



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

Bulletin on the FX Market

Astana

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As of the end of February, the tenge strengthened by 3.7%, reaching 499.09 tenge per US dollar. The average daily trading volume on the Kazakhstan Stock Exchange increased from 227 to 237 million US dollars over the course of the month, contributing to a total trading volume of 4.7 billion US dollars.

Foreign currency sales from the National Fund amounted to \$600 million in February, enabling the allocation of transfers to the republican budget. The share of sales from the National Fund accounted for 13% of the total trading volume, or approximately \$30 million per day.

Looking ahead to March, based on preliminary government forecasts for transfers to the republican budget, the National Bank anticipates foreign currency sales from the National Fund ranging between 700 and 800 million US dollars.

In January, the National Bank decided to implement a mirroring mechanism to achieve monetary neutrality, which involves selling US dollars on the domestic foreign exchange market in an amount equivalent to the issuance of tenge resulting from gold purchases from domestic gold mining companies. As part of this decision, 250 billion tenge was sterilized in February. In March, foreign currency sales equivalent to approximately 250 billion tenge are expected for these purposes.

While managing transactions involving the National Fund assets and while implementing mirroring mechanism, the National Bank followed the principle of market neutrality, ensuring a consistent and even-handed approach to foreign currency sales.

There were no currency interventions conducted by the National Bank in February.

Considering the introduction of the requirement for the mandatory sale of a share of foreign exchange earnings by quasi-government sector entities, the National Bank is resuming the publication of this information. Under this requirement, the volume of foreign exchange earnings sold by quasi-government sector entities in the past month amounted to approximately USD 274 million.

Last year, the foreign currency share of UAPF pension assets was gradually increased to 40%. To diversify and enhance the returns of UAPF pension assets through investments in foreign markets, the National Bank intends to maintain the foreign currency share at around 40%. Due to the appreciation of the tenge and incoming pension contributions, the current foreign currency share of UAPF pension assets has fallen below this level.

In this regard, the National Bank is resuming the purchase of US dollars for the UAPF pension assets portfolio. The planned purchase volume in March is up to USD 250 million, with purchases to be carried out based on market conditions. It should be noted that, as the asset manager of UAPF pension assets, the National Bank aims to ensure their preservation and generate real returns over the long term.

The National Bank remains committed to transparency and will continue to fully disclose information on foreign exchange market operations. In the short term, the trajectory of the tenge will be driven by market expectations, quarterly tax payments, global market conditions, and

geopolitical developments. The National Bank reaffirms its dedication to the flexible exchange rate regime aimed at preventing imbalances and safeguarding gold and foreign exchange reserves.

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