

Statement by the Governor of the NBK, T.M. Suleimenov
On the Base Rate of the National Bank
10 October 2025, Astana

Dear representatives of the media,

Dear journalists,

Good afternoon.

Welcome to the National Bank.

The Monetary Policy Committee of the National Bank has decided to raise the base rate by **150 basis points to 18%**.

This decision was made taking into account current inflation dynamics, its underlying factors, and the balance of risks.

The inflationary environment has worsened. In August and September, annual inflation accelerated noticeably, reaching 12.9%. The acceleration is observed across all components, indicating that price pressures are coming simultaneously from various sources – both domestic and external. The main contributions to rising inflation continue to come from higher food prices and paid services. Monthly inflation and its persistent component have also increased markedly. Inflation expectations, in turn, remain elevated.

The economy grew by 6.5% over the first eight months of this year – the highest rate in 14 years. Strong demand continues to be supported by fiscal and quasi-fiscal injections, which are widening

the gap between demand and supply, thereby increasing pressure on prices.

Global food prices continue to rise, amplifying the imported component of inflation.

A significant acceleration of inflation, elevated inflation expectations, and a weakening of the real effective exchange rate have led to a noticeable easing of overall monetary conditions. As a result, the real base rate – that is, the rate adjusted for inflation – fell to 3.5% in September, which no longer corresponded to a moderately tight policy stance.

All these developments required a substantial increase in the base rate to restore a moderately tight monetary policy stance and prevent uncontrolled inflation growth. We remain consistent in our actions and, as noted when announcing the August decision, in the absence of a significant slowdown in inflation we would continue to tighten policy.

The final base rate decision for this year will be taken in November, taking into account updated inflation forecasts and other macroeconomic indicators.

The National Bank will continue to closely assess the balance of pro- and disinflationary factors, as well as the dynamics and trajectory of inflation deceleration. Should the current degree of policy tightness prove insufficient to stabilize inflation, the appropriateness of additional tightening will be considered.

Let me now turn to the factors behind the decision.

FIRST. DYNAMICS OF INFLATION AND INFLATION EXPECTATIONS.

In September, **annual inflation** reached **12.9%**, exceeding our year-end forecast range of **11–12.5%**. The key drivers of inflation remain food and paid services. After some moderation in July (14.9%), **service inflation** accelerated again to **15.3%** in August and remained at that level in September. Prices have risen both for regulated services (30.4% year-on-year) and for market services (13.4% year-on-year). **Food inflation** rose to **12.7%** (*from 11.2% in July and 11.7% in August*), reflecting high global food prices and rising production costs. **Non-food inflation** accelerated to **10.8%** (*from 9.5% in July and 9.7% in August*), driven by higher fuel prices and sustained demand. In particular, fuel prices in September increased by 11.9% (*year-on-year*).

Monthly inflation accelerated to 1.1% in September (*0.7% in July and 1.0% in August*). **Core** (1.2%) and **seasonally adjusted inflation** (1.3%) also rose significantly, indicating strengthening inflationary pressures in the economy.

Households' inflation expectations for the year ahead stood at **13.2%** (*13.6% in August*). They remain volatile, and a high degree of uncertainty persists in survey responses. Long-term inflation expectations among households remain at 14%.

Market professionals have revised their inflation forecasts upward – from 11.3% to 12% for 2025, and from 9.5% to 10% for 2026.

SECOND. DOMESTIC ECONOMIC TRENDS.

The economy of Kazakhstan continues to grow at a strong pace. **GDP growth** for the first eight months of 2025 reached **6.5%** year-on-year. The highest growth rates are observed in transport (21.5%), construction (18.1%), and trade (8.9%), as well as in mining (9.6%) and manufacturing (6.5%).

Household demand for goods and services remains resilient. Amid declining real incomes, demand expansion is being supported by consumer lending and the possible use of accumulated savings.

The growth rate of retail trade has accelerated (6.9% in *September*), mainly driven by purchases of non-food goods. Amid the implementation of government housing programmes, demand for housing has increased significantly and, as a result, demand for related goods (*furniture, household appliances, and home products*) has also risen. This is creating additional pressure on prices.

Investment activity remains high: investment growth over January–August reached 14.3% (year-on-year). The share of budget funds in total fixed investment reached 23%, and their volume increased by 42.6% compared with the same period last year.

The **Business Activity Index** (BAI), monitored by the National Bank, has remained in positive zone since March 2024, reflecting firms' optimism regarding the economic environment.

Overall, domestic trends continue to point to sustained price pressures, which are reflected in current inflation dynamics.

THIRD. EXTERNAL ECONOMIC ENVIRONMENT.

Global uncertainty remains elevated amid U.S. trade policy and geopolitical risks. Global food prices remain at high levels.

The **FAO Food Price Index** stands 3.4% above its level of September last year. Indices for meat and vegetable oils are at record highs in recent years. The growth of the FAO index is being restrained by lower prices for cereals, dairy products, and sugar.

Given the high level of uncertainty regarding the global economic outlook, major central banks continue to pursue cautious monetary policies.

In August, inflation in the **European Union** remained at **2.4%** (2.3% in June and 2.4% in July). The **European Central Bank** continues to pursue a policy based on incoming data. The regulator notes that inflation prospects are now less predictable than usual due to instability in global trade policy.

The **Federal Reserve** also remains cautious in its actions. Inflation in the **United States** accelerated to **2.9%** in August (2.7% in July) and remains above target. Risks to employment have increased. Under these circumstances, the Federal Reserve intends to make decisions based on a careful assessment of incoming data, evolving projections, and the balance of risks.

In **Russia**, inflation is gradually stabilizing. In August, inflation declined to **8.1%** (8.8% in July). Against this backdrop, the **Bank of Russia** reduced its key rate to 17% in September and noted that it

would maintain sufficiently tight monetary conditions to return inflation to its target in 2026.

Due to geopolitical risks, **oil prices** are somewhat higher than those assumed in the baseline scenario.

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Dear journalists!

Inflation indicators in recent months signal stronger inflationary pressures. Inflation stands above our forecasts and has deviated from the path of a steady decline toward the 5% target. The acceleration of inflation, combined with the weakening of the tenge, has led to a substantial easing of monetary conditions. All these developments have required a significant increase in the base rate to restore a moderately tight monetary conditions and prevent further inflationary growth.

The final base-rate decision for this year will be made taking into account updated inflation forecasts and other macroeconomic indicators.

The National Bank will continue to closely assess the balance of pro- and disinflationary factors, as well as the dynamics and trajectory of inflation deceleration. Should the current degree of policy tightness prove insufficient to stabilize inflation, the appropriateness of additional tightening will be considered.

Price pressures persist due to strong domestic demand supported by fiscal expansion and consumer lending, elevated inflation expectations, continued tariff increases, and reforms in

fiscal policy. Uncertainty in the external sector persists. Global food prices remain high.

Inflation remains at the forefront of the government's policy agenda. In a rapidly growing economy, accelerating inflation erodes the real incomes of households. Real household incomes are falling, while real wages are stagnating. In July, real disposable incomes recorded their sharpest decline in the past 2,5 years.

We continue **to work closely with the Government** on adjusting parameters of tariff policy as part of the ongoing effort to expand and update the **Comprehensive Measures** for Inflation Control and Reduction.

We, for our part, will continue to implement additional measures within the scope of monetary and macroprudential policies.

1. **Raising Minimum Reserve Requirements (MRR)** in line with the three-stage plan through September 2026. This will strengthen anti-inflation measures by reducing money issuing associated with the remuneration on monetary policy instruments.

2. **Mirroring of gold operations.** Under this measure, 2.3 trillion tenge have been withdrawn in the first nine months of this year. By the end of the year, an additional 1.4 trillion tenge are planned to be withdrawn. This will reduce the inflationary impact of monetary expansion and prevent the creation of new liquidity.

3. Work is under way **to cool the consumer lending market.** Significant progress has already been achieved. In particular, a sectoral countercyclical capital buffer on household

loans has been introduced and activated. From 1 April 2026, banks will be required to maintain an additional capital buffer equivalent to 2% of risk-weighted assets in the household loan portfolio, which, based on current data, is estimated at 463.5 billion tenge.

In cooperation with the Financial Regulation Agency, the maximum annual effective interest rate (AEIR) has been reduced – notably for consumer loans, from 56% to 46%.

Regarding the debt-burden ratio, the assessment of borrowers' income has been strengthened to ensure that reported income is not overstated – for instance, through duplication of income sources, transfers to debit cards, deposits, or current accounts.

Furthermore, at our initiative, differentiated taxation will be introduced from 1 January 2026 for retail lending. The corporate income tax on profits from retail lending and other types of banking income will be set at 25% (while the tax rate on business lending income will remain at 20%).

The National Bank, together with the Financial Regulation Agency, will continue implementing measures aimed at curbing the further expansion of consumer lending.

An issue of further increase in the sectoral countercyclical capital buffer on household loans will also be considered. As part of refining the methodology, the income criteria used in the calculation of the debt-burden ratio (DBR) will be reviewed. In addition, to contain the rise in households' aggregate

indebtedness, a new macroprudential tool – the debt-to-income ratio (DTI) – will be introduced.

Together with the Government and the Agency, approaches are planned to be developed to regulate the instalment and “buy-now-pay-later” (BNPL) markets.

All the measures outlined above will continue to exert an indirect influence on inflation. However, the base rate remains the key instrument of monetary policy, and its level defines overall monetary conditions. Accordingly, we have raised the base rate today to a level consistent with a moderately tight policy stance.

The National Bank will take all necessary measures within the scope of monetary policy to bring inflation down. Maintaining low and stable inflation remains our foremost contribution to the welfare of households and to the economy of Kazakhstan.

We are now ready to take your questions.