NATIONAL BANK OF KAZAKHSTAN

INFLATION EXPECTATIONS

FEBRUARY 2025

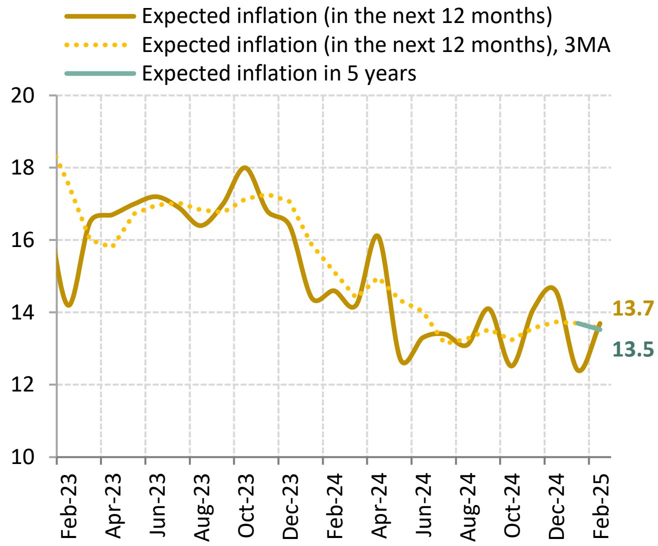
The inflation expectations of the population on the 1-year horizon increased again, amounting to 13.7% in February 2025 against the accelerating actual inflation and the news background, in particular, the news about the planned increase in VAT and the deregulation of the fuel and lubricants market. At the same time, the smoothed indicator has shown some stabilization in recent months, being at the level of long-term inflation expectations.

Households` inflation expectations

In February 2025, the median estimate[1] of expected inflation for the next 12 months increased to 13.7% (January 2025 – 12.4%).

The acceleration of annual inflation and the news about the planned increase in VAT and the abolition of fuel price ceiling shifted the structure of respondents' responses towards higher expectations of price increases. On the other hand, the inflation expectations in February 2025 were also formed against the background of a strengthening of the nominal exchange rate of tenge.

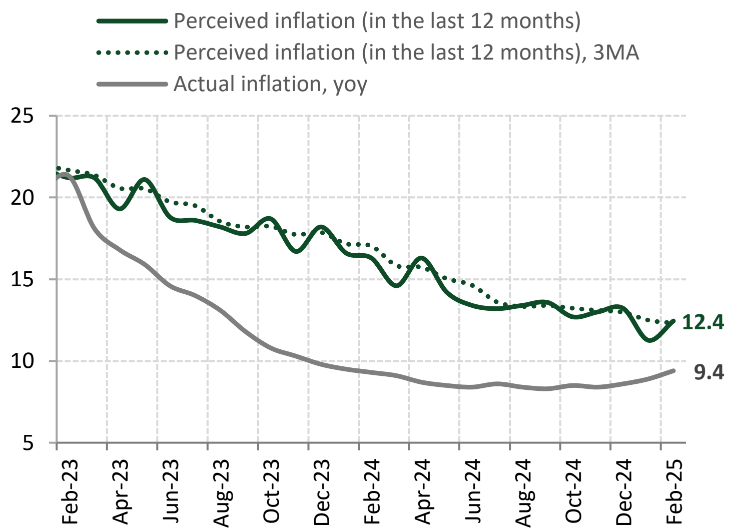
Figure 1. Respondents' inflation expectations, %



Source: Results of the population survey, Fusion Lab

At the same time, despite the volatility of inflation expectations, the smoothed three-month indicator of inflation expectations in recent months has shown stabilization at about 13.6%. At the same time, the median estimate of expected inflation in 5 years in February 2025 was 13.5% (January 2025 – 13.7%).

Figure 2. Respondents' perceived inflation and actual inflation, %



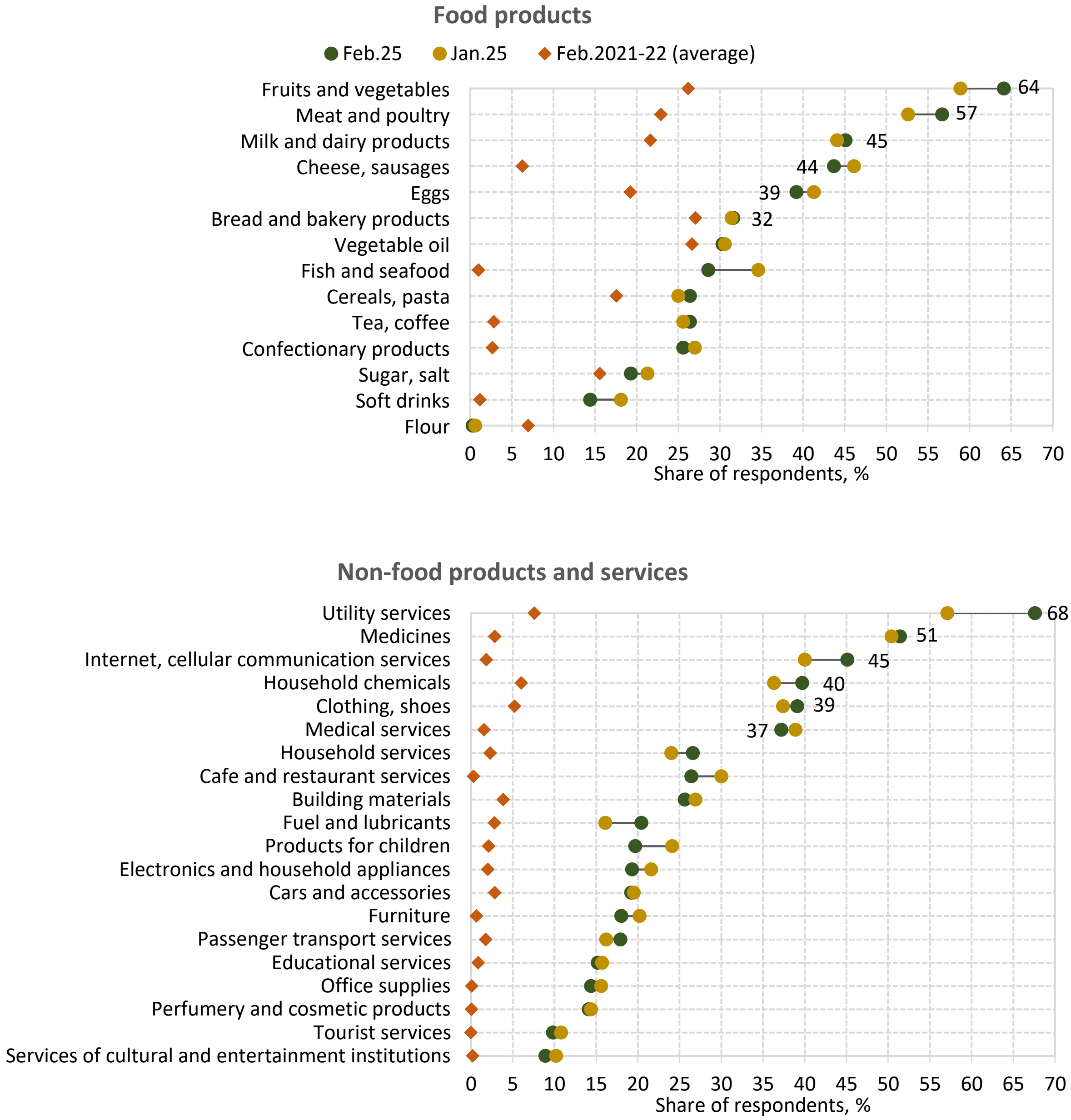
Source: Results of the population survey, Fusion Lab, BNS ASPR RK

The median estimate of perceived inflation over the past 12 months also increased in February 2025 to 12.4% (January 2025 – 11.3%) (Figure 2).

The share of respondents who noted an increase in food prices decreased to 79.7% in February 2025 (80.7% in January 2025). At the same time, the share of those who noted an increase in prices for services increased to 8.1% (6.3%).

In February 2025, the largest number of respondents among food products noted an increase in prices for fruits and vegetables, meat and dairy products. In the structure of non-food products, the population pointed to an increase in the cost of medicines, household chemicals, clothing and footwear. Among paid services, respondents most noted an increase in prices for housing and utility services, Internet and mobile services, and medical services (Figure 3).

Figure 3. Frequently mentioned goods and services



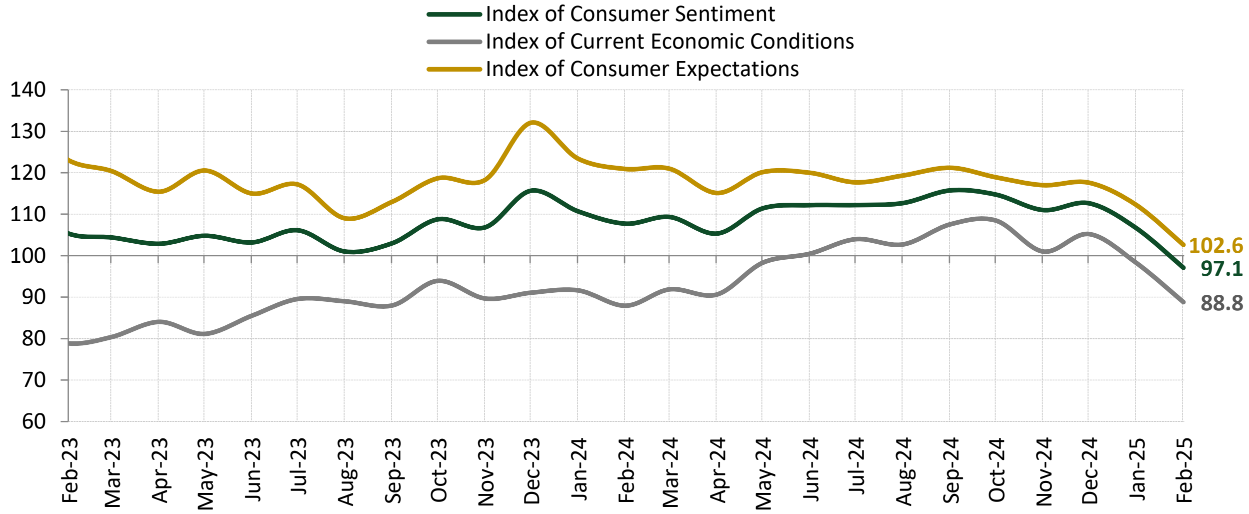
Source: Results of the population survey, Fusion Lab

Consumer sentiment of the population

The consumer sentiment index in February 2025 decreased to 97.1 (January 2025 – 106.7) (Figures 4,5,6). In the estimates of expectations, the assessment of the country's development prospects in the coming year and the next five years decreased. The assessment of changes in personal financial situation in the coming year has also decreased.

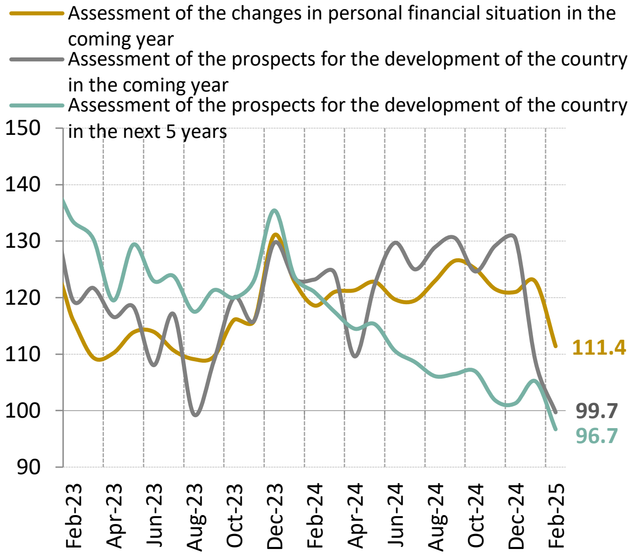
At the same time, personal financial situation indicators have decreased over the past year, as well as readiness for large purchases.

Figure 4. Index[2] of Consumer Sentiment



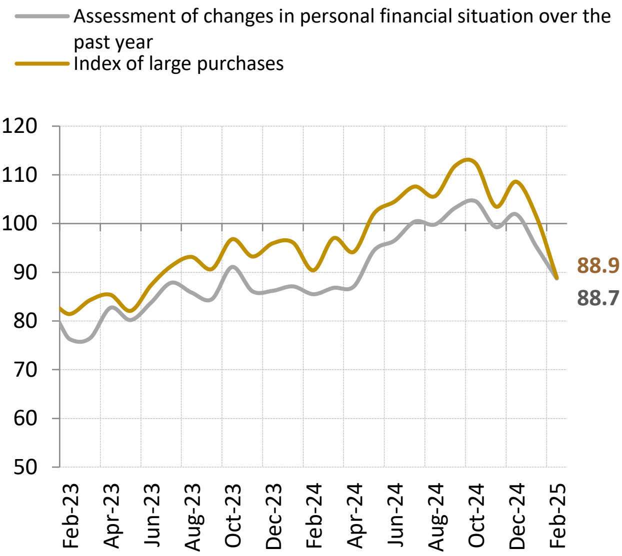
Source: Results of the population survey, Fusion Lab

Figure 5. Consumer Expectations



Source: Results of the population survey, Fusion Lab

Figure 6. Current Conditions



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?».

Since January 2025, median estimates of expected and perceived inflation have been calculated using 2–4 percentage point intervals, whereas previously, a 4 percentage point interval was applied.

[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.