



NATIONAL BANK OF KAZAKHSTAN

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Bulletin on the FX Market

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Since October, the exchange rate has shown a steady appreciation, strengthening to the 499-500 tenge per US dollar range (by 9%). The strengthening of the national currency reflects a combination of favorable external conditions, consistent macroeconomic policy, and improved investor sentiment.

Global oil prices have remained steadily above USD 60 per barrel. At the same time, the Federal Reserve's interest rate cutting cycle has contributed to an 8.3% weakening of the global US dollar index and an 8.3% strengthening of the emerging markets currency index since the beginning of the year. Against this backdrop, international investors' interest in emerging market assets - including Kazakhstan's market - remains elevated.

The coordinated policy of the Government and the National Bank aimed at reducing inflationary pressures and increasing the predictability of the macroeconomic environment has played a key role in strengthening the tenge.

In particular, the Government, the National Bank, and the Agency for Regulation and Development of Financial Market are implementing the Joint Action Program on Macroeconomic Stabilization and Well-being Enhancement for 2026–2028. The program is aimed at addressing imbalances between supply and demand, improving the efficiency of budget expenditures, implementing micro- and macro-prudential measures, increasing real household incomes, and establishing conditions for sustainable economic growth by reducing and stabilizing inflation.

The National Bank's consistent decisions have strengthened market confidence. The moderately tight monetary policy has led to a revision of inflation expectations and an increase in the real yields of tenge-denominated instruments, significantly enhancing their attractiveness, including for non-residents.

From early October to the end of November, non-residents' portfolio investments in Kazakhstan's government securities increased by USD 1.1 billion, bringing total holdings to a historic high of USD 3.6 billion equivalent. Since the beginning of the year, the increase has amounted to USD 1.5 billion.

This also contributed to a reduction of more than 1 percentage point in the cost of long-term borrowing for the Ministry of Finance: in December, 9-year government securities were placed at 16.1% versus 17.2% in October.

The increased supply of foreign currency from foreign investors has become a direct factor supporting the tenge. In addition, the favorable external environment provided further support.

The National Bank's systematic work to develop the infrastructure of the government securities market - including enhancing the transparency of operations, forming a benchmark yield curve, and improving access and settlement procedures for non-residents - has created a solid foundation for market functioning and continues to support foreign investor interest.

The strengthening of the national currency is also an important factor in stabilizing inflation. Given the share of imports in the consumer basket, the appreciation of the tenge limits the pass-through of external price pressures to domestic prices.

Thus, the current exchange rate dynamics reflect improvements in the quality of economic policy and the formation of a more predictable macroeconomic environment (coordination of monetary and fiscal policy), which have led to a positive reassessment of Kazakhstan by global investors and an increase in portfolio inflows into the country.

The National Bank's consistent moderately tight monetary policy serves as an important signal of its commitment to price stability, strengthening investor confidence in tenge-denominated instruments.

The National Bank maintains a free-floating exchange rate regime and allows for reasonable two-way volatility of the tenge. The situation in the foreign exchange market is under continuous monitoring. At present the National Bank does not observe speculative activity or factors requiring intervention.

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