



NATIONAL BANK OF KAZAKHSTAN

## PRESS RELEASE

### Base rate increased to 16.5%

March 7<sup>th</sup>, 2025

Astana

The Monetary Policy Committee of the National Bank of Kazakhstan has decided to set the base rate at **16.5%** with a corridor of +/-1 percentage point. The decision was made based on an analysis of the actual data, updated forecasts and an assessment of inflation risks balance.

Significantly softened monetary and credit conditions, in which the current price growth rates reach high levels, required active and effective measures to reduce the risks of an inflationary spiral.

**All inflation metrics are on the rise. Annual inflation accelerated to 9.4% in February.** Acceleration in the rate of price growth is observed across all components, with the largest contribution coming from high growth in prices for services. Monthly inflation increased significantly in February, significantly exceeding the average historical dynamics. Monthly core and seasonally adjusted inflation (14.2% and 16.9%, respectively, in February in annual terms) indicate a significant increase in domestic demand pressure in the context of ongoing fiscal stimulus and continued overheating in consumer lending (33.5%, YoY by the end of 2024). Along with this, inflation expectations of the population in February again increased to 13.7%.

**Pressure on prices from the external sector has increased** due to further acceleration of inflation in Russia. Global food prices are still high, despite a slight decrease since December 2024. Global price growth remains steady at the moment. Inflationary and geopolitical risks persist, leading to tighter monetary policy and more restrictive stance from central banks.

In the baseline scenario, the **price of Brent crude oil** is maintained at an average of \$70 per barrel until the end of the forecast period. The scenario conditions are formed taking into account the actual price dynamics and the expected excess of supply over demand on the oil market.

**The inflation forecast for the coming years has been increased taking into account new factors.** In **2025**, it is expected to be within **10-12%**, in **2026 – 9-11%**. By the **end of 2027**, inflation will decrease to **5.5-7.5%** as a result of a restrictive monetary policy and a reduction in fiscal stimulus as a result of the planned tax reform.

The higher forecast for the 2025-2027 period is associated with the growth of external inflationary pressure, higher fuel prices, higher VAT rates, and continued reforms in the housing and utilities sector. The main risks of the forecast are further growth of pressure from domestic demand, acceleration of inflation in Russia, and failure to anchor inflation expectations. In addition, uncertainty remains regarding the actual rate of increase in fuel prices, fiscal discipline (the practical implementation of plans to reduce withdrawals from the National Fund), as well as the implementation of secondary effects from the growth of regulated prices and the increase in VAT.

**Forecasts for Kazakhstan's economic growth in 2025 and 2026 have been slightly reduced to 4.2-5.2%.** The revision was caused by a number of factors, including a reduction in the Government's forecast for oil production. At the same time, the positive dynamics of domestic demand amid the recovery of the oil sector will support economic growth in 2025-2026. In 2027, amid fiscal consolidation, GDP growth will be close to potential values – in the range of up to 4.5%. At the same time, actual growth may be slightly higher given the successful implementation of structural reforms

planned by the Government, including increasing investment in fixed assets, attracting foreign direct investment and liberalizing the economy.

**A significant acceleration of current and projected inflation processes has led to a significant deviation of inflation from the target and has softened aggregate monetary and credit conditions. In this regard, the current decision required an increase in the base rate.** This measure will help to stabilize short-term and long-term inflation expectations, prevent the consolidation of the trend towards accelerating price growth, and prevent the inflationary spiral from unwinding. Today's decision is intended to preserve the purchasing power and protect the savings of the population, as well as support market participants' confidence in tenge assets.

The current decision on the base rate is made to avoid the need for a more significant rate hike in the future. This decision will support inflation's return to a sustainable downward trajectory toward the target in the medium term. Achieving low inflation will ensure socio-economic stability, financial sector resilience, and serve as a foundation for attracting investments, as well as fostering sustainable and high-quality economic growth.

The National Bank will assess the sufficiency of the rigidity of aggregate monetary conditions to slow down inflationary processes and will continue to carefully analyze incoming economic information. Further decisions on the base rate will depend on whether the actual dynamics of inflation correspond to its forecast trajectory and the overall balance of risks to price stability.

More complete information about the factors of the decision and forecasts will be presented in the Monetary Policy Report on the official Internet resource of the National Bank<sup>1</sup> on March 17, 2025. The next planned base rate decision of the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan will be announced on April 11, 2025 at 12:00 Astana time.

---

<sup>1</sup> <https://www.nationalbank.kz/ru/page/obzor-inflyacii-dkp>

**Key forecast parameters  
of the National Bank according to the baseline scenario**

	2025	2026	2027
<b>Forecast conditions</b>			
<b>Price of Brent crude oil,</b> US dollars per barrel on average per year	<b>73,0</b> (70,0)	<b>70,0</b> (70,0)	<b>70,0</b>
<b>Forecast</b>			
<b>GDP Growth</b> %, y/y	<b>4,2-5,2</b> (4,5-5,5)	<b>4,2-5,2</b> (4,6-5,6)	<b>3,5-4,5</b>
<b>CPI</b> %, Dec. to Dec. of previous year	<b>10-12</b> (6,5-8,5)	<b>9-11</b> (5,5-7,5)	<b>5,5-7,5</b>
<b>Current account,</b> % of GDP	<b>-2,8</b> (-2,7)	<b>-3,2</b> (-2,7)	<b>-2,8</b>

**Detailed information for the media representatives is available upon request:**

+7 (7172) 775 210

e-mail: [press@nationalbank.kz](mailto:press@nationalbank.kz)

[www.nationalbank.kz](http://www.nationalbank.kz)