



QUARTERLY REPORT

# KAZAKHSTAN MACRO & MARKET OVERVIEW

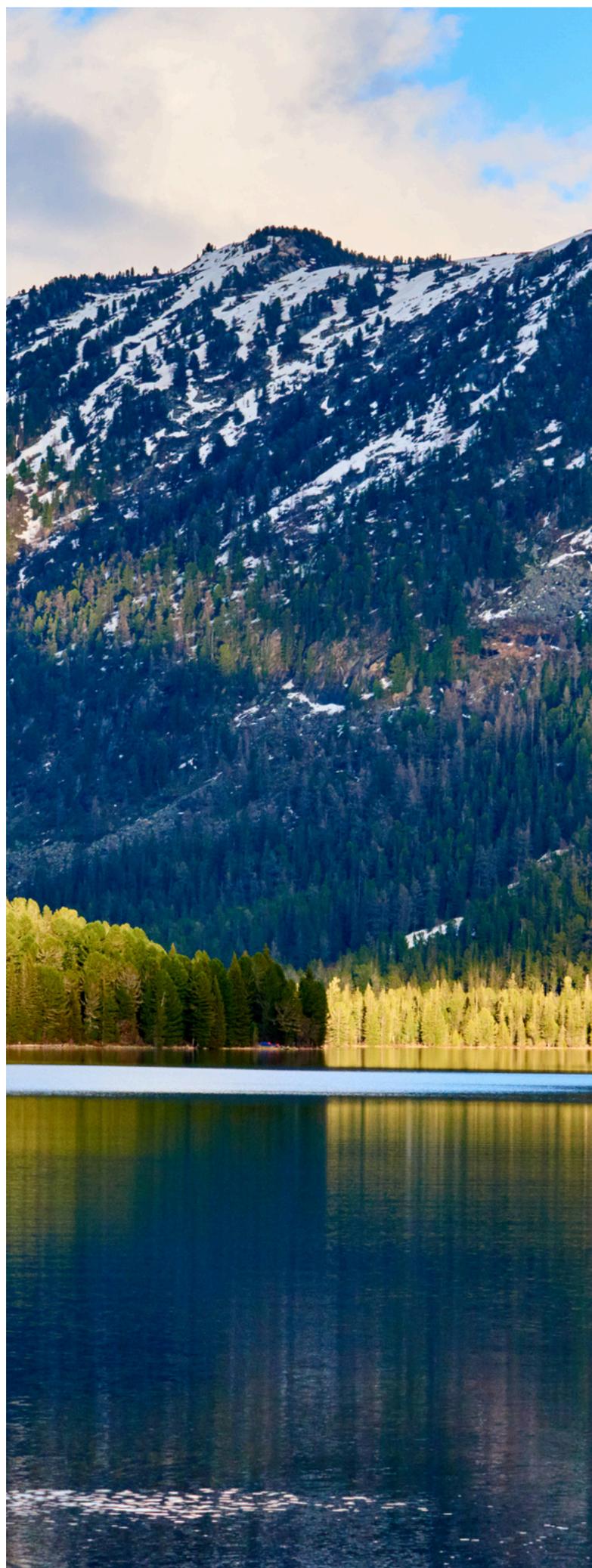
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Q2 2025 // NATIONAL BANK OF KAZAKHSTAN

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# REGULATORY OUTLOOK

Navigating the  
Updates

## TAX AND RESERVE REQUIREMENTS CHANGES IN KAZAKHSTAN

### THE NEW TAX CODE ENTERS INTO FORCE IN 2026

The new Tax Code of Kazakhstan, set to take effect in 2026, is designed to address several key objectives simultaneously:

- Simplify tax administration for both businesses and tax authorities;
- Improve tax collection and compliance;
- Encourage formalization and reduce the shadow economy.

Among the most significant changes are:

- VAT will be increased from 12% to 16%, aiming to boost budget revenues.
- A progressive Personal Income Tax scale will be introduced to promote a more equitable tax system.
- The Corporate Income Tax rate for banks will rise from 20% to 25%.
- A new tax on government securities has been introduced. However, only 50% of the income from these securities will be subject to taxation.
- Most importantly, **non-residents will remain exempt from tax on income from government securities**, preserving Kazakhstan's investment appeal for foreign investors.

### NATIONAL BANK TO RAISE RESERVE REQUIREMENTS STARTING SEPTEMBER 2026

The National Bank has introduced a revised framework for Minimum Reserve Requirements (MRR) aimed at strengthening the monetary transmission mechanism and encouraging more effective liquidity management by banks. Currently, Kazakhstan maintains one of the lowest reserve ratios in the region, effectively amounting to 1.3% for tenge-denominated liabilities and 2.5% for foreign currency liabilities.

Key changes in the new MRR framework include:

- New reserve ratios will be set at 3.5% and 5% for liabilities in tenge, and 10% and 15% for foreign currency liabilities, depending on the type of obligations.
- The share of cash in reserve assets will be reduced from 50% to 25%.
- New requirements will be increased in three stages over a one-year period. According to National Bank estimates, the volume of reserve provisioning is expected to rise from KZT 800 billion to KZT 3.8 trillion by September 2026. (with excess liquidity remaining around KZT 5 trillion after the changes.)

# SOVEREIGN CREDIT RATINGS

S&P Global Ratings has revised Kazakhstan's credit rating outlook from "stable" to "positive," affirming the sovereign rating at "BBB-."

The positive outlook reflects favorable progress in measures to liberalize and diversify the country's economy, enhance the efficiency of public administration, and reduce the budget deficit. The agency also highlights moderate external debt and a stable level of international reserves.

Among the positive outlook factors, S&P notes strengthening monetary policy framework, and the National Bank's response to rising inflation, as well as reduction in quasi-fiscal activities.

Analysts also note the banking sector's resilience to geopolitical and macroeconomic challenges, adequate capital buffers, and solid liquidity positions. At the same time, consumer lending is expected to decline amid tighter macroprudential measures.

According to S&P, further implementation of the National Infrastructure Plan will contribute to gradual diversification of the economy and growth in non-oil revenues. Real GDP growth is expected at 5.5% in 2025, before moderating to 4% in 2026-2028.

The implementation of institutional and structural reforms, including adoption of new Budget and Tax Codes in 2025, as well as tightening of fiscal rules, will contribute to fiscal consolidation and allow Kazakhstan to maintain substantial of liquid asset buffers.



S&P revised its  
outlook for  
Kazakhstan  
**FROM "STABLE"  
TO "POSITIVE"**

**S&P Global**

**FitchRatings**

**MOODY'S**  
INVESTORS SERVICE

BBB-

**Positive**

BBB

Stable

Baa1

Stable

# NBK MAINTAINS POLICY RATE

but signaled that a rate hike is not ruled out if conditions deteriorate

In the 2Q2025, annual inflation accelerated, reaching 11.8% in June. This increase was driven by inflationary pressure from Russia due to its high inflation and the ruble's appreciation against the tenge, strong consumer demand supported by lending and fiscal stimulus, as well as by rising fuel prices, the "Tariff in Exchange for Investment" program, and elevated, volatile inflation expectations.

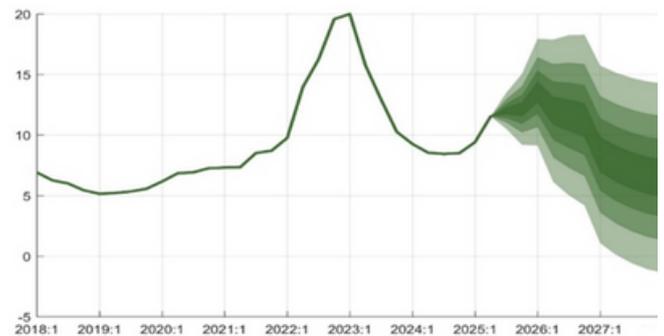
On June 5th, 2025, the NBK decided to maintain the base rate at 16.50%. The balance of risks has shifted towards pro-inflation side. At the same time, disinflationary effects in the domestic economy are projected to intensify, driven by measures including the mirroring of foreign exchange operations, adjustments to minimum reserve requirements, and the introduction of new macroprudential limits on consumer lending. The Government's decision to moderate the pace and timing of utility tariff increases is also expected to provide additional restraint, smoothing the rise in paid service prices. Nevertheless, the Monetary Policy Committee does not rule out the possibility of increasing the base rate if inflationary pressures intensify.

Given the increase in the VAT rate to 16% in 2026, expectations for inflation dynamics in 2026-2027 have been revised upward. Thus, inflation is projected at 10.5-12.5% in 2025, 9.5-11.5% in 2026, and 5.5-7.5% in 2027.

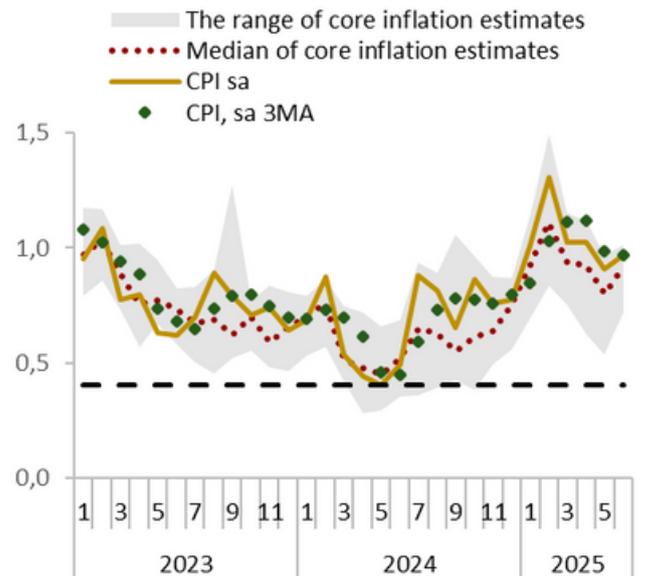
Since June 2025, the NBK has started to publish a separate document - the Summary of the Monetary Policy Committee's base rate decision discussion. It will be released eight times a year, following each decision, and will outline the key arguments and factors considered by the Committee members.

## INFLATION

**Annual inflation forecast was revised and now is expected to be in the range of 10,5%-12,5% in 2025**



**The median estimate of seasonally adjusted core inflation edged down in 2Q2025 but remains elevated**



**MPC members' estimates\* of the base rate**

Indicator	Median			Range		
	2025	2026	2027	2025	2026	2027
Base rate, at the end of the year, %	16,5 (16,0)	15,0 (14,0)	11,4 (11,5)	14,0-18,5 (14,5-18,0)	13,0-17,0 (12,0-17,0)	8,0-13,5 (8,0-13,5)

\*The estimates reflect data as of June 2025

Figures in brackets represent previous estimates

# MODERATE CURRENT ACCOUNT DEFICIT is expected to persist in the medium term

In accordance with NBK's preliminary data, the current account deficit widened to (-)\$3.5 billion in the 1H 2025, up from (-)\$1.6 billion in the 1H 2024. The dynamics were primarily driven by a contraction in the trade balance surplus. Export of goods decreased by 5.3% to \$37.8 billion, mainly due to reduced deliveries of oil, uranium, ferrous and non-ferrous metals. Meanwhile, import of goods increased by 3.8% to \$29.7 billion, driven by strong demand for capital and intermediate goods.

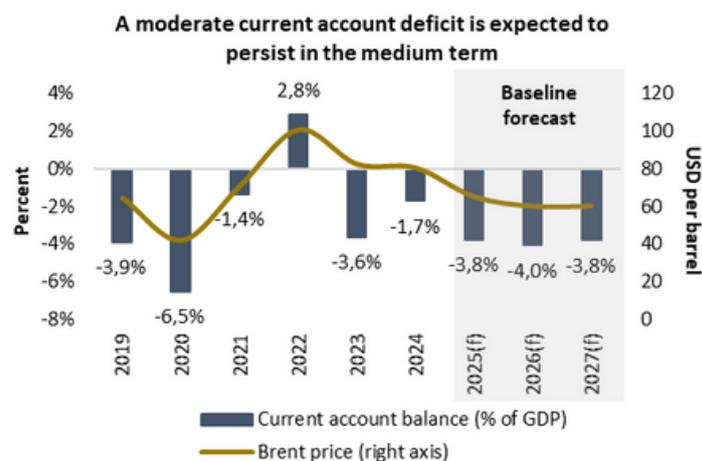
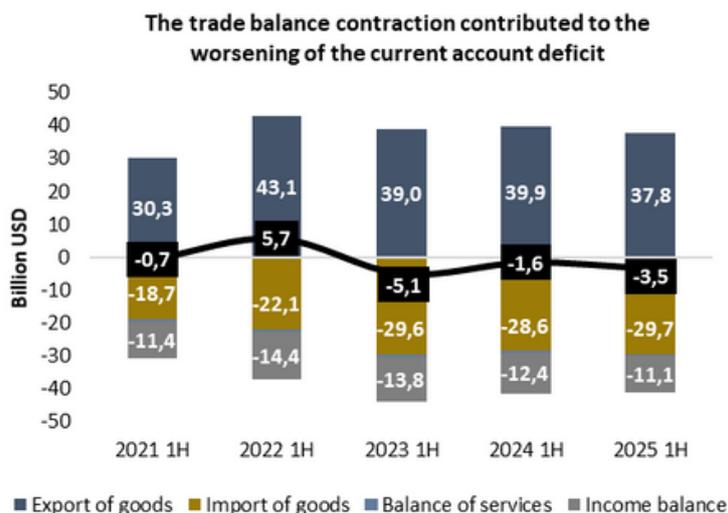
The latest current account forecast, updated in May 2025, reflects a downward revision compared to the February 2025 projections. The current account deficit is now expected to reach (-) 3.8% of GDP in 2025, (-) 4.0% of GDP in 2026, and (-) 3.8% of GDP in 2027. This adjustment is mainly attributed to lowered expectations for goods exports, influenced by a scenario-based decline in oil prices to \$60 per barrel, along with increased demand for imports related to investment and infrastructure projects.

Export of goods is expected to decline over the medium term, primarily due to a reduction in crude oil exports, driven by lower oil prices compared to 2024. However, increased production at the Tengiz oilfield is anticipated to partially offset the negative impact of declining prices. Meanwhile, non-oil exports are expected to remain stable, supported mainly by sustained external demand for metals and agricultural products, including grains and their processed derivatives.

Demand for imported goods is expected to increase moderately, driven by rise in purchases of intermediate and investment goods linked to ongoing and planned investment and infrastructure projects.

The income balance is expected to remain in moderately deep deficit zone over the forecast horizon. Relatively strong income payments to foreign direct investors will be driven by higher oil production volumes and rising metal prices.

## CURRENT ACCOUNT



# DOLLARIZATION TREND REVERSES BACK toward decline

## FX MARKET & FX RESERVES

<i>mIn USD</i>	2022	2023	2024	1H2025
<b>FX Reserves</b>	35 076	35 944	45 823	51 817
<b>Assets in hard currencies</b>	14 585	16 434	21 980	19 790
<b>Gold</b>	20 491	19 510	23 844	32 259
<b>Share of gold,%</b>	58%	54%	52%	62%
<b>USD/KZT total volume on KASE</b>	29 704	37 047	54 963	28 064
<b>USD/KZT rate</b>	463	455	525	520
<b>Interventions (net)</b>	(-) 1 394	0	(-) 1 355	0
<b>Sales from National fund</b>	(-) 4 285	(-) 9 483	(-) 10 180*	(-) 4 954
<b>Sales under monetary neutrality principle</b>	0	0	0	(-) 2 702 (1 381 bln. KZT)

\*Excluding sale of foreign exchange assets of the National Fund to the gold and foreign exchange reserves of the National Bank as part of the purchases of shares of NAC Kazatomprom JSC amounting to 984.8 million

### Dollarization of deposits declines in 2Q2025



In the 2Q25, the tenge depreciated by 3.1% to 519.73 KZT per US dollar, reflecting increased volatility in global markets and negative dynamics in oil prices.

During 2Q2025t the NBK sold \$2.8 billion from the National Fund to support fiscal transfers to the state budget.

As part of the mirroring mechanism introduced earlier this year, the NBK sold \$1.2 billion (639 bln KZT) in the 2Q2025. In the 3Q2025, foreign currency sales of approximately 869 bln KZT are planned for the same purpose.

To maintain the foreign currency share of the Unified Accumulative Pension Fund's (UAPF) assets at no less than 40% over the long term, the NBK purchased \$688 million on the Kazakhstan Stock Exchange in the 2Q2025. These purchases continued into July, amounting to \$35 million; however, as the FX share of the UAPF exceeded 40% at the current exchange rate, no further FX purchases from UAPF pension assets are planned. No foreign exchange interventions were carried out during the 2Q2025. However, on July 30, amid extremely low liquidity in the FX market and signs of increased speculative pressure, the NBK intervened to stabilize the situation.

As of the end of the 2Q2025, the country's international reserves stood at \$112.2 billion, comprising \$51.8 billion in NBK FX reserves and \$60.3 billion in National Fund assets. The increase in FX reserves was primarily driven by rising gold prices.

Dollarization of deposits after a temporary increase returned to a downward trend. Dollarization of deposits in the banking sector amounted to 21.6% in 2Q2025. The share of deposits in foreign currency decreased for both corporate and retail deposits. In particular, dollarization of legal entities' deposits decreased by 1 p.p., and of individuals - by 1.9 p.p. over the quarter. As a result, dollarization of individuals' deposits reached a new historical minimum - 18.7% due to the growing attractiveness of KZT deposits compared to FX deposits.

In 2Q 2025, the Ministry of Finance issued government securities with a fixed coupon for a total amount of approximately 2 trillion KZT. Compared to 1Q 2025, yields on government securities increased by 34-158 bps with the largest increase in bonds up to 5 years. This was driven by several factors, including a high volume of issuance to cover the budget deficit (640 billion tenge in April, 744 billion in May, and 659 billion in June), ongoing inflationary pressures, and investors demanding higher risk premiums. Market participation (excluding the Funds under NBK management) increased to 27.9% in 2Q 2025 (21.1% in 1Q2025).

In June 2025, the Ministry also issued 7- and 12-year Eurobonds totaling USD 2.5 billion. Strong investor demand, with an order book approaching USD 5 billion, enabled pricing at a yield of 5% and 5.5% accordingly. These yield levels were in line with those of higher-rated countries (A/AA), such as Poland, Saudi Arabia, and Chile, and significantly lower than the yields typically seen in BBB-rated countries like Mexico, Hungary, and Peru.

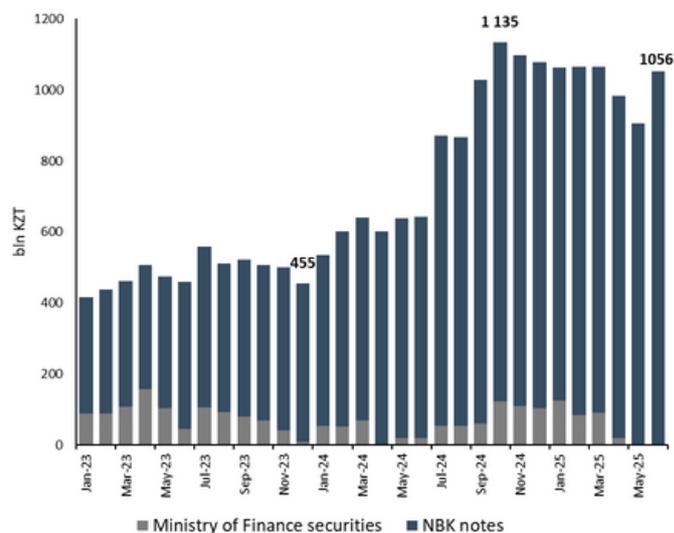
From the peak in October 2024, non-residents' holdings of Kazakhstan government securities gradually declined. However, in June the trend turned upward. By the end of the 2Q2025, their holdings stood at KZT 1,056 billion, remaining roughly unchanged from 1Q2025.

The introduction of the primary dealership framework is progressing and remains planned. Up to seven primary dealers are expected, with responsibilities including regularly quoting the most liquid securities and purchasing a designated amount of government bonds from the Ministry of Finance.

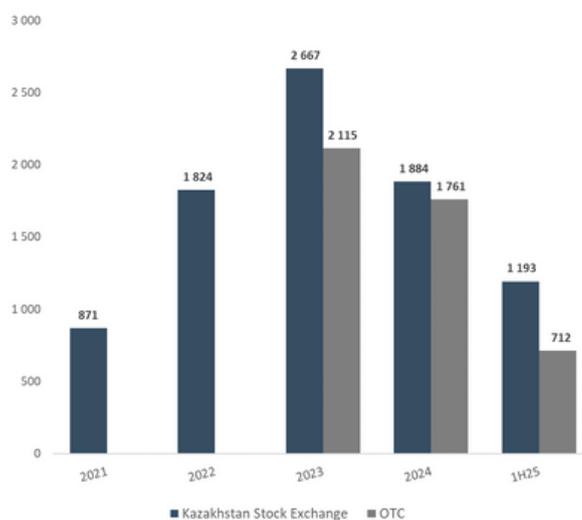
It is also worth noting that, in cooperation with the Asian Development Bank, work is currently underway on the development of the Bond Market Guide, a comprehensive reference document providing detailed information on the structure, regulatory framework, and operational procedures of the local bond market.

## GOVERNMENT SECURITIES MARKET OVERVIEW

**Foreign investors holdings of government securities, in bln KZT**



**Secondary market liquidity, in mln KZT**



OTC data is available since 2023

Kazakhstan's USD 2.5bn eurobond sale  
**DRAWS STRONG DEMAND**



# INVESTOR RELATIONS

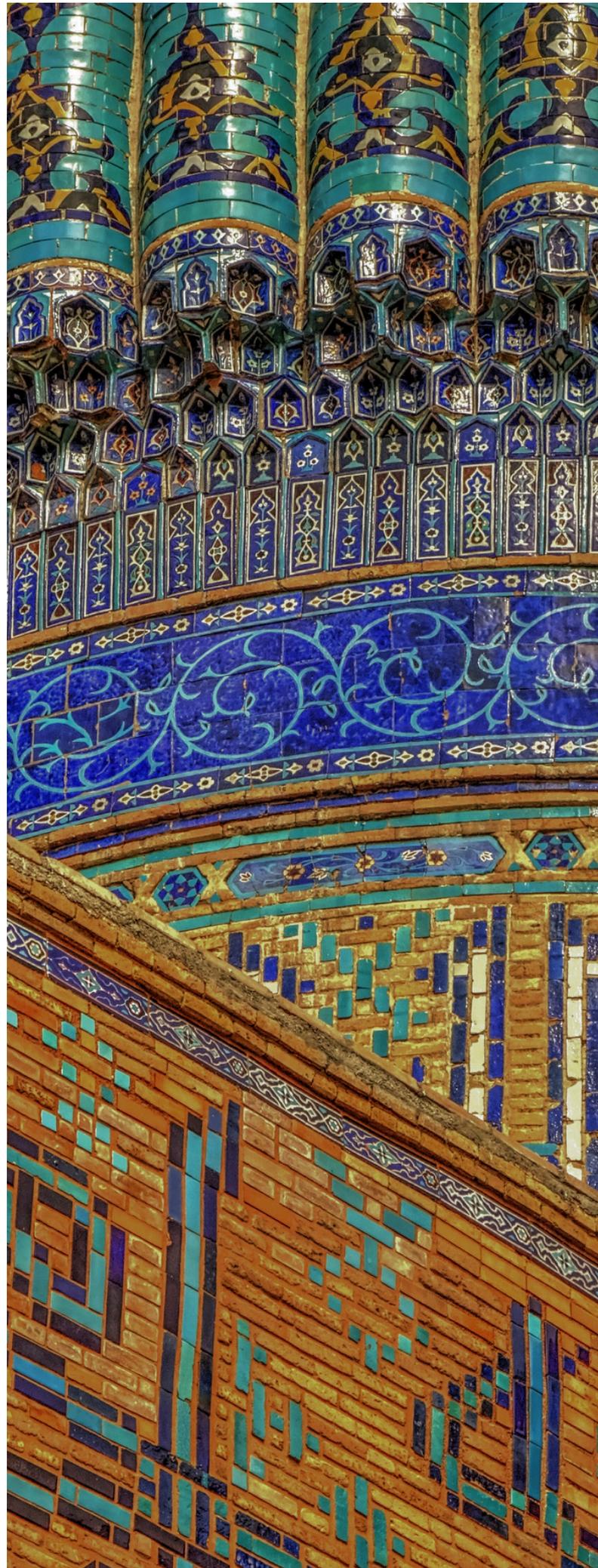
In June 2025, the National Bank of Kazakhstan (NBK) engaged with the global investment community through high-level meetings and forums, including the 37th Plenary Session of the Foreign Investors' Council chaired by the President of Kazakhstan. The event facilitated strategic dialogue between the Government, institutional investors, and international financial institutions.

On the sidelines, the NBK held bilateral meetings with global investors, sharing updates on Kazakhstan's macroeconomic performance, monetary policy, inflation dynamics, external sector resilience, and international reserves. Discussions also covered financial stability efforts, banking sector resilience, macroprudential measures, and the modernization of financial market infrastructure. Special focus was placed on developing the local capital market, diversifying funding instruments, and promoting sustainable finance.

The NBK also highlighted initiatives to enhance the investment climate, support fintech innovation, and deepen integration into the global financial system - underscoring its commitment to transparency, policy consistency, and open investor engagement.

During the Spring Meetings of the IMF and WB Group held in Washington, D.C. on April 21-28, the National Bank delegation led by Governor, Mr. Timur Suleimenov, held a series of high-level discussions with leading credit rating agencies (S&P, Fitch) and major global financial institutions. J.P. Morgan, Barclays, and BofA hosted dedicated sessions with institutional investors, where the delegation provided updates on macroeconomic trends, monetary and fiscal policy coordination, outlook for Kazakhstan's sovereign credit profile, also addressing major financial and capital market developments.

On November 5, the Kazakhstan Stock Exchange (KASE) will hold "Capital Market Day" in London with the participation of Mr. Timur Suleimenov, Governor of the National Bank of Kazakhstan.



# CONTACTS

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- Aliya Ryskeldiyeva - general queries (aliya.ryskeldiyeva@nationalbank.kz)

**Additional sources:**

- [Press releases](#)
- [Monetary Policy Report](#)
- [Summary of Deliberations](#)

