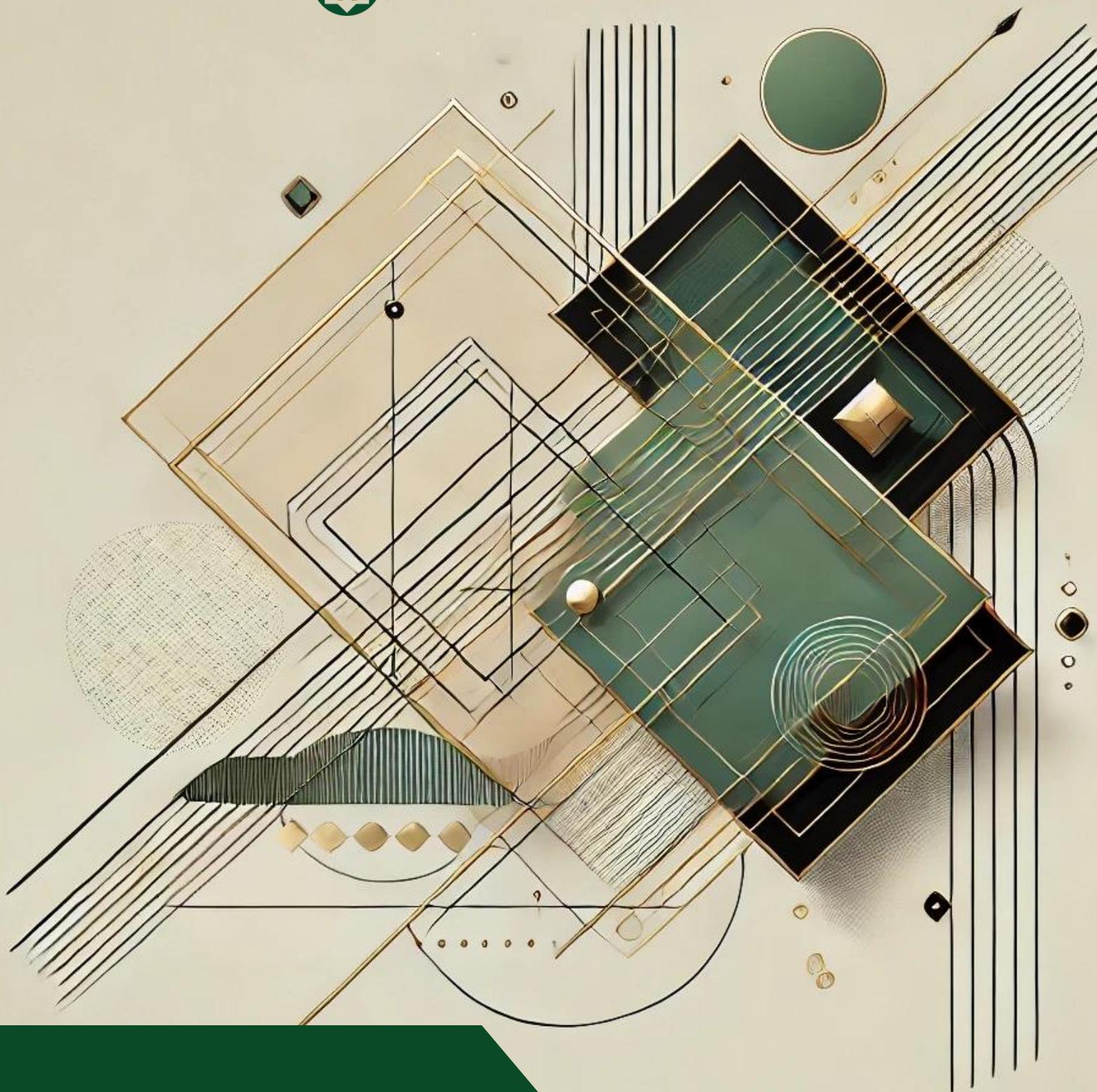




NATIONAL BANK OF KAZAKHSTAN



INFLATION TRENDS

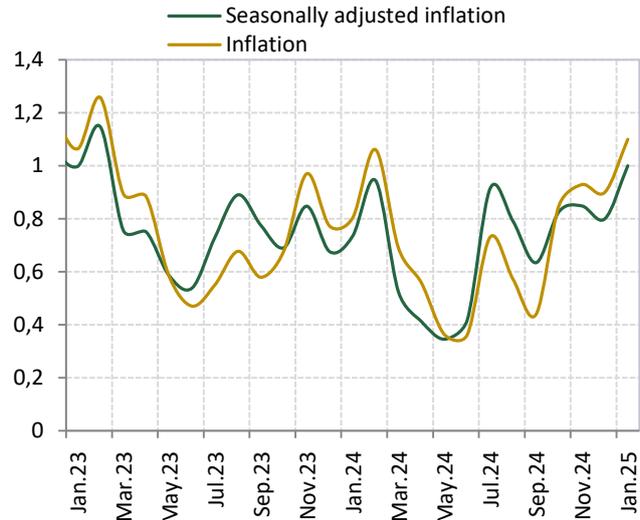
January 2025

In January 2025, inflation in annual terms accelerated to 8.9%. The increase in year-on-year price growth was observed across all components of inflation. The rise in food prices was driven by a significant contribution from certain food products. Annual non-food inflation accelerated amid sustained consumer demand and the depreciation of the nominal exchange rate. Service inflation in annual terms increased due to the rising costs of specific services, influenced by both market and regulatory factors. Regulated housing and utility services also exhibited an acceleration in annual terms.

In January 2025, the annual inflation rate accelerated to 8.9%, (December 2024 - 8.6%). Monthly price growth also increased, reaching 1.1%.

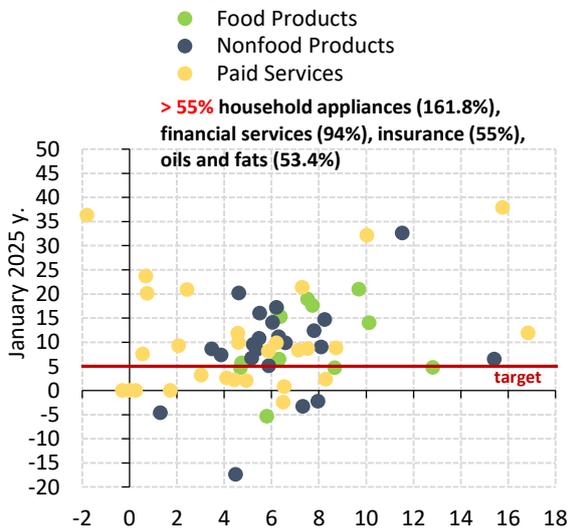
The seasonally adjusted monthly inflation rate rose to 1.01%, (December 2024 - 0.77%) (Graph 1).

Graph 1. Inflation indicators, m/m, %



Source: BNS ASPR RK, calculations of the NB RK

Graph 2. Seasonally adjusted price growth for various CPI groups, m/m, annualized, %



Source: BNS ASPR RK, calculations of the NB RK

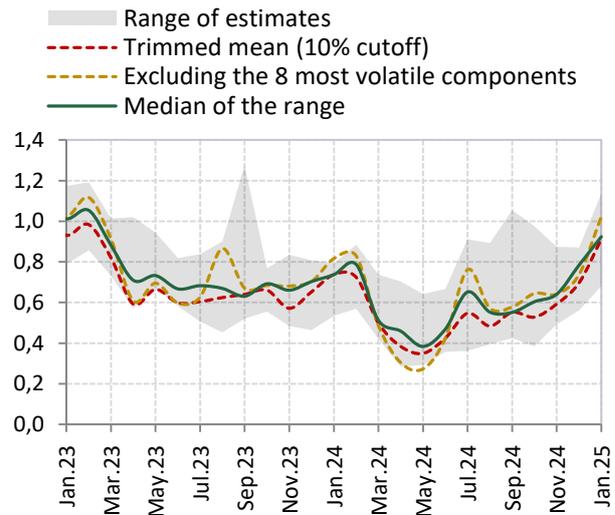
In the structure of seasonally adjusted inflation, the food component accelerated to 1%, the non-food component to 0.8%, and the services component to 1.2%.

With seasonal adjustment, a significant increase in prices was recorded for oils and fats, fish and seafood, sugar, jam, honey, chocolate, and confectionery products, as well as household appliances, automobiles, personal care items, financial services, insurance, and rental housing (Graph 2).

In January 2025, the median estimate of seasonally adjusted core inflation, calculated using various methods¹, continued to accelerate, reaching 0.92% on a monthly basis and 11.7% on an annualized basis. This acceleration trend has been observed since October 2024.

Additionally, in recent months, the range of core inflation estimates has narrowed due to an increase in its lower bound. This indicates rising prices in the most stable components of inflation and the persistence of significant inflationary pressure (Graph 3).

Graph 3. Core inflation: various calculation methods, m/m, %

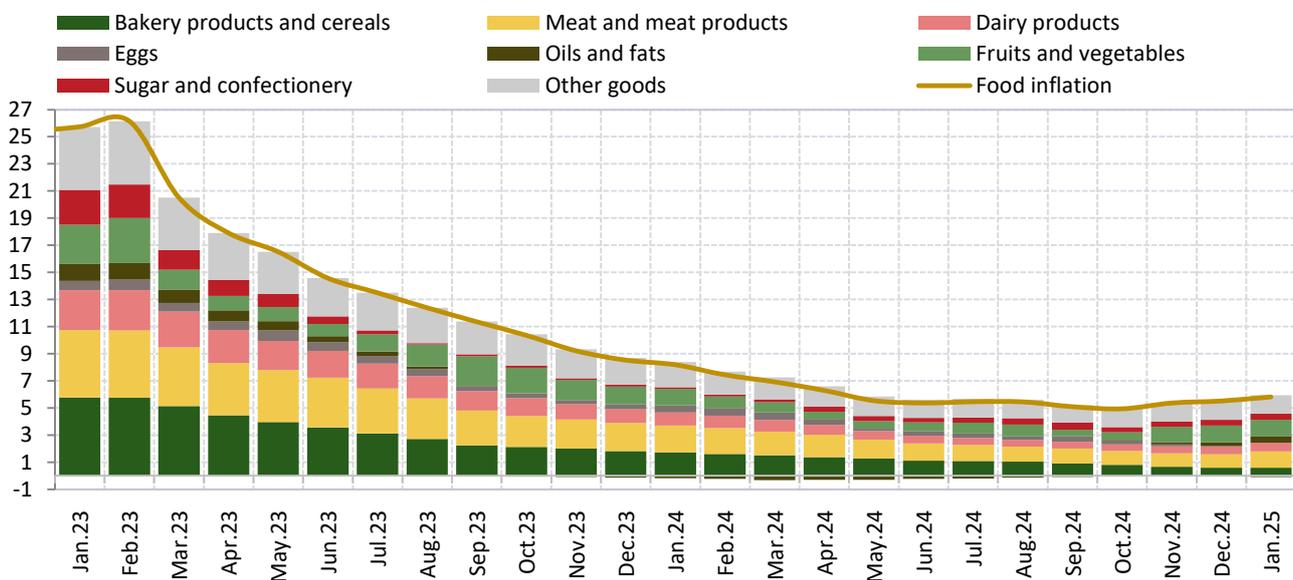


Source: BNS ASPR RK, calculations of the NB RK

Food inflation

In January 2025, the annual growth rate of food prices accelerated to 5.8%, up from 5.5% in December 2024. The primary inflationary contribution within this component came from rising prices for oils and fats, as well as meat. At the same time, the slowdown in annual inflation for bakery products, cereals, and fruits, along with the annual deflation of egg prices, served as key factors exerting disinflationary pressure (Graph 4).

Graph 4. Contribution of goods to annual food inflation, %



Source: BNS ASPR RK, calculations of the NB RK

¹ Core inflation is a value that characterizes a steady change in prices. The truncated average is calculated by excluding from the calculation 10% of the smallest and 10% of the largest seasonally adjusted price changes in a given month; core inflation without the 8 most volatile components excludes from the inflation calculation 8 components whose standard deviation of seasonally adjusted price changes over the past 2 years is the maximum; the median of core inflation is calculated by finding the median in each of the groups of methods for estimating core inflation. The final estimate is also the median of the considered groups of estimation methods, and the maximum and minimum values are the range of values of core inflation. The National Bank of Kazakhstan makes estimates of core inflation through a variety of methods. Methodology is described in the Working Paper "Various estimates of core inflation for Kazakhstan" published on the official internet-resource of the National Bank.

In January 2025, the monthly growth rate of food prices exceeded that of the previous month, reaching 1.4% compared to 1.1% in December 2024. The acceleration in monthly food price inflation was driven by a significant increase in the cost of certain product categories, including vegetables, oils and fats, meat, bakery products, and cereals. Additionally, positive price growth dynamics were observed across most major food groups.

Despite a more moderate pace of price increases compared to previous months, vegetables remained the largest contributor to monthly food inflation for the third consecutive month. In January 2025, vegetable prices rose by 6.1%, following an 8.7% increase in December 2024. The primary driver of this increase was the sharp rise in potato prices, which surged by 16.4% due to lower production volumes, higher agricultural producer prices, and limited stock availability. Price increases were also recorded for white cabbage (8.8%), garlic (6.4%), cucumbers (5.4%), cauliflower (4.4%), and tomatoes (3.5%).

Additional pressure on monthly food inflation came from the accelerated growth in oil and fat prices, which increased by 3.5% in January 2025, compared to 1.9% in December 2024. Notably, prices for butter rose by 4.1% and sunflower oil by 3.9%. The main factors behind this increase were higher producer prices in the manufacturing sector and rising production costs due to the increased price of sunflower seeds. Moreover, persistently high global prices for vegetable oils have amplified external pressures on the domestic market.

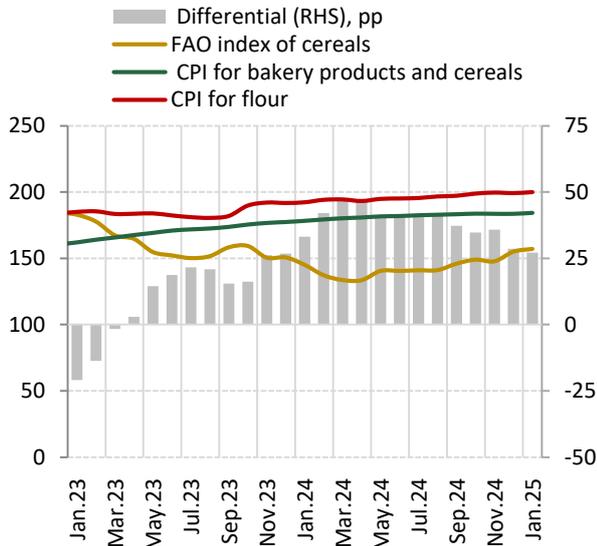
The growth rate of meat prices also accelerated, rising from 0.4% in December 2024 to 1.1% in January 2025. The primary driver was an increase in beef prices by 1.8%, attributed to a decline in red meat production. Prices for poultry increased by 0.6%, horse meat by 0.4%, and pork by 0.2%.

Bakery products and cereals also experienced price growth in January 2025, with an overall increase of 0.4%. Within this category, bread prices rose by 0.8% and flour prices by 0.4%. At the same time, declines were recorded for buckwheat (-1.5%), rice (-0.6%), as well as oatmeal and millet (-0.1%).

Internal and external food prices

The FAO food price index decreased by 1.6% mom in January 2025, while price growth slowed to 6.2% year-on-year. Prices for all types of food, except grain and dairy products, have decreased. At the same time, there was a convergence of international and domestic prices for grain and vegetable oils. The price differential has been expanded for sugar and meat.

Graph 5. Cereals, bakery products and cereals, flour, 2019 Dec. = 100



Source: BNS ASPR, UN FAO, calculations of the NB RK ²

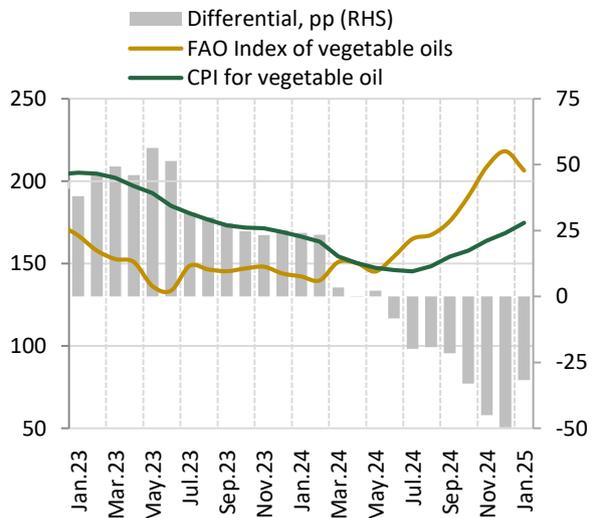
In January 2025, global prices for vegetable oils decreased by 5.6% compared to the previous month (in US dollars). The cost of palm and rapeseed oils has decreased due to limited demand. Sunflower oil quotes remained unchanged. At the same time, the annual price growth continued (by 24.9% YoY).

A significant decrease in world prices and an increase in domestic prices led to a reduction in the price differential for oils (Graph 6).

In January 2025, global grain prices (in US dollars) increased slightly (by 0.3%) due to higher prices for corn. Wheat prices remained unchanged, while rice prices decreased. The increase in corn prices was facilitated by a reduction in supply and unfavorable conditions in Argentina, as well as a downward revision of forecasts for corn production and stocks in the United States. In annual terms, grain prices decreased by 9.3%.

Meanwhile, in January 2025, the price differential between external grain prices expressed in tenge and domestic prices for a group of bakery products and cereals decreased slightly, including due to the depreciation of the nominal exchange rate of tenge (Chart 5).

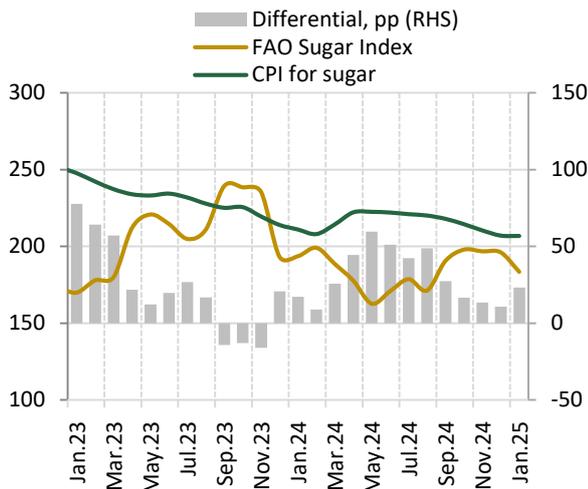
Graph 6. Vegetable oils, 2019 Dec. = 100



Source: BNS ASPR, UN FAO, calculations of the NB RK

² Here and in the following graphs 6,7,8 calculations are made using the average monthly exchange rate of tenge to the US dollar.

Graph 7. Sugar, 2019 Dec. = 100



Source: BNS ASPR, UN FAO, calculations of the NB RK

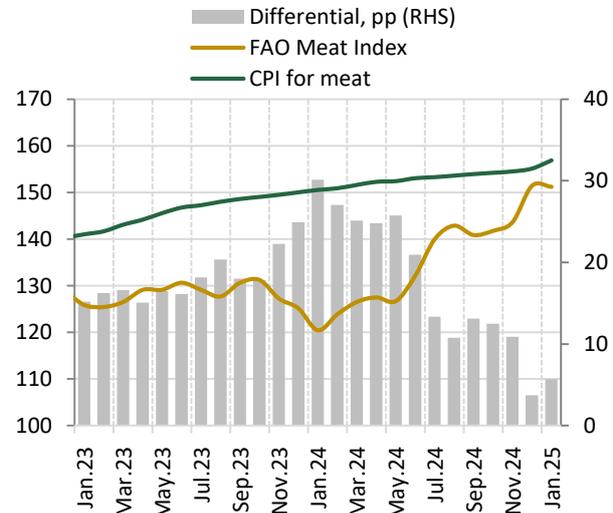
Global sugar prices in January 2025 decreased by 6.8% compared to the previous month (in US dollars). The price decrease is due to favorable supply forecasts on the global market from Brazil and India. In annual terms, the decline in sugar prices continued (by 18.5% YoY).

A significant reduction in the price of sugar on the world market with an increase in domestic sugar prices led to an expansion of the price differential (Graph 7).

Global meat prices decreased by 1.4% compared to the previous month (in US dollars), but remain higher than last year (an increase of 8.1% YoY). This was due to lower prices for, pork, and poultry meat. At the same time, there was an increase in the price of beef against the background of high demand.

In January 2025, the price differential between domestic and foreign meat prices, expressed in tenge, widened again. This was facilitated by the multidirectional dynamics of meat prices in January – an increase in domestic prices with a decrease in external meat prices (Graph 8).

Graph 8. Meat, 2019 Dec. = 100



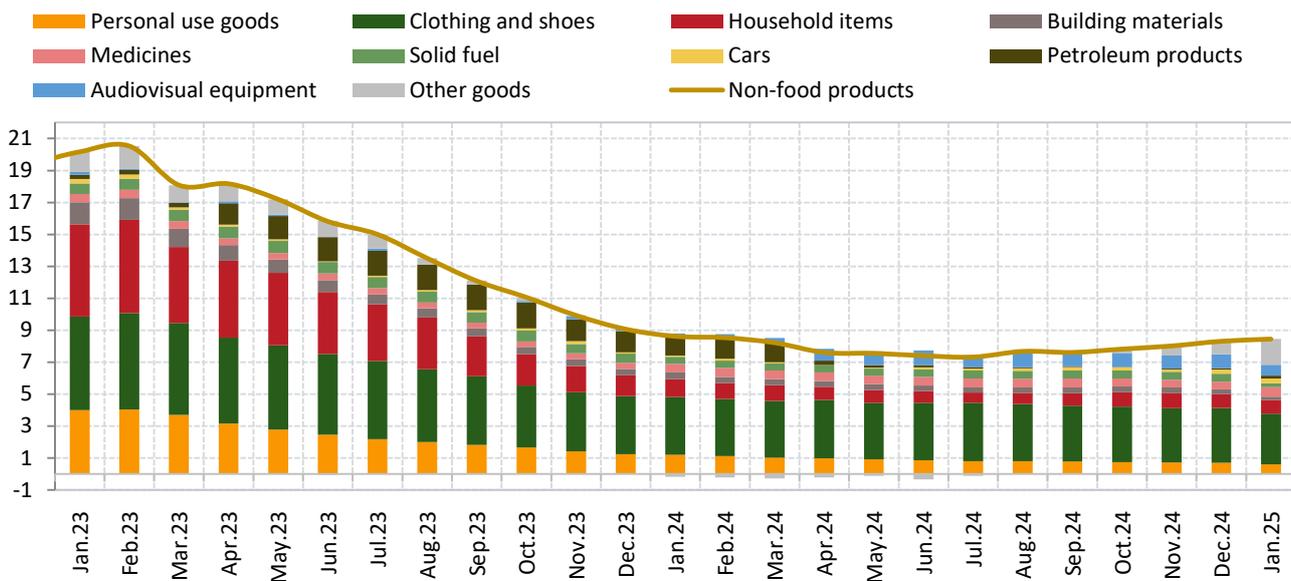
Source: BNS ASPR, UN FAO, calculations of the NB RK

Non-food inflation

In January 2025, the annual growth rate of non-food prices accelerated to 8.4%, surpassing the December 2024 figure of 8.3%. Within the non-food category, there was an acceleration in the annual price growth of household appliances, jewelry and watches, automobiles, pharmaceuticals, medical equipment, and devices.

At the same time, disinflation was observed in tools and devices used in households and gardening, audiovisual equipment, construction materials, and solid fuels. Furthermore, some product groups, such as glassware and personal electrical devices, experienced annual deflation (Graph 9).

Graph 9. Contribution of goods to annual non-food inflation, %



Source: BNS ASPR RK, calculations of the NB RK

In January 2025, the monthly price growth for non-food goods slowed to 0.6%, down from 0.8% in December 2024. This deceleration was influenced by a restraining effect from several product categories. The price growth rates for tools and devices used in households and gardening (-1.7%), as well as goods and services for household maintenance (-0.2%), turned negative, exerting downward pressure on the non-food goods segment.

At the same time, the monthly price growth for furniture and household items slowed from 1.2% in December 2024 to 0.1% in January 2025, and for petroleum products, from 0.3% to 0.1%. Personal electrical goods and audiovisual equipment showed no change in monthly prices, further restraining non-food price inflation.

However, some product categories contributed to upward pressure on non-food inflation. For example, after a prolonged decline, the price growth for household appliances and glassware accelerated to 3.9% and 0.8%, respectively. Increased monthly price growth was also observed for automobiles (2.4%), solid fuels (1.1%), construction materials (0.6%), and materials for clothing production (0.5%).

Service inflation

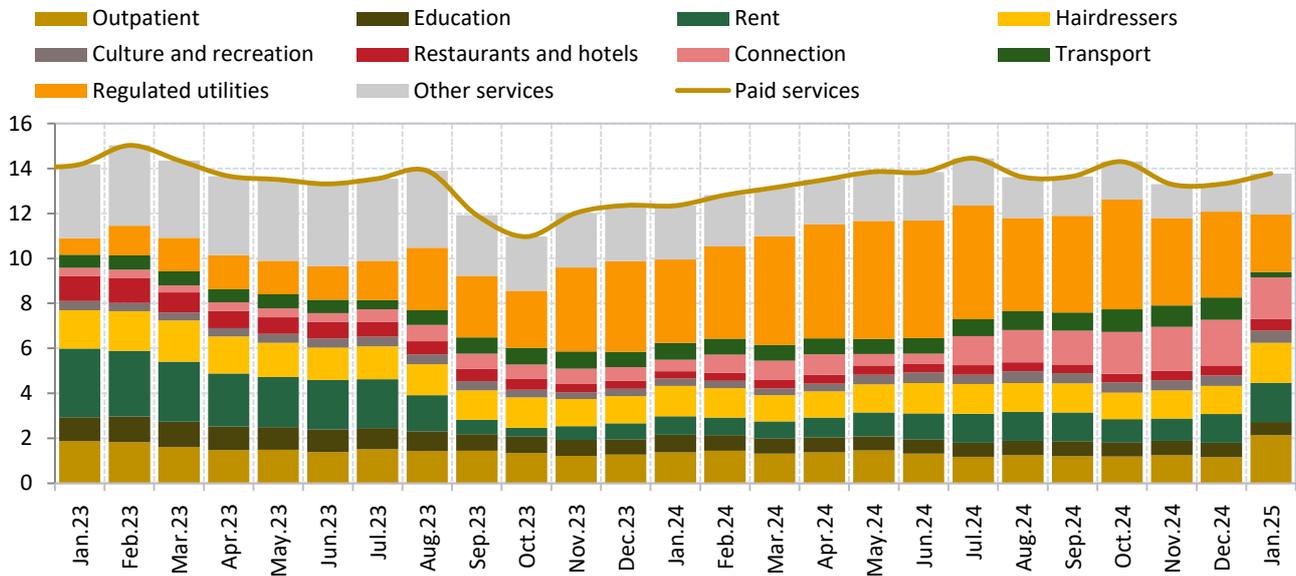
In January 2025, the annual growth rate of service prices accelerated to 13.8%. The acceleration in price growth was driven by the annual increase in prices for outpatient services, hairdressing and personal care services, housing rent, catering services, and the organization of integrated recreation (Graph 10).

On a monthly basis, the price growth rate also accelerated, reaching 1.1%. Among market services, significant price increases were observed in specific categories. For instance, the cost of financial services rose by 5.7%, driven by higher fees for money transfers (6.5%), payments (6.1%), and card maintenance (2.5%). There was also an increase in insurance service prices (3.7%), particularly for automobile insurance services (6.5%). Outpatient services also became more expensive in January 2025, rising by 2.4%, following changes in tariffs for medical services provided under the guaranteed volume of free medical care and the mandatory health insurance system³.

³ [On approval of tariffs for medical services provided within the framework of the guaranteed volume of free medical care and in the system of compulsory social medical insurance.](#)

At the same time, the monthly price growth for integrated recreation services slowed (from 5.5% in December 2024 to 1.1% in January 2025), as well as for hotel services (from 3.1% to 0.3%) and catering services (from 2% to 0.6%).

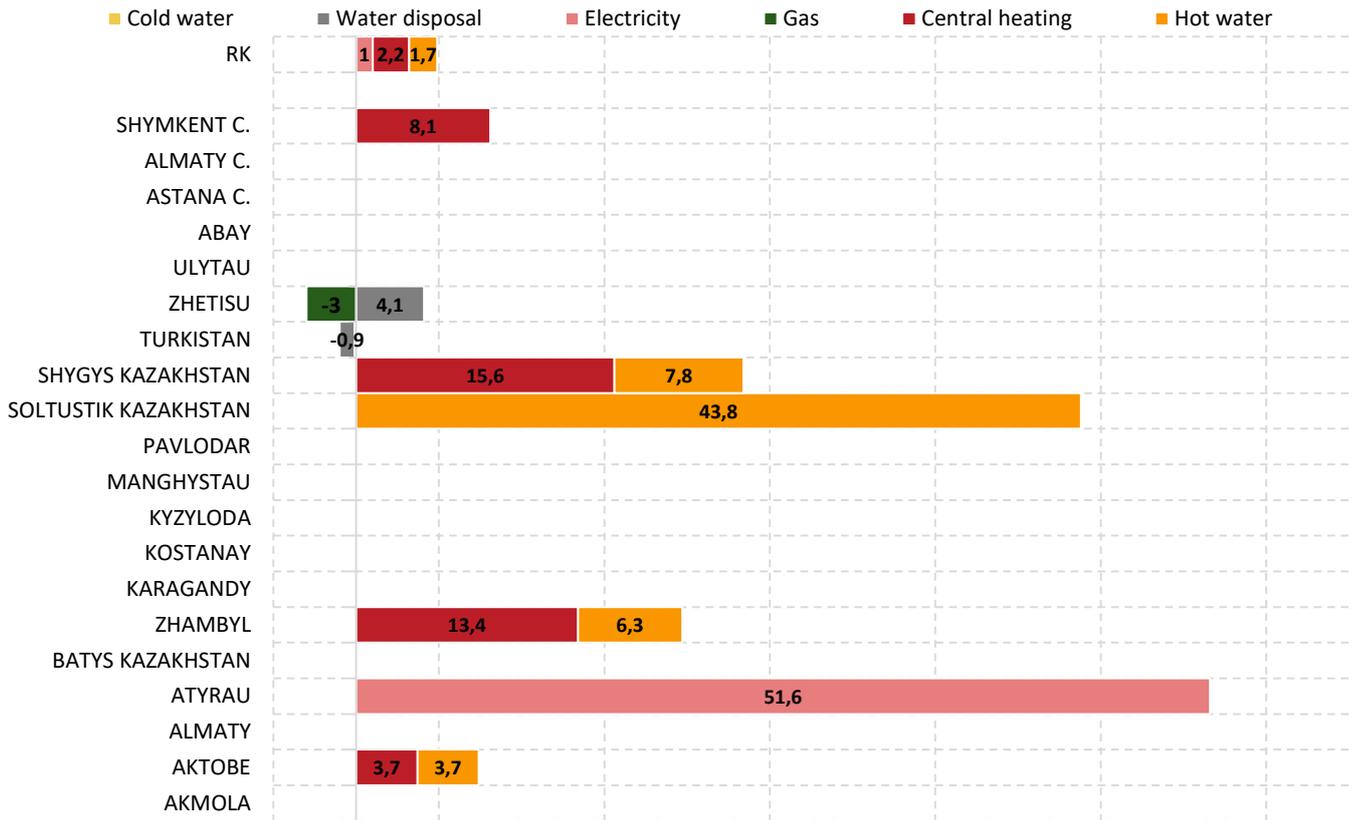
Graph 10. Contribution of services to the annual inflation of paid services, %



Source: BNS ASPR RK, calculations of the NB RK

In January 2025, the monthly growth rate of regulated housing and utility tariffs remained unchanged at 0.9% (with an annual increase of 21.6%) (Graph 11). The largest increase in January was recorded in central heating tariffs, which rose by 2.2%. Tariffs for hot water (1.7%) and electricity (1%) also increased. At the same time, the cost of services such as cold water, wastewater, and gas remained unchanged, which exerted a restraining effect on the overall growth of housing and utility tariffs.

Graph 11. Growth of prices for regulated housing and communal services by region, January 2025, m/m, %

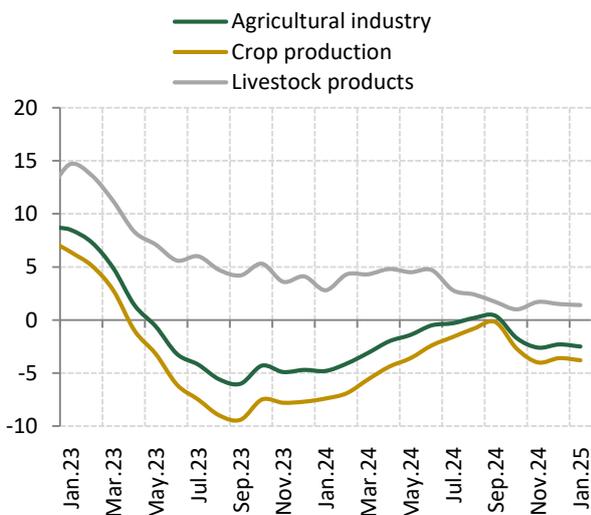


Source: BNS ASPR RK

Producer Prices

In January 2025, producer prices for agricultural products continued to decline due to the reduction of wheat prices. The rise in producer prices for food products remains moderate. In the services sector, tariffs for freight transportation by rail and air continued to increase. Real estate prices and rental rates also continued to rise.

Graph 12. Prices in agriculture, %, y/y



Source: BNS ASPR RK

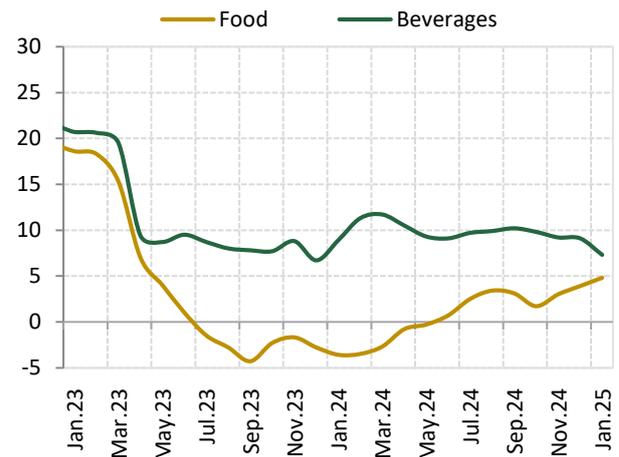
In January 2025, the decline in crop production prices continued, mainly due to the reduction of wheat prices following a high grain harvest in 2024. There was also an annual decrease in prices for cabbage, carrots, oats, and buckwheat.

The growth of producer prices in livestock farming remains moderate. Despite cheaper feed grain, production costs related to the maintenance of livestock continue to exert upward pressure on producer prices (Graph 12).

In the manufacturing industry, the growth of producer prices for food products accelerated (Graph 13). There was an increase in the cost of vegetable oils and fats (up by 9.6% y/y), dairy products (up by 5.3% y/y), meat products (up by 6.8% y/y), and flour and cereal products (up by 5.3% y/y). On the other hand, producer prices for ready-made animal feed continued to decline.

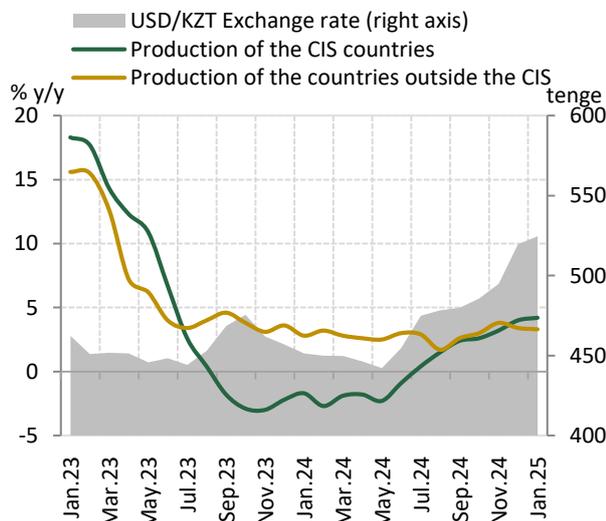
The increase in tariffs for electricity and water supply, as well as higher costs for transportation and storage services, contribute to rising production costs in the sector, which is reflected in the dynamics of producer prices.

Graph 13. Producer prices for food products, % y/y



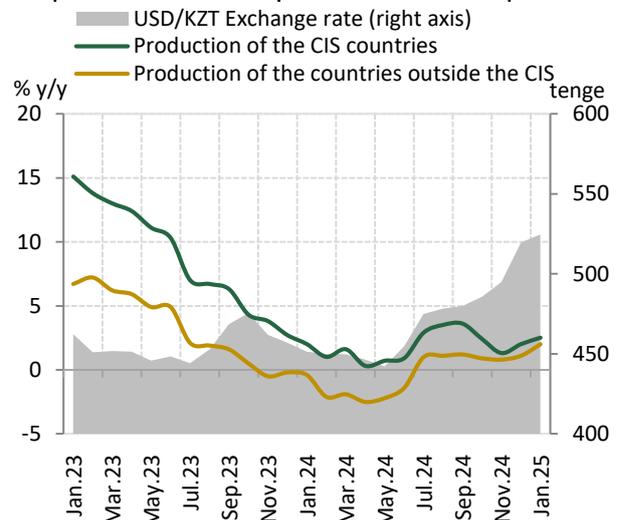
Source: BNS ASPR RK

Graph 14. Wholesale prices for food products



Source: BNS ASPR RK

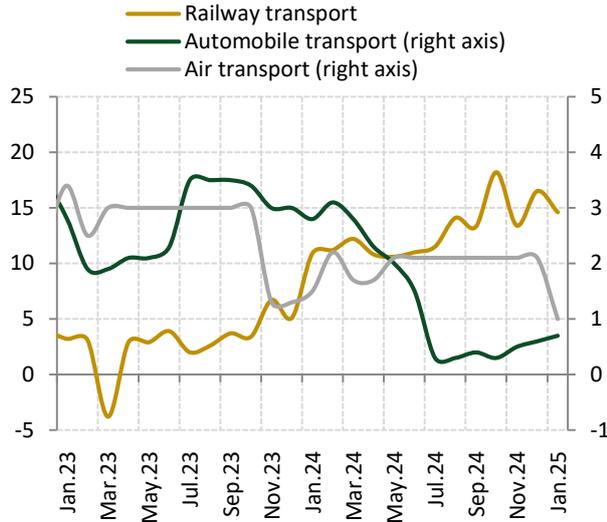
Graph 15. Wholesale prices for non-food products



Source: BNS ASPR RK

In January 2025, the rise in wholesale prices for food products continued, driven by the increased cost of goods produced in CIS countries (Graph 14). Among food products, the following became more expensive: sunflower oil, nuts, coffee, spices, sugar, confectionery, and bakery products. Among products produced outside the CIS, cocoa and spices became more expensive. In the structure of non-food products, prices for imported textiles from CIS countries, pharmaceutical products, and cars manufactured outside the CIS continued to rise (Graph 15).

Graph 16. Tariffs for cargo transportation, %, y/y

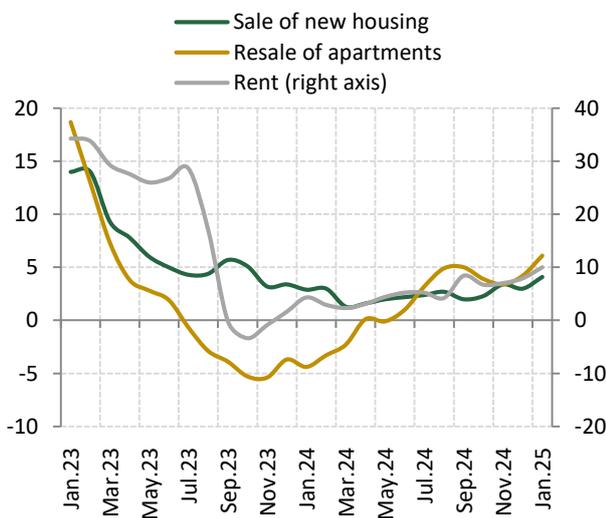


Source: BNS ASPR RK

In January 2025, the growth rate of freight transport tariffs was 14.6% y/y. The tariff increase is occurring amid the renewal of the wagon fleet and higher wages for employees.

The cost of air freight transportation slightly slowed to 1.0% y/y, whereas the cost of road freight transportation increased by 0.7% y/y (Graph 16).

Graph 17. Prices on the real estate market, %, y/y



Source: BNS ASPR RK

In the real estate market, there was an increase in new housing prices across the country (up by 4.1% y/y), except in Atyrau, where prices declined by 4.1% y/y. The highest increases in new housing prices were observed in the cities of Pavlodar, Aktobe, and Kokshetau.

Prices in the secondary real estate market increased by 6.1% y/y, with the highest growth in Atyrau (17.3% y/y). Price declines were recorded in the cities of Ust-Kamenogorsk, Karaganda, Uralsk, and Almaty (down by 3.3%, 1.6%, 0.7%, and 0.4% y/y, respectively). Meanwhile, rental prices rose by 10% y/y (Graph 17).