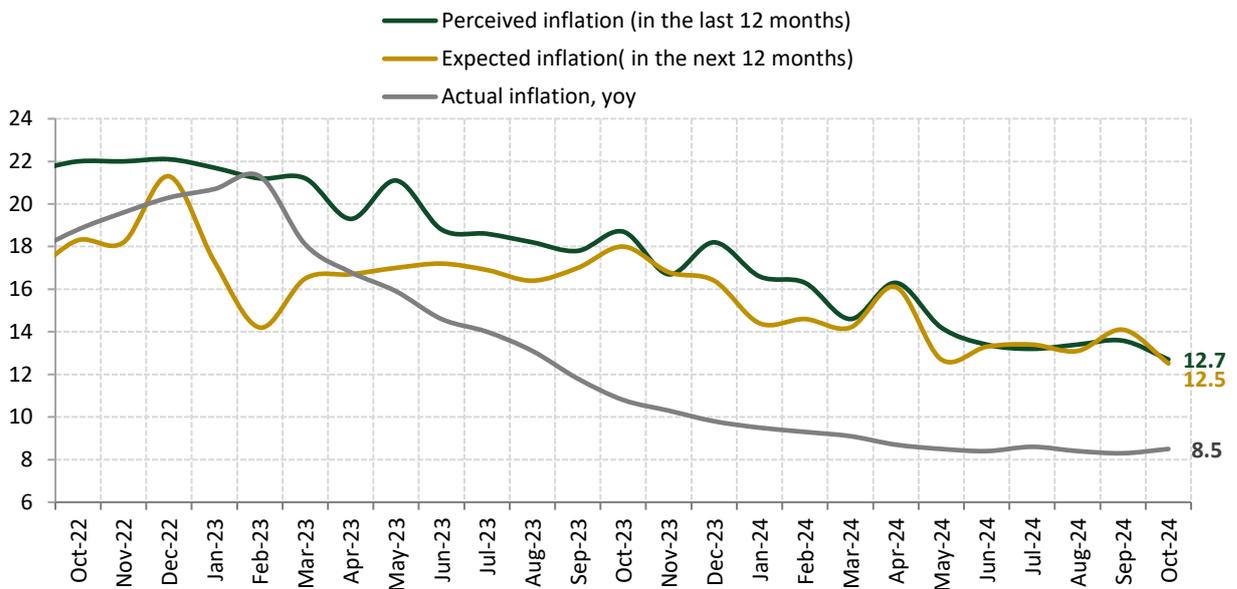
In October 2024, household inflation expectations for the next 12 months decreased to 12.5% from 14.1% in September 2024. The downward pressure on inflation expectations was influenced by a slight reduction in the impact of exchange rate factors. At the same time, consumer sentiment slightly deteriorated due to a decline in outlook on the country’s development prospects and personal financial situation for the coming year.

Households` inflation expectations

The median estimate¹ of expected inflation one year ahead decreased to 12.5% in October 2024 (from 14.1% in September 2024) (Figure 1). Concurrently, the median estimate of perceived inflation over the past 12 months declined to 12.7% (from 13.6%).

It is worth noting that from June to September 2024, inflation expectations were shaped against the backdrop of a depreciation of the nominal exchange rate of the tenge against the dollar. However, in September and early October, the exchange rate showed some stabilization, which, in turn, reduced the impact of the exchange rate factor on household inflation expectations in the October survey.

Figure 1. Inflation and median estimates, %

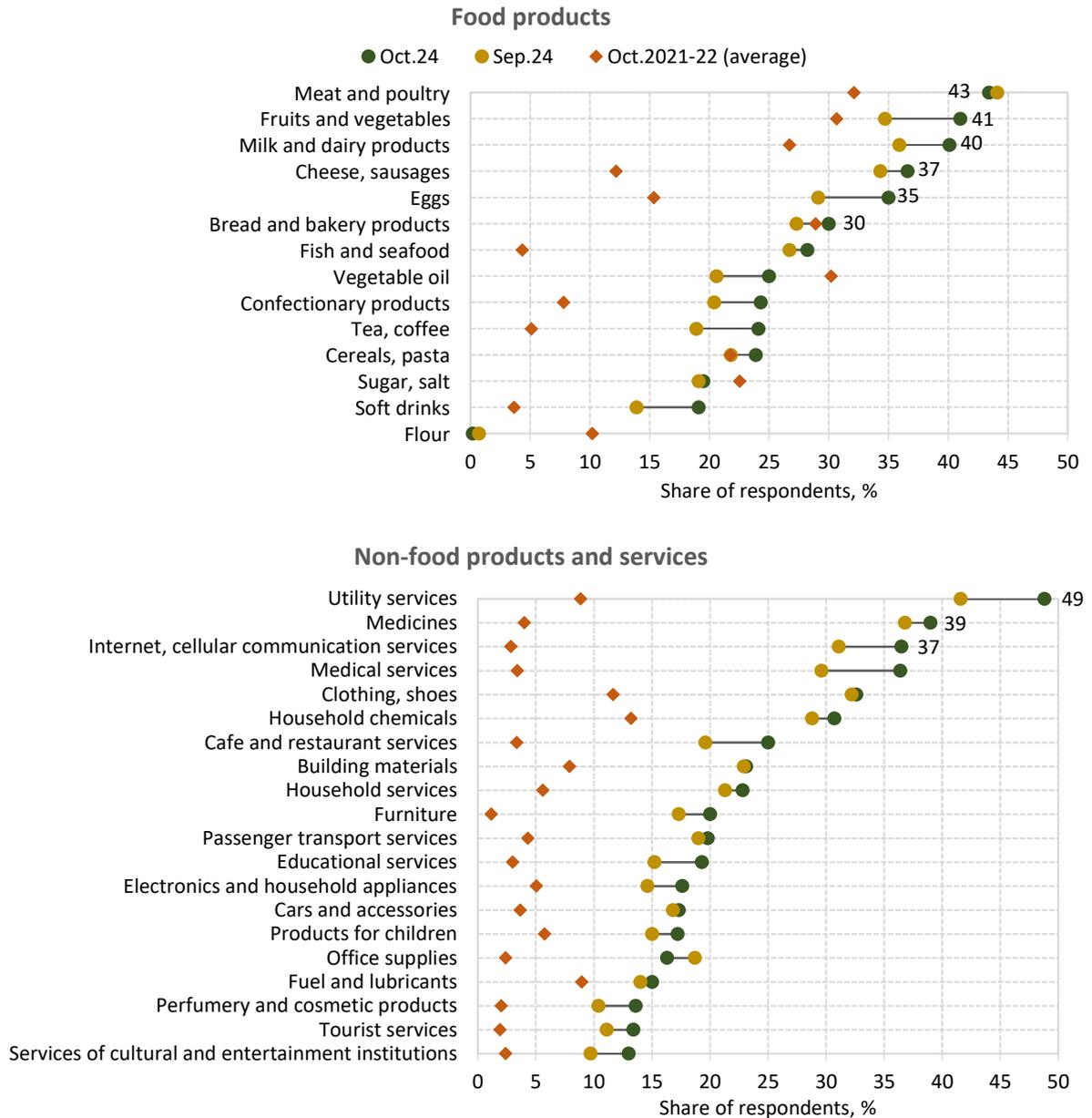


Source: Results of the population survey, Fusion Lab

The share of respondents noting price increases for non-food products rose to 17.3% in October 2024 (from 15.8% in September 2024). Meanwhile, the share of those reporting food price increases declined from 66.9% to 64.6%.

In October 2024, a significant portion of respondents noted price increases in food items such as meat and dairy products, fruits and vegetables. Among non-food goods, the population pointed to higher prices for medicines and pharmaceuticals, clothing and footwear, and household chemicals. In the category of paid services, respondents most frequently reported price increases for housing and utility services, internet and mobile services, and medical services (Figure 2).

Figure 2. Frequently mentioned goods and services



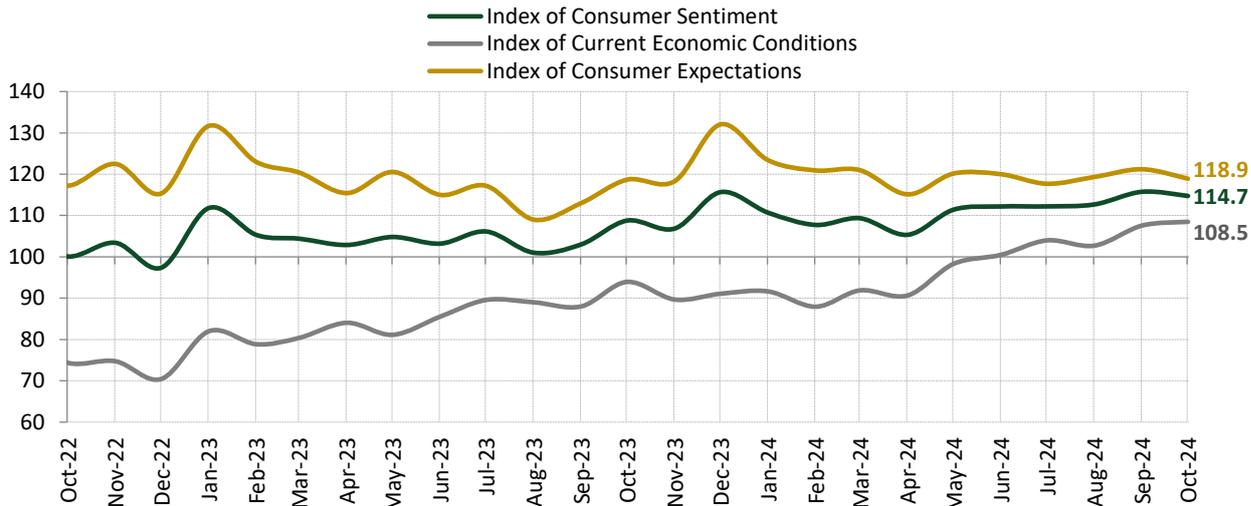
Source: Results of the population survey, Fusion Lab

Consumer sentiment of the population

The Consumer Sentiment Index decreased to 114.7 in October 2024 (from 115.7 in September 2024) (Figures 3, 4, 5). Expectations for the country's development prospects over the next year declined by 5.9 points to 124.6. Additionally, assessments of personal financial situation changes for the upcoming year dropped by 1.4 points to 125.1.

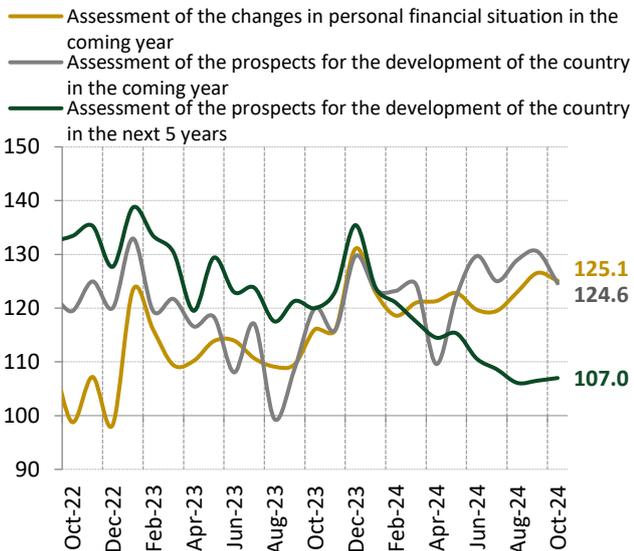
At the same time, assessments of the current situation improved, with personal financial situation over the past year rising by 1.3 points to 104.6, as well as the willingness to make major purchases, which increased by 0.5 points to 112.4.

Figure 3. Index² of Consumer Sentiment



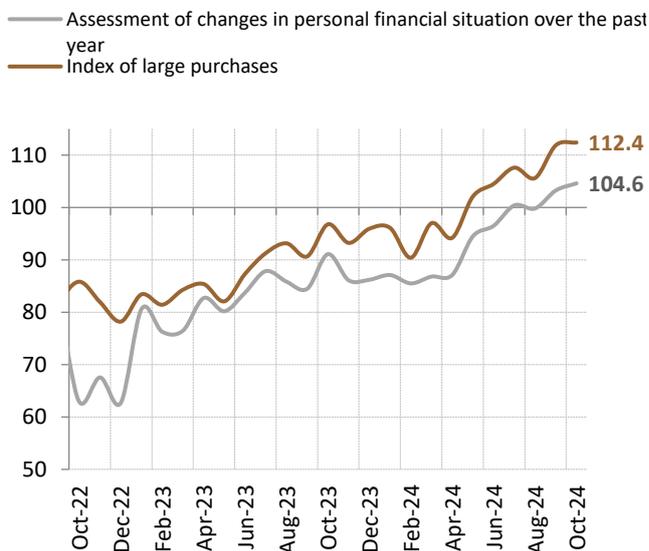
Source: Results of the population survey, Fusion Lab

Figure 4. Consumer Expectations



Source: Results of the population survey, Fusion Lab

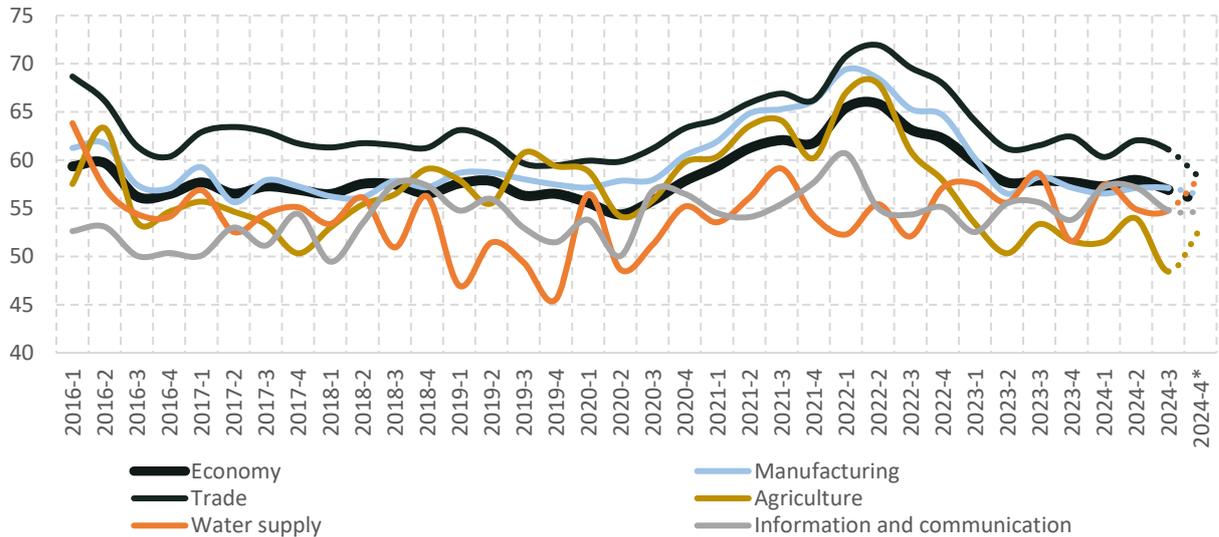
Figure 5. Current Conditions



The price expectations of enterprises slowed down

In the 3rd quarter of 2024, the growth rate of prices for products and services of enterprises in the economy slowed slightly, and in agriculture prices decreased. In the 4th quarter of 2024, the trend is expected to continue, most industries expect a slowdown, especially in trade, while agriculture and water supply enterprises expect their growth (Figure 6).

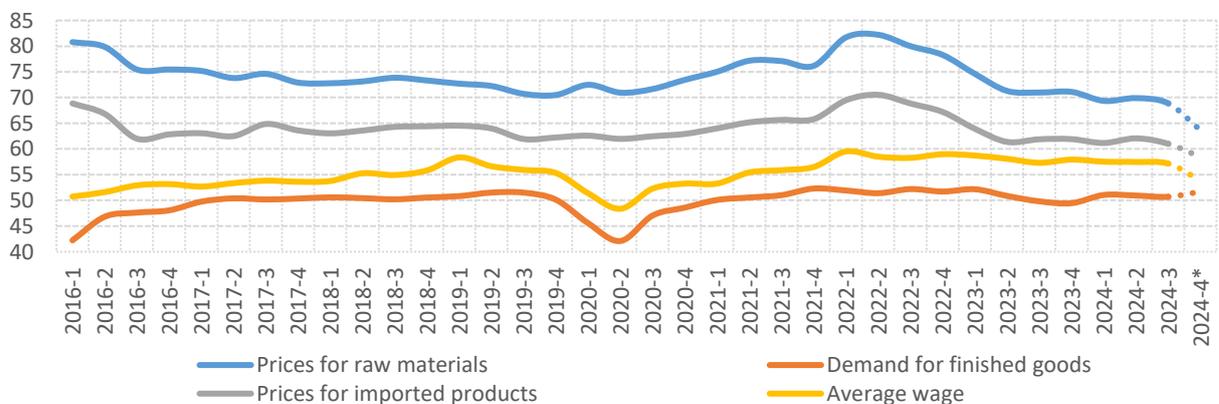
Figure 6. Dynamics of changes in prices for finished products of enterprises, diffusion index³



Source: Results of monitoring of Real Sector Enterprises, National Bank
The survey of enterprises is conducted on a quarterly basis

For the vast majority of enterprises, the most important factors in setting prices for finished products are the prices of raw materials (for 79.6% of enterprises), demand (78.8%) and labor costs (67.3%). According to enterprise estimates, in the 3rd quarter of 2024, the growth rate of prices for raw materials and imported products decreased slightly, the growth rate of demand for finished goods and average wages remained almost unchanged. In the 4th quarter of 2024, a noticeable increase in demand is expected, while a slowdown in the growth rate of other factors is expected (Figure 7).

Figure 7. Dynamics of factors of setting prices for finished products of enterprises, diffusion index³



Source: Results of monitoring of Real Sector Enterprises, National Bank
The survey of enterprises is conducted on a quarterly basis

NOTES

¹ A quantitative assessment of inflation expectations/median estimates for January 2022 has not been published, because the results of the survey in January 2022 were influenced by January events in the country, which affected the smaller sample size and incompatibility with previous data. Median estimate of perceived inflation based on the survey results: «How much exactly do you think the prices of goods and services have increased over the past 12 months?». Median estimate of expected inflation based on the question: «How much exactly do you think prices for goods and services will rise in the next 12 months?».

² Consumer sentiment index - The average value of private indices:

- changes in personal financial situation over the past year;
- changes in personal financial situation in the coming year;
- prospects for the development of the country in the coming year;
- prospects for the development of the country in the next 5 years;
- large purchases.

Current status index - The average value of private indices:

- changes in personal financial situation over the past year;
- the index of large purchases.

Consumer expectations index - The average value of private indices:

- changes in personal financial situation in the coming year;
- prospects for the development of the country in the coming year;
- prospects for the development of the country in the next 5 years.

The numerical value represents the balance of responses, which is calculated as the difference between the proportion of positive and negative responses + 100. Index values can vary from 0 to 200. A value above 100 indicates the predominance of positive estimates, below 100 – negative estimates.

³ The diffusion index (CI) is calculated as the sum of positive responses and half of the responses unchanged. CI is a generalized indicator that characterizes the dynamics of changes in the indicator under consideration. A value above level 50 means an increase, below level 50 – a decrease. The further (higher or lower) the CI value is from the level of 50, the higher the rate of change (increase or decrease) of the indicator. Number of respondents: 3,438 enterprises. Seasonally-cleared data. The companies answered the question: «How have the selling prices for finished products of your company changed/will change? »

*For the 4th quarter of 2024, the expectations of enterprises are given