

**Statement by the Governor of the NBK  
T.M. Suleimenov on the Base Rate**

**28 November 2025, Astana**

**Dear representatives of the mass media,**

**Dear journalists,**

**Good afternoon.**

**Welcome to the National Bank.**

The Monetary Policy Committee of the National Bank has decided to maintain the base rate at the level of **18%**.

This is a decision based on the results of the forecast round. As part of the Committee's meeting, forecasts for inflation and economic growth were updated, and a comprehensive assessment of current macroeconomic trends and the balance of risks was conducted.

**Inflationary pressure in the economy** persists and is driven by expanding demand, the pace of which still outstrips the capacity of domestic supply.

**Inflation** in October **slowed** somewhat due to the administrative reduction of **tariffs for utility services**. At the same time, core inflation did not decline significantly.

The food and non-food components continued to accelerate. Short-term **inflation expectations** have increased and remain volatile.

**The economy is demonstrating high growth rates.** Under conditions of fiscal and quasi-fiscal stimulus, the expansion of domestic demand, especially for non-food products, is largely

covered by imports, and retail trade turnover is accelerating. This picture confirms the dominance of demand-side factors in shaping current inflationary pressure.

The **external economic environment** remains **uncertain** against the backdrop of trade disputes and geopolitical tensions. Global food prices remain at high levels. The increase in global prices for certain types of food (*beef, vegetable oils*) continues.

Under these conditions, the **overall balance of risks** remains skewed toward the **pro-inflationary side**. Stabilizing inflation expectations and reducing inflation require a prolonged moderate tightness of monetary conditions. Under conditions of high core inflation, unanchored inflation expectations, as well as uncertainty regarding the impact of tax reform on demand amid expanding quasi-fiscal stimulus, the National Bank does not see room for a reduction of base rate until the end of the first half of 2026.

In the absence of convincing signs of a sustainable trend toward disinflation, a tightening of monetary conditions cannot be ruled out.

It should be noted that, alongside monetary policy, additional measures to ensure price stability will play an important role, including those implemented jointly with the Government and ARFRM within the **Joint action plan** for macroeconomic stabilization and improvement of well-being for 2026–2028.

**Now, factors behind the decision in more detail.**

## **FIRST. INFLATION DYNAMICS AND INFLATION EXPECTATIONS.**

In October, **annual inflation** declined to **12.6%** (*in September – 12.9%*). This was facilitated by a significant slowdown in service inflation from 15.3% in September to **12.9%** due to the administrative reduction of utilities tariffs. The price increases for market services also slowed somewhat - 12.9% versus 13.4%, respectively, in October and September.

**Food inflation** accelerated to **13.5%** (*in September – 12.7%*) under pressure from rising global prices for certain food products, higher import costs, and production expenses amid increased prices for fuel, coal, and utility services. The increase in food exports, including meat, due to more favorable conditions in external markets, amplifies pressure on domestic prices.

Inflation in **non-food products** accelerated to **11%** (*10.8% in September*), driven by higher prices for fuel and medicines, as well as sustained demand. In particular, fuel prices rose by 14.8% (y/y) in October.

**Monthly inflation** in October slowed markedly to **0.5%** (*in September – 1.1%*). Indicators of **core** (*1% versus 1.1% in September*) and **seasonally adjusted** inflation (*0.8% versus 1.3% in September*) also slowed. Despite this, that risks remain high, and in annualized terms core inflation corresponds to 12.2%. Moreover, around 80% of goods and services in the consumer basket are rising at rates above the 5% target.

**Inflation expectations** of the population for the year ahead increased to **13.6%** (*13.2% in September*), remaining volatile amid a high level of uncertainty. About 60% of respondents find it difficult to give estimates of future inflation. Long-term expectations of the population for price growth have also risen.

Forecasts by **professional participants** for inflation in 2025 slightly increased to 12.3% (*12% in September*), while the forecast for 2026 remained at 10%.

## **SECOND. TRENDS IN THE DOMESTIC ECONOMY.**

**The economy is growing at a rapid pace. GDP growth** for January-October of the current year accelerated to **6.4%** (*y/y*).

Economic activity is supported by expanding investments in non-resource sectors, increased oil production volumes, and strong crop yields in agriculture.

High growth has been recorded in **transportation and storage, construction, mining, manufacturing, and trade.**

**Domestic demand remains resilient** despite declining real household incomes. Retail trade turnover continues to expand (*in October – 8.7% y/y in real terms*), which may reflect the beginning of expectations related to the VAT increase from 2026. Purchases of non-food goods remain the main driver of trade. At the same time, demand for services strengthened in August-September of this year.

Growth in retail turnover significantly outpaces the dynamics of manufacturing, confirming the increasing dominance of consumer demand over the production capacity of the economy.

The main source supporting household demand growth remains **consumer lending**. At the same time, amid tighter requirements, growth is observed in alternative sources of lending – microfinance organizations and pawnshops.

**Investment activity also remains high** – growth for January-October amounted to 13.1%. At the same time, the share of budget funds remains substantial (*around 23%*), with their volume increasing by 32.1% in real terms compared with January-October 2024.

### **THIRD. EXTERNAL ENVIRONMENT FACTORS.**

**External inflationary pressure persists.** Its main source is elevated global food prices and uncertainty surrounding the outlook for the global economy.

**According to FAO data**, the food price index continued to decline in October following decreases in indices for grains, dairy, meat, and sugar. Meanwhile, the index for vegetable oils reached record growth (*since July 2022*). Meat prices, despite decreasing, remain historically high, and beef prices, in particular, continue to rise.

In **Russia**, inflation continued to slow, reaching **7.7%** in October. The **Bank of Russia** reduced the key rate to 16.5% in

October, while noting increased pro-inflationary risks and tightening its rhetoric.

Amid trade disputes and geopolitical tensions, the policies of leading central banks remain cautious.

In October, inflation in the **EU** stood at **2.5%**. The **ECB** is pursuing a policy based on incoming data and a phased approach to decision-making.

Inflation in the **U.S.** accelerated to **3%** in September and remains elevated relative to the target. The Federal Reserve noted that in the short term, risks to inflation are skewed upward, while risks to employment are skewed downward. In these conditions, the regulator intends to determine the future path of monetary policy based on incoming data, changing forecasts, and risk assessments.

**The situation in the oil market remains uncertain.** Because supply is growing significantly faster than demand, there is a risk of oversupply.

Given current conditions, in the baseline scenario the **price of Brent crude** is maintained at **60 dollars per barrel**.

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### **Regarding the forecasts.**

We have refined and slightly raised our inflation forecasts for **2025** – it is expected in the range of **12.0-13.0%**, for **2026** – the forecast range is expanded to **9.5-12.5%**.

The revision is due to higher inflation expectations and actual inflation, which is forming above previous forecasts. At the same time, the updated forecasts take into account slower growth of regulated prices within the revised pace under the “inflation + 5%” scheme for 2026–2027.

Expansion of the forecast range for 2026 reflects increased uncertainty in assessments. It is associated with the implementation of the tax reform and its impact on aggregate demand, as well as the planned increase in financing from the quasi-budgetary sector and its stimulating effect on the economy.

**The inflation forecast for 2027 is maintained.** It is expected to slow to **5.5–7.5%**.

The gradual slowdown of inflation over the forecast horizon will be supported by tight monetary policy, fiscal consolidation, and measures under the Joint Actions. Pro-inflationary influences include further liberalization of the fuel market and intensifying pressure from domestic demand amid quasi-fiscal stimulus.

**Risks to the inflation forecast** are linked to strengthening domestic demand, accelerating external inflation, elevated inflation expectations, as well as secondary effects from increases in regulated prices, fuel, and VAT. Another important factor of uncertainty is financing of the economy by Baiterek NMH JSC. A significant volume of quasi-fiscal injections may increase inflationary pressure and partially offset the effect of upcoming fiscal consolidation.

**Now let us turn to GDP growth forecasts. The forecast for 2025** is improved with adjustments to previous estimates to **6-6.5%**. This is due to current high growth rates, particularly in oil production, sustained consumer demand, and high investment activity.

The **forecast for 2026** is lowered to **3.5–4.5%** due to the high base of 2025 and a more moderate consumer demand amid tax and budget reforms and fiscal consolidation.

In **2027**, economic growth is expected in the range of **4.0-5.0%**, slightly higher than previous forecasts. Growth will be supported by further expansion of investment activity and positive dynamics in the oil sector.

**Risks to the GDP forecast** are related to maintaining fiscal discipline, including implementation of plans to reduce withdrawals from the National Fund, potential strengthening of domestic demand, and a decline in global oil prices.

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**Dear journalists!**

In conclusion, I would like to note that **pro-inflationary pressure in the economy persists**, and we are prepared to take all necessary measures in the fight against inflation. The main domestic factors are sustained domestic demand supported by fiscal stimulus and consumer lending, elevated and unstable inflation expectations, and continued growth of regulated prices. Despite some decline in inflation in Russia, our major trade and

economic partner, pressure from global food prices on food imported into our country persists.

The earlier decision to raise the base rate and Government measures to revise utility tariffs enabled us today to maintain the base rate at its current level. However, inflation risks persist and remain high. Confidence in reducing inflation is possible only if it slows steadily over a prolonged period.

The National Bank will continue to assess the pace of inflation slowdown, the response of domestic demand, and the effectiveness of joint measures under the Joint Actions Program and the Complex of Measures to Control and Reduce Inflation.

However, as of today, we do not see room for lowering the base rate until the end of the first half of 2026. In the absence of convincing signs of a sustainable downward trend in inflation, a tightening of monetary conditions cannot be ruled out.

Next, I would like to highlight which additional measures are being implemented and will be undertaken in the future, including joint measures with the Government and ARDFM.

One of the important measures taken to strengthen control over inflation under the Program is to ensure growth of household incomes at the level of “inflation + 2-3%.”

The Program includes comprehensive measures to eliminate imbalances in the economy that directly or indirectly lead to inflation growth.

Within the program, the National Bank will conduct a **moderately tight monetary policy** and continue implementing

additional measures aimed at **reducing excess liquidity** – increasing minimum reserve requirements and mirroring gold purchases.

As part of the Program, together with ARDFM, we will continue implementing a set of micro- and macroprudential measures to **reduce risks in the consumer lending segment**. The sectoral countercyclical capital buffer and the debt-to-income ratio of the borrowers were also activated. Besides this, tightening requirements for borrowers' debt burden and changing the composition of income accounted for in calculations. The drafts have been prepared, and discussions with second-tier banks are planned in the near future. We also plan to introduce the **regulation of the annual effective interest rate (AEIR)** on consumer loans. Calculations are being made taking into account banks' funding costs, operational expenses, and borrowers' credit risk.

**The Government**, in turn, will carry out countercyclical **fiscal policy** and a more restrained and balanced *tariff policy*.

Overall, the impact of tariff increases for natural monopoly services on inflation in 2026-2027 will be at the level of “inflation + 5%,” in 2028 – “inflation + 3%,” and their contribution to overall inflation will not exceed 1 percentage point.

We consider it extremely important for the Government to approach quasi-fiscal stimulus with utmost caution, given current inflation risks in the economy.

Implementation of the above measures, and other measures provided in the Program will stabilize demand and limit secondary inflationary effects. Overall, these measures will create conditions for a sustainable reduction of inflation to the target level of 5% in the medium term.

We are confident that, thanks to coordinated efforts, we will reach the established target.

**Thank you for your attention!**

**We are now ready to answer your questions.**