



NATIONAL BANK OF KAZAKHSTAN

MONETARY POLICY COMMITTEE

Summary of Deliberations on the Base Rate Decision Announced on November 28, 2025

The Committee members' discussion conducted as part of the "November 2025" forecast round.

The forecasting team from the Monetary Policy Department and the Balance of Payments Department presented updated assessments of current economic conditions, macroeconomic forecasts, and alternative scenarios.

Current Situation

During the presentation of current conditions, it was noted that inflation, despite declining, remains elevated. Annual inflation slowed to 12.6% in October, mainly due to administrative reductions in tariffs for regulated utilities. At the same time, a high contribution to overall inflation continues to come from food price increases (13.5%) and non-food goods (11%).

Despite some easing in core and seasonally adjusted inflation, both indicators remain at elevated levels, pointing to the persistence of inflationary pressures. Household inflation expectations for the year ahead rose to 13.6% in October, while long-term expectations increased to 14.3%.

Domestic inflationary factors have strengthened. The Committee noted rising price pressures from the real sector, driven primarily by sustained increases in agricultural prices. This raises production costs and is passed through to final consumer prices.

Price formation in the consumer sector is being shaped by the combined influence of demand, global price dynamics, and rising domestic costs. Retail trade turnover continues to grow at a high pace, confirming the persistence of demand. Stronger household demand is putting additional pressure on prices for market-based services.

Economic activity continues to grow at a high rate (6.4% year-on-year in January–October). Growth is supported by expanding oil production, strong performance in agriculture due to a good harvest, as well as rising volumes in construction, transport, and trade. Investment in fixed capital continues to increase. Committee members highlighted that sectors that drive domestic demand are expanding more rapidly than those responsible for supply. In addition, inflationary risks are increasing amid quasi-fiscal stimulus.

The Committee noted that, according to current statistics, real wages and real household incomes are declining despite the strong pace of GDP growth. Consumer spending is being supported largely by retail lending, the growth rate of which is gradually slowing but remains elevated.

In the external sector, global prices for certain food products (meat and vegetable oils) remain high. Inflation in Russia also remains elevated, which, amid a strong ruble, is being passed through to import prices.

Forecasts

The Committee decided to revise the inflation forecasts for the current and next year. Inflation in 2025 is expected to be in the range of 12.0–13.0% (previously 11.0–12.5%), and in 2026 in the range of 9.5–12.5% (previously 9.5–11.5%). The revision reflects the substantial overshoot of actual inflation relative to projections this year and the elevated trajectory of inflation expectations. At the same time, in the course of developing the Joint Action Programme for Macroeconomic Stabilisation and Welfare Enhancement for 2026–2028 (hereinafter – the Programme), a formula for

increasing regulated utility tariffs under the “inflation + 5%” scheme in 2026–2027 was defined, and this has also been incorporated into the forecast. The wider forecast range for 2026 reflects increased uncertainty in the assessments, associated with the implementation of tax reform and the response of aggregate demand, as well as the significant expansion of quasi-fiscal financing and its stimulating effect on the economy. The inflation forecast for 2027 has been maintained at 5.5–7.5%.

The GDP growth forecast for 2025 has been revised upward to 6.0–6.5% (previously 5.5–6.5%). The forecast for 2026 has been revised downward to 3.5–4.5%, reflecting the high base of 2025, stabilization of oil production volumes, and more restrained consumer demand amid fiscal reform and fiscal consolidation. In 2027, economic growth is projected to be in the range of 4.0–5.0%, slightly higher than previous forecasts. Growth will be supported by a further expansion of investment activity under quasi-fiscal stimulus and by the planned increase in oil production.

Discussion on the Base Rate

After reviewing the current conditions and the updated forecasts, the Committee moved to a discussion of the base rate decision. Two main options were presented:

- raise the rate by 50–100 basis points and hold it at the new level, with a signal that further increases are not expected;
- maintain the rate, with clear communication regarding the period for which it will be held and readiness to tighten policy if necessary.

During the discussion, some Committee members noted that the previous rate decision and additional initiatives had begun to show early results: the median measure of core inflation in annual terms slowed (12.2% in October), which may be viewed as a positive signal. Other members highlighted favourable developments in the foreign exchange market, where the strengthening of the tenge reflected the timely base rate increase by the National Bank and was interpreted by market participants as a signal of active efforts to combat inflation. At the same time, it was emphasized that it is premature to draw conclusions about the emergence of a sustained downward trend in price growth, as risks of renewed price acceleration persist amid the VAT increase and unstable inflation expectations, while the real base rate remains within the moderately tight range.

Some Committee members noted that yields in the government securities market had begun to decline, as market participants believe, given the combined efforts, updated priorities and the Government’s commitments on inflation under the approved Programme, the tightening cycle is nearing completion. In this context, and given the risks of inflation acceleration, some meeting participants proposed the following signaling rhetoric: while maintaining the rate at its current level, to more fully emphasize all the uncertainties in the economy that do not allow the start of the policy easing process.

Some discussion participants emphasized that, despite the decline in headline inflation, price growth in components not linked to regulated prices is accelerating, and there is still no sustained and meaningful turnaround in price dynamics.

During the decision-making process, the Committee also considered several alternative scenarios assessing the impact of quasi-fiscal activities of the Baiterek holding on macroeconomic indicators, and a significant part of the discussion revolved around the fiscal policy parameters and initiatives aimed at significantly expanding both monetary and non-monetary support measures for the economy. It was noted that, starting in 2026, the fiscal policy will be more contractionary due to the Government's commitments to the gradual reduction of the non-oil budget deficit and transfers from the National Fund. At the same time, the substantial expansion of economic financing by the Baiterek holding may partially offset the effect of fiscal consolidation.

Some members expressed concern that inflation will respond to the base rate only gradually, as inflation expectations remain elevated amid the forthcoming tax reform. The actual effect of the VAT increase will play out fully over the first half of next year, reflecting both price adjustments and

the submission of tax returns and payment of VAT at the new rate, including by newly registered entities. In addition, from the second quarter of 2026, the increase in regulated prices is expected to resume following the end of the moratorium.

Other participants, by contrast, noted that most of these factors have already materialized and that their effect will begin to fade. They emphasized that a sufficient set of disinflationary measures have been undertaken: a substantial increase in the base rate, the ongoing macro- and microprudential initiatives, planned reductions in transfers and fiscal consolidation, the suspension of regulated tariff hikes, and the capping and subsequent lowering of the ceilings for tariff increases. These steps will help reduce inflation next year.

Committee members highlighted that inflation expectations remain elevated and, based on current assessments, will stay near this year’s levels, remaining unanchored. Previous forecasts assumed their gradual decline, but those assumptions have not fully materialized. At the same time, other discussion participants pointed out that inflation expectations are forming below the levels observed in previous years. Further sharp changes in inflation expectations are unlikely, as the main factors – such as the VAT increase, regulated tariffs adjustments, and developments in fuel prices – have already been reflected in their dynamics.

Summarizing the discussion, Committee members discussed and unanimously supported the need to provide a clear and firm signal regarding the future trajectory of the base rate. This will strengthen the transmission of the base rate to the pricing of bank deposits and loans.

Following the discussion, the Committee decided to maintain the base rate at 18% with a corridor of +/- 1 percentage point. The decision is based on the updated forecasts and the assessment of the balance of risks. Given persistent inflationary pressures, the National Bank sees no room for lowering the base rate until the end of the first half of 2026. In the absence of convincing signs of a sustained disinflationary trend, the possibility of tightening monetary conditions is not ruled out.

Assessment of the Base Rate Trajectory

Following the decision, Committee members presented their assessments of the most likely base rate trajectory for 2025–2027 (Table 1, Chart 1). Compared with the previous forecast round, these assessments have shifted upward for all years. The range of estimates for 2026–2027 has widened noticeably.

The opinion of each Committee member was based on the information available at the time of the meeting. It reflects their view of the monetary policy stance required to achieve the inflation target, taking into account current conditions and future prospects at the time of decision-making.

The proposed base rate trajectory does not imply a commitment by the Committee to maintain the rate at these levels. In its communication of decisions, the Committee will explain the factors and assumptions underlying them, including in cases where the actual rate deviates from the previously assessed trajectory.

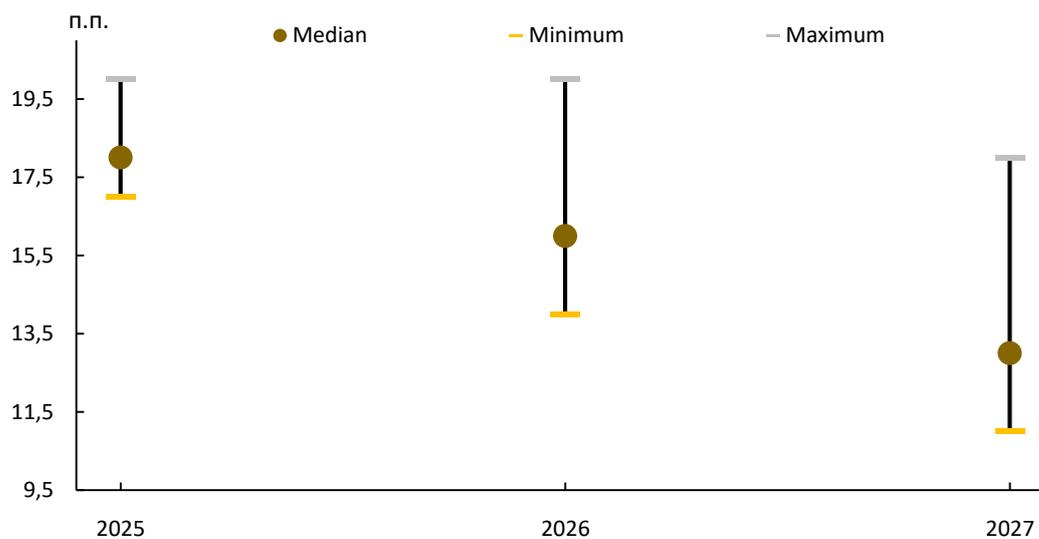
Table 1. Assessments of the Base Rate Trajectory

Indicator	Median			Range		
	2025	2026	2027	2025	2026	2027
Base rate at year-end, %	18,0 (17,25)	16,0 (15,0)	13,0 (12,0)	17,0-20,0 (16,0-20,5)	14,0-20,0 (14,0-16,0)	11,0-18,0 (10,0-14,0)

Notes:

1. *If a Committee member provided an interval of assessments, the midpoint of this interval was used as the data point for determining the median.*
2. *The range includes the assessments of all Committee members from the minimum to the maximum for each year (including the bounds of the interval if the assessment was presented as an interval rather than a point).*

Chart 1. The range of estimates of the base rate by MPC members



Source: Committee members' assessments

More detailed information on the factors underlying the decision and the forecasts is presented in the Monetary Policy Report published on the official website of the National Bank on 3 December 2025.