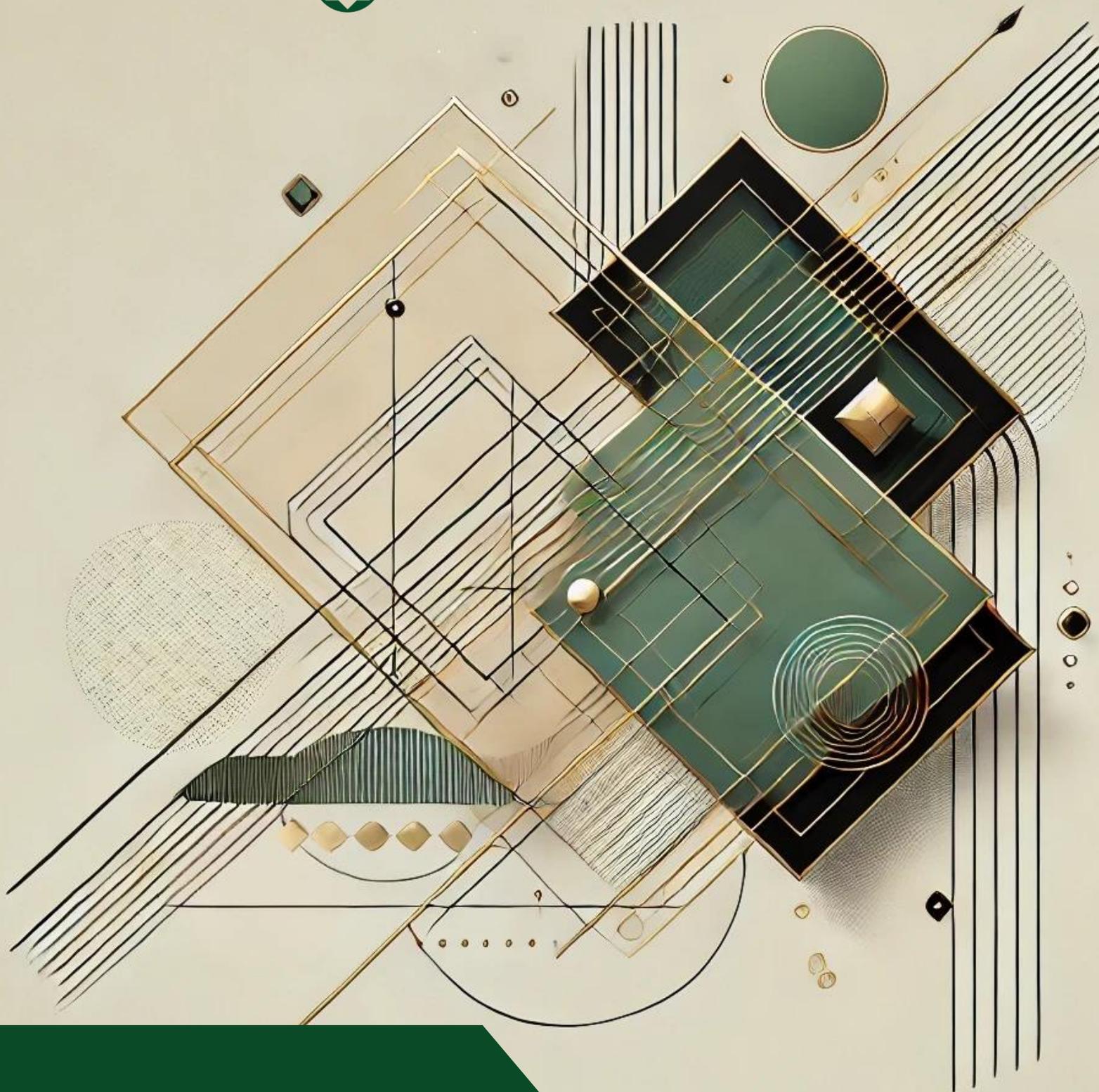




NATIONAL BANK OF KAZAKHSTAN



INFLATION TRENDS

April 2025

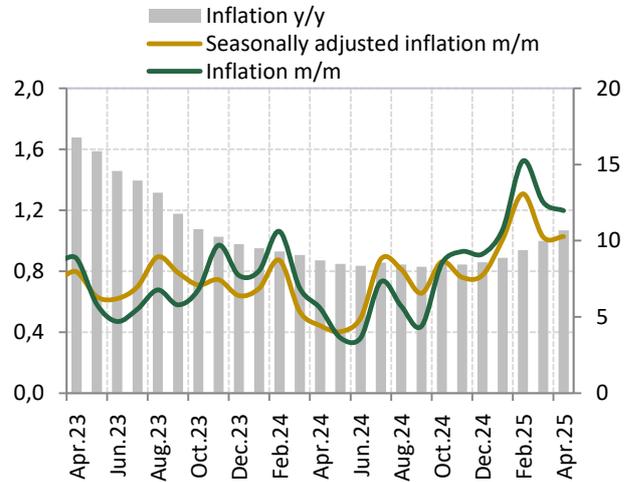
Annual inflation accelerated to 10.7%. Prices for food and services increased. The growth rate of prices for non-food goods slowed down. Accelerating producer price growth in manufacturing and crop production, combined with steady domestic consumer demand, is creating significant pressure on prices. An additional source of pressure remains global food prices, which have reached their highest levels in the past two years.

In April, annual inflation continued to accelerate for the fifth month in a row and reached 10.7%. The main contributors were higher prices for certain food products and market-based services. In contrast, the pace of non-food price growth slightly slowed. Meanwhile, the rate of price growth for non-food goods slightly slowed down.

Monthly inflation, despite slowing down, remains elevated at 1.2%. Seasonally adjusted inflation, as in the previous month, amounted to 1%.

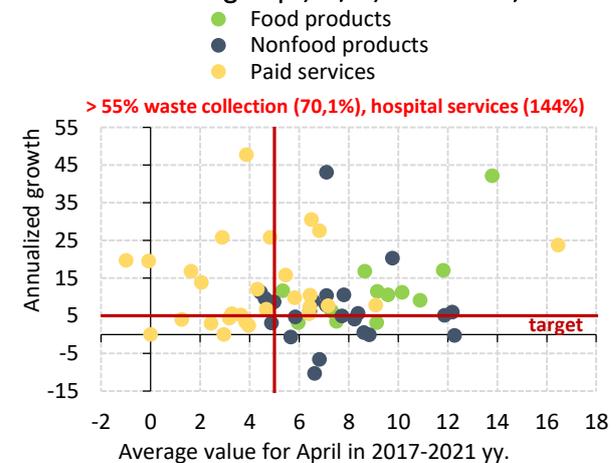
Seasonally adjusted price growth rates for food and non-food goods slowed down, while service inflation, on the contrary, accelerated. Compared to the previous month, the seasonally adjusted inflation in food prices slowed from 1.3% to 0.8%, and for non-food goods from 0.7% to 0.5%. The rate of price growth for services rose from 1% to 1.8%. Taking seasonal adjustment into account, there was a significant increase in prices for vegetables, meat, hospital services, hairdressing, catering, telecommunications, and outpatient services

Graph 1. Inflation indicators, %



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

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.

The median estimate of seasonally adjusted core inflation, calculated using various methods, amounted to 0.9% month-on-month, the same as in the previous month¹. At the same time, core inflation trimmed by 10% slowed to 0.8%, while the measure excluding the eight most volatile components accelerated to 1%. This indicates a significant increase in the prices of certain goods, for which such dynamics are uncharacteristic based on historical trends.

Food inflation

In April, annual food inflation accelerated to 8.5% compared to 7.6% in March. Monthly inflation slowed to 1.1% but remains elevated. Seasonally adjusted inflation slowed to 0.8%. The largest price increases in April were recorded for vegetables, fruits, meat, fish and seafood, as well as sugar.

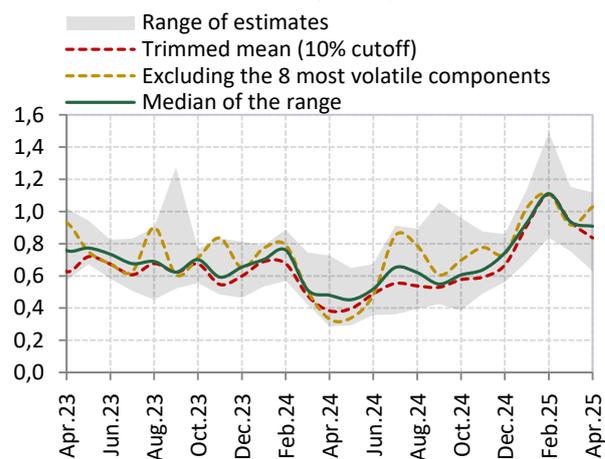
Monthly rate of price growth for meat reached 1.4% in April, which is linked to rising producer prices in agriculture. While at the end of 2024 and the beginning of 2025 the increase in consumer prices was mainly driven by more expensive beef amid reduced supply, there is now also a recorded rise in prices for horse meat and lamb, which is associated with higher agricultural producer prices.

In April, the growth rate of vegetable prices slowed to 2.8%, but remains high for this time of year. This is due to the low gross harvest in 2024, as well as rising producer prices for certain types of vegetables. The most significant monthly price increases were recorded for white cabbage – up 20.2%, beets – 11.7%, onions – 11.5%, and potatoes – 7.1%. At the same time, prices for cucumbers fell by 14.3%, and for tomatoes – by 5%.

Sugar prices rose by 2.2% in April amid high dependence on imports from Russia and the strengthening of the Russian ruble. The increase in sugar prices has been observed since February 2025, when the ruble began to strengthen. According the Bureau of National Statistics, by the end of 2024, the share of Russian imports in Kazakhstan’s supply of refined white sugar amounted to 74%.

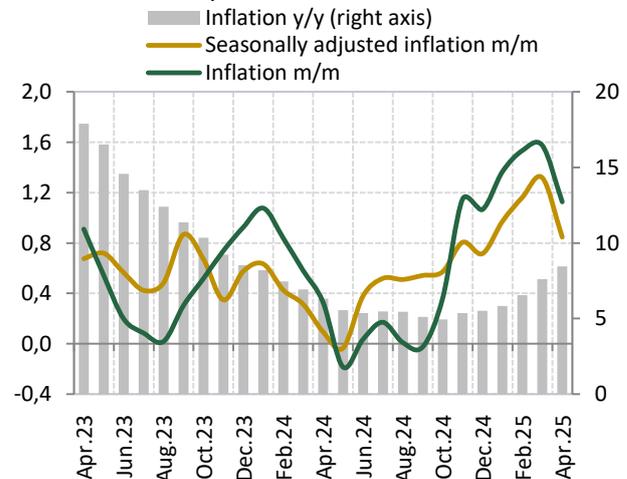
Despite slowing compared to the previous month, the growth rate of fruit prices remains high at 1.6%. Taking the seasonal factor into account, the price growth for fruits was moderate (0.4%), indicating that the increase is mainly seasonal in nature. The largest price rises were for lemons – up 7.1%, grapes – 6.5%, and apples – 2.1%. At the same time, the rate of price growth for bananas slowed to 0.3% from 14.5% in March. Downward pressure on fruit inflation came from deflation in oranges (-2%), pears (-0.4%), and dried fruits (-0.1%).

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



Source: BNS ASPR RK, calculations of the NB RK

Graph 4. Food inflation, %



Source: BNS ASPR RK, calculations of the NB RK

Domestic and International Food Prices

The situation in the global food market shows signs of deterioration. In April, the FAO Food Price Index rose by 1% compared to the previous month, with an annual increase of 7.6%. The main contributors to the index's growth were rising prices for cereals, meat, and dairy products, while declines in sugar and vegetable oil prices partially offset the overall increase. A significant influence on current price dynamics comes from U.S. trade policy, which has heightened exchange rate volatility and raised concerns about future demand prospects.

Cereal prices rose by 1.2% in April compared to March, while remaining 0.5% lower year-on-year. The increase covered all major crops – wheat, corn, coarse grains, and rice. This growth was driven by reduced exports from Russia, exchange rate fluctuations (particularly the weakening of the U.S. dollar against the euro), improved demand expectations in Mexico following the easing of U.S. trade restrictions, and sustained global demand.

The rise in global meat and dairy prices was supported by steady demand and limited supply from key producers. Meanwhile, the decline in vegetable oil and sugar prices reflected the recovery of export flows and higher-than-expected harvests in Brazil.

The gap between domestic and international prices remains significant for cereals, despite a moderate slowdown in flour price growth and some weakening of the tenge. A negative differential also persists for meat and sugar. Prices for vegetable oils and dairy products continue to respond weakly to global trends, likely due to low levels of external trade and a high degree of self-sufficiency.

Table 1. Domestic and International Food Prices (Dec. 2019 = 100)

	2024		2025		
	April	December	February	March	April
Cereal (FAO)	133,5	155,1	152,7	146,4	153,2
CPI for flour	193,2	199,2	200,4	200,9	198,7
Differential, p.p.	59,7	44,0	47,6	54,4	45,5
Vegetable oil (FAO)	150,3	216,6	203,0	207,2	209,2
CPI for vegetable oil	150,2	168,7	180,0	180,6	181,9
Differential, p.p.	0,1	31,6	23,1	26,5	27,3
Sugar (FAO)	177,8	195,0	188,7	183,1	182,7
CPI for sugar	222,2	207,0	209,4	215,9	220,6
Differential, p.p.	44,4	12,0	20,7	32,7	37,9
Meat (FAO)	127,4	152,1	144,7	143,7	153,2
CPI for meat	152,3	155,1	160,2	163,8	166,1
Differential, p.p.	24,9	3,0	15,5	20,1	12,9
Dairy products (FAO)	139,3	185,9	188,4	186,6	197,4
CPI for dairy products	177,6	181,4	181,8	182,4	183,3
Differential, p.p.	38,3	5,8	6,6	4,3	14,1

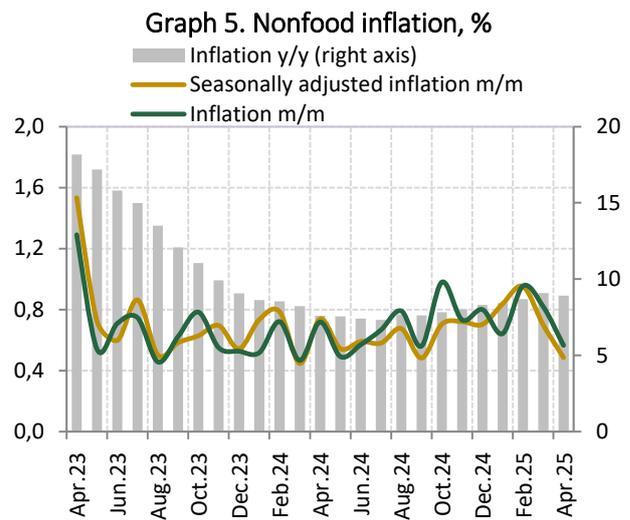
Source: BNS ASPR, UN FAO, calculations of the NB RK

Note: The table presents FAO food price indices converted into tenge using the average monthly exchange rate of the tenge to the US dollar. Red indicates that domestic prices exceed international prices (negative gap), while green indicates the opposite – international prices exceed domestic ones.

Nonfood inflation

The annual growth of prices for non-food goods slowed from 9.1% in March to 8.9% in April. A slowdown was also observed in monthly inflation (0.6%) and seasonally adjusted inflation (0.5%).

A slowdown in price growth was observed across a wide range of product categories. This trend is explained by the weakening impact of U.S. dollar exchange rate fluctuations on inflation, which were noted at the beginning of the year. As the pass-through effect of these shocks on consumer prices has faded, prices for imported goods have also stabilized, which affected the final prices of non-food goods. In April, a slowdown in the monthly growth rates of prices was recorded compared to previous months for medicines and medical equipment, furniture and household items, as well as a decrease in prices for household utensils, tools and equipment used in home and gardening, and audiovisual equipment.



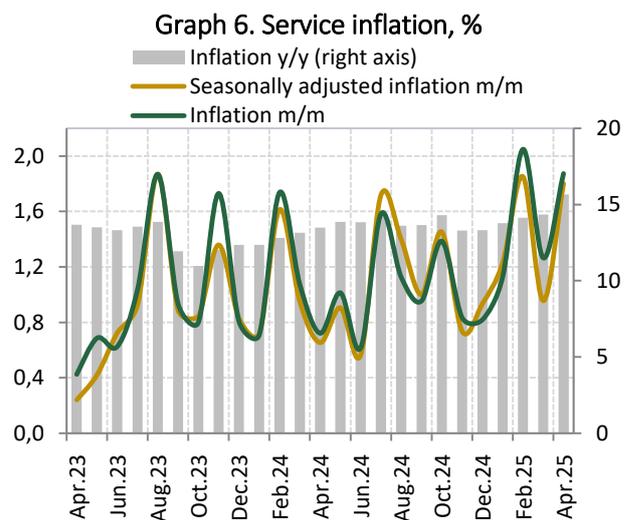
Source: BNS ASPR RK, calculations of the NB RK

Service inflation

In April, the annual growth of prices for paid services accelerated to 15.7% compared to 14.3% in March. Monthly inflation also rose significantly – to 1.9% from 1.3% the previous month. Seasonally adjusted growth amounted to 1.8% (1% in March).

The main contribution to the acceleration of service inflation came from rising prices for market services, including hospital services, waste removal, catering, hairdressing and personal care services, as well as outpatient services. This price growth in market services may reflect a pricing adjustment in response to the current acceleration of overall inflation, as well as the pass-through of heightened inflation expectations to consumers amid a persistently negative news backdrop.

The price increase for hospital services was particularly notable — a monthly growth of 8.2% marked the highest since 2011. This increase was localized and mainly occurred in the Turkistan region (21.4%). Prices for hairdressing and personal care services rose by 3.7% over the month — also the highest since 2011. The largest price increases were recorded in cities of republican significance.

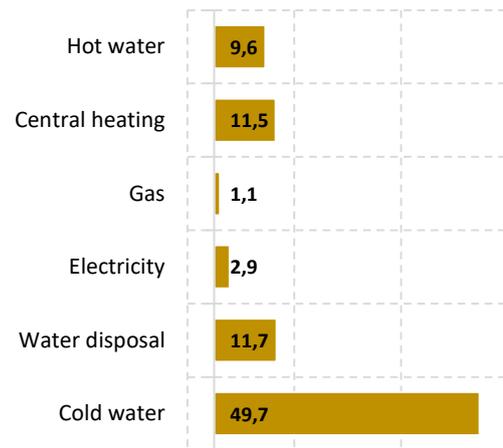


Source: BNS ASPR RK, calculations of the NB RK

In April, the contribution from rising prices for regulated housing and utility services was modest. Monthly growth rates of tariffs for regulated housing and utility services slowed to 0.2% compared to 4.4% in March. Annual growth also slowed from 25.6% to 24.5%.

In April, a slowdown in the growth rates of prices for certain regulated housing and utility services was observed: tariffs for wastewater disposal services rose by 0.9% (compared to 11.9% in March), and for water supply by 0.6% (15.2% in March). Tariffs for electricity, gas supply, and heat energy remained unchanged in April.

Graph 7. Growth of prices for regulated housing and communal services, Jan-Apr 2025 y. %



Source: BNS ASPR RK, calculations of the NB RK

Producer prices

Despite the decline in wheat prices, the increase in prices for certain types of agricultural products continues to exert additional pressure on the food production costs. Alongside domestically produced goods, the rise in final prices is also driven by higher costs of imported products. In April, the increase in prices for key agricultural products continued, raising the cost of food production.

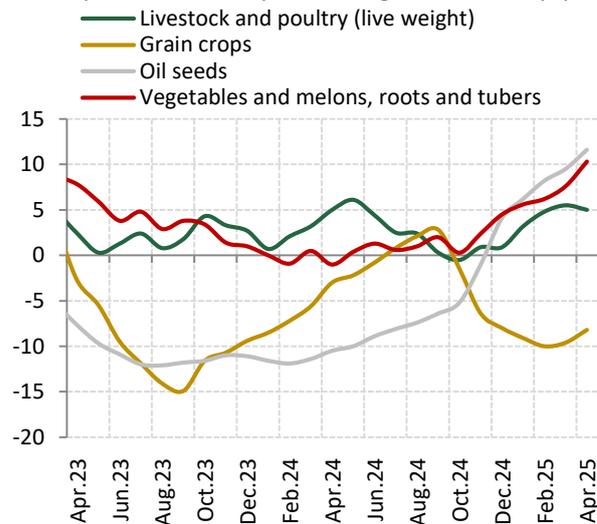
The increase in exports of domestic products led to a rise in prices for oilseeds (11.6% y/y) and in producer prices for oils and fats (15.4% y/y).

The decline in supply from agricultural producers resulted in higher prices for livestock and poultry in live weight (5% y/y), as well as for certain types of fruit and vegetable products. Producer prices for potatoes increased by 30.9% y/y, for greenhouse cucumbers by 23.4% y/y, and for greenhouse tomatoes by 8.1% y/y.

An additional factor contributing to the increase in producer prices for food products is the rise in utility tariffs, as well as in storage and warehousing service costs.

Meanwhile, the disinflationary impact on food prices continues to be exerted by the decline in prices for grain crops. In April of this year, producer prices for wheat decreased by 10.1% y/y, for buckwheat and corn by 6.7% and 2.0% y/y, respectively.

Graph 8. Producer prices in agriculture, % y/y

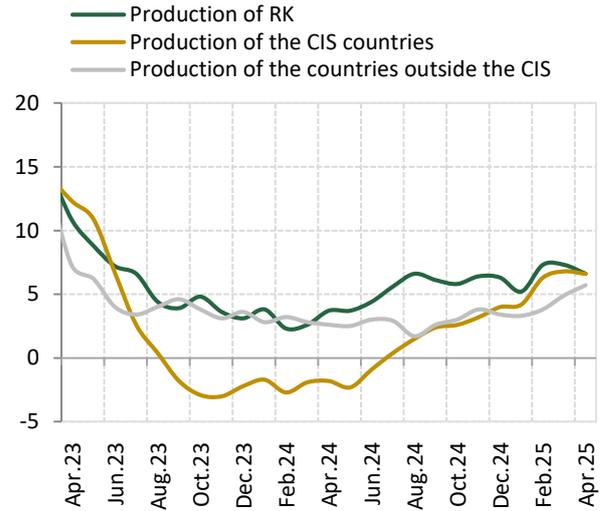


Source: BNS ASPR RK

In addition to rising domestic production costs, the increase in prices for imported food products continued in April. Within the structure of food products imported from CIS countries, an increase in wholesale prices was recorded for meat products (21.3% y/y), vegetable oils (13.4% y/y), and confectionery products (19.6% y/y).

Among food products imported from non-CIS countries, prices increased for fresh vegetables and fruits (29.7% y/y), oils and fats (18.8% y/y), fish (21.5% y/y), and tobacco products (13.7% y/y). The price increase was driven by rising prices in producer countries, higher global prices for certain types of food, as well as the depreciation of the nominal exchange rate of the tenge.

Graph 9. Wholesale prices for food products, %, y/y



Source: BNS ASPR RK