NATIONAL BANK OF KAZAKHSTAN

INFLATION EXPECTATIONS

JULY 2025

Inflation expectations of the population for the year ahead in July 2025 increased to 14.2%, while the smoothed three-month indicator rose to 13.6%. Expected inflation over a five-year horizon also increased, reaching 14.7%. The formation of inflation expectations in July 2025 took place against the background of high actual inflation and a weakening of the nominal exchange rate of tenge.

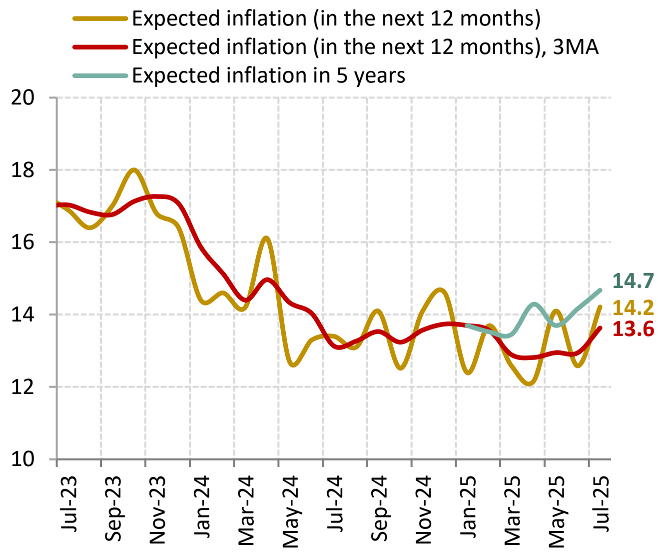
Households` inflation expectations

In July 2025, the median estimate[1] of expected inflation in the next 12 months increased to 14.2% (June 2025 – 12.6%), and the smoothed three-month indicator increased to 13.6% (12.9%).

At the same time, the median estimate of expected inflation in 5 years in July 2025 was 14.7% (June 2025 – 14.2%).

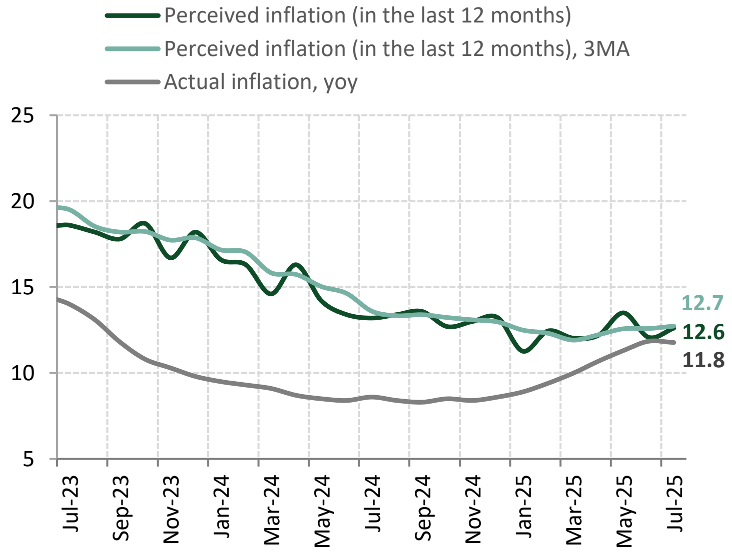
There is still a significant amount of uncertainty about the future price growth over the one-year horizon in the structure of respondents' responses. It should also be noted that in July 2025, inflation expectations were formed against the background of fluctuations in the nominal exchange rate of tenge and high actual inflation (Figure 1).

Figure 1. Respondents' inflation expectations, %



Source: Results of the population survey, FusionLab

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



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

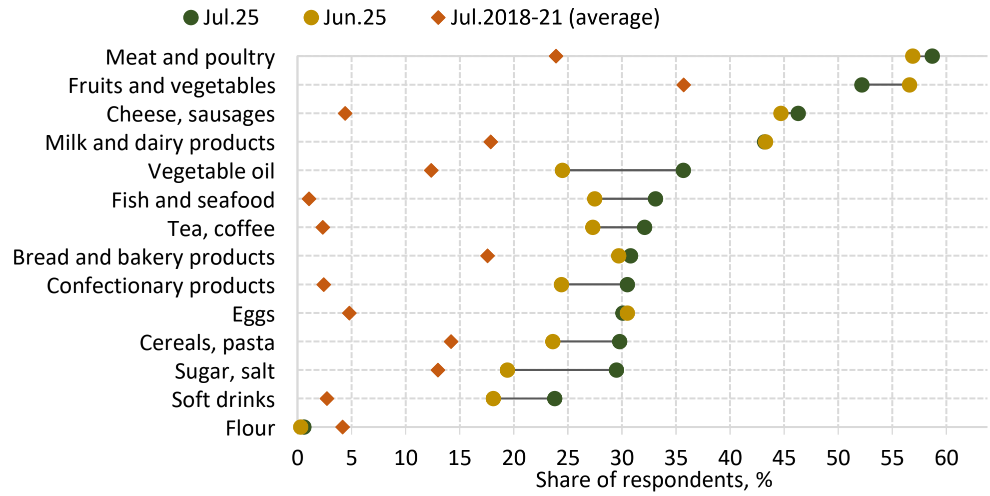
The median estimate of perceived inflation over the past 12 months increased in July 2025 to 12.6% (June 2025 – 12.1%), and the smoothed three-month indicator increased to 12.7% (12.6%) (Figure 2).

The share of respondents who noted an increase in food prices in July 2025 was 79.2% (in June 2025 – 79.6%). At the same time, the share of those who noted an increase in prices for non-food products was 8.6% (8.7%), paid services 7.5% (8.4%).

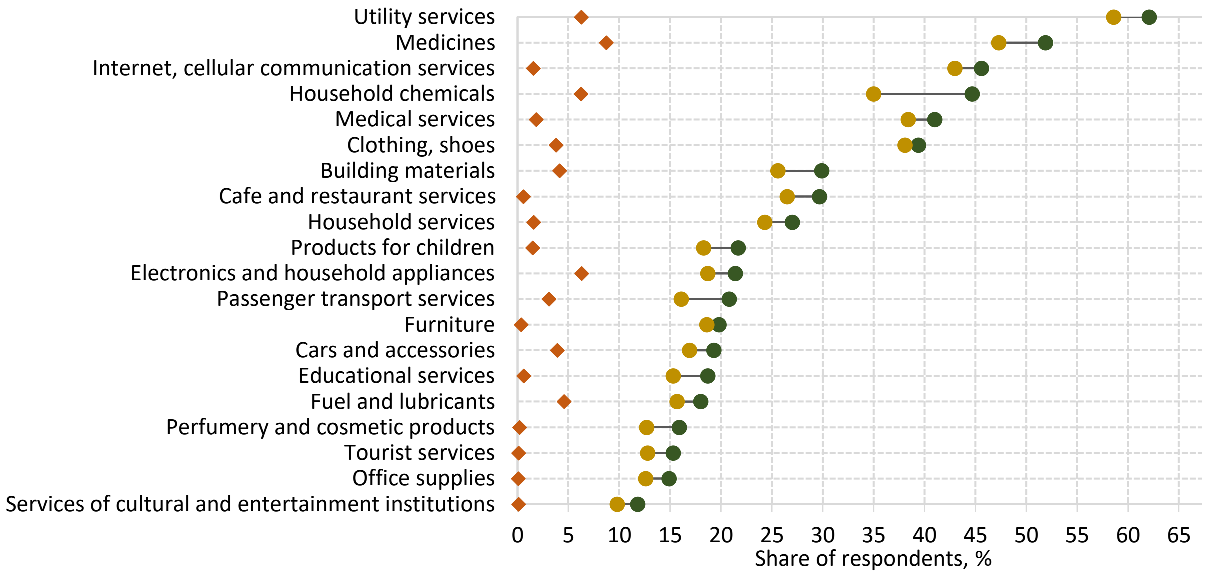
In July 2025, the largest number of respondents among food products noted an increase in prices for meat products, fruits and vegetables, cheese and sausages. In the structure of non-food products, the population pointed to an increase in the cost of medicines, household chemicals, clothing and footwear.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

Figure 3. Frequently mentioned goods and services

Food products



Non-food products and services



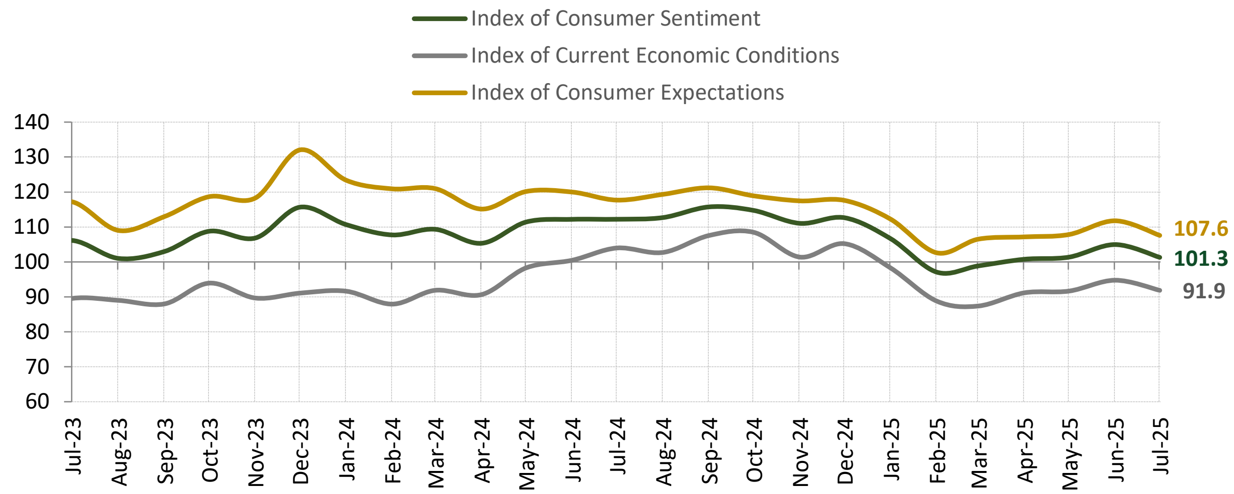
Source: Results of the population survey, Fusion Lab

Consumer sentiment of the population

The consumer sentiment index in July 2025 was 101.3 (June 2025 – 105) (Figures 4,5,6). In the estimates of expectations, the assessment of the country's development prospects in the coming year and in the next five years has decreased. At the same time, the assessment of changes in personal financial situation in the coming year has increased.

At the same time, in the assessments of the current conditions, the indicators of personal financial situation over the past year, as well as the readiness for large purchases, decreased.

Figure 4. Index² of Consumer Sentiment



Source: Results of the population survey, Fusion Lab

Figure 5. Consumer Expectations

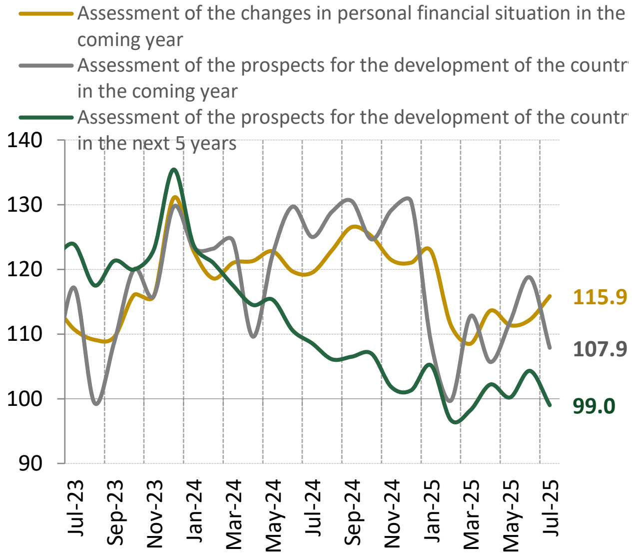
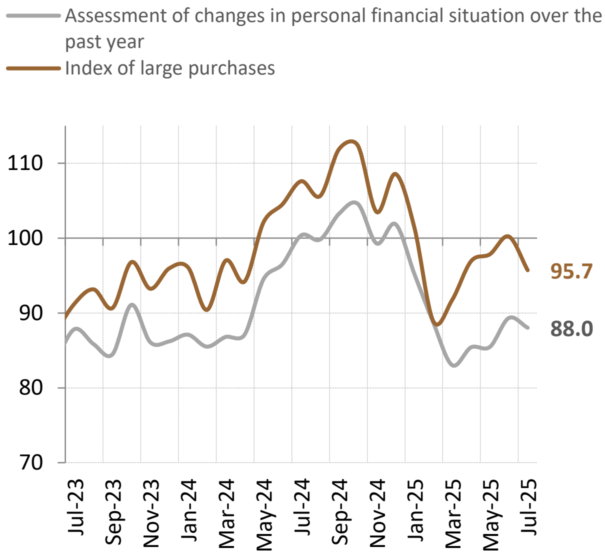


Figure 6. Current Conditions

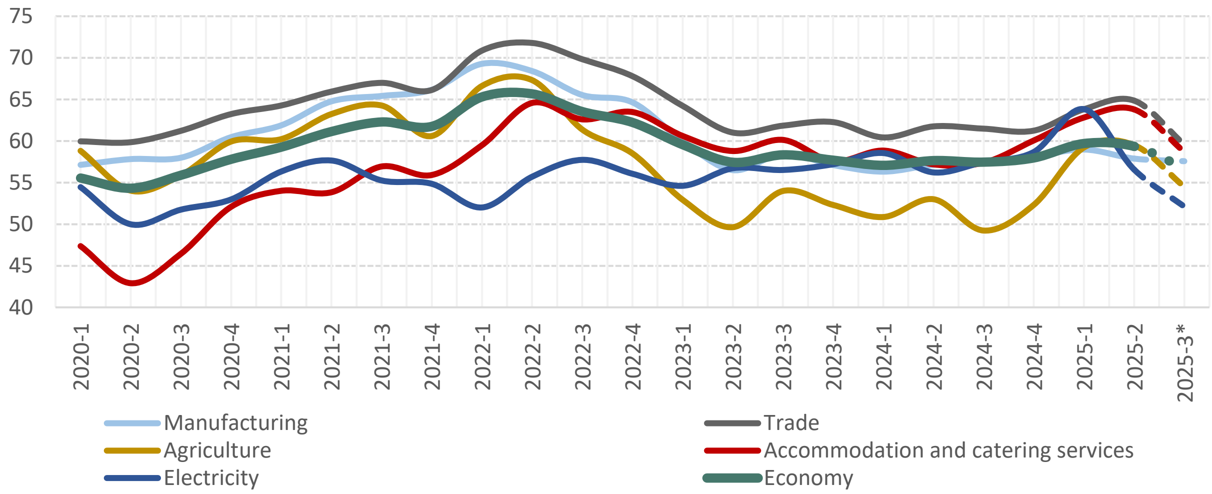


Source: Results of the population survey, Fusion Lab

The price expectations of enterprises remain high

In the second quarter of 2025, price dynamics for products and services across industries were mixed. A slight acceleration in price growth was observed in the mining industry, trade, accommodation and food services, as well as in the "Information and Communication" sector. Meanwhile, a slowdown in price growth was recorded in electricity supply, construction, and manufacturing. For the third quarter of 2025, enterprises in all sectors, except manufacturing, expect a deceleration in the pace of price growth (Figure 7).

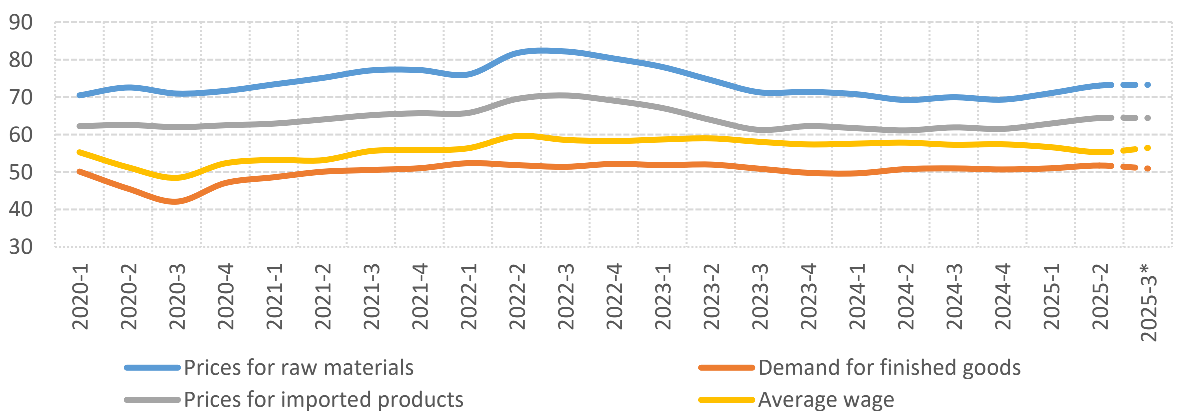
Figure 7. Dynamics of changes in prices for finished products of enterprises, diffusion index [3]



Source: Results of monitoring of Real Sector Enterprises, National Bank
The survey of enterprises is conducted on a **quarterly** basis

For the overwhelming majority of enterprises, the most important factors in setting prices for finished products are the prices of raw materials (for 78.1% of enterprises), demand (75.3%), taxes and fees (66.2%), and labor costs (65.7%). According to enterprises' estimates, in the second quarter of 2025, the growth rates of prices for raw materials and imported goods increased. Demand rose slightly, while the growth rate of average wages decreased slightly. In the third quarter of 2025, a slight increase in average wages is expected (Figure 8).

Figure 8. Dynamics of factors of setting prices for finished products of enterprises, diffusion index [3]



Source: Results of monitoring of Real Sector Enterprises, National Bank
The survey of enterprises is conducted on a **quarterly** basis

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.

3 The diffusion index (DI) is calculated as the sum of positive responses and half of the responses unchanged. DI is a generalized indicator that characterizes the dynamics of changes in the indicator under consideration. A value above level 50 means an increase, and below level 50 means a decrease. The further (higher or lower) the DI value is from the 50 level, the higher the rate of change (increase or decrease) of the indicator. Number of respondents: 3,454 enterprises. Seasonally-cleared data. The companies answered the question: "How have the selling prices for your company's finished products changed?"
*For the 3rd quarter of 2025, the expectations of enterprises are given