

Statement by the Governor of the NBK, T.M. Suleimenov
On the Base Rate of the National Bank
23 January 2026, 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 **maintain the base rate at 18%**.

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

Inflation increased to 12.3% by the end of 2025. The peak of inflation was recorded in September 2025 at 12.9%. In December, compared with the previous month, inflation slowed, mainly in non-food goods and services, amid moderately tight monetary policy, administratively reduced tariffs, and the implementation of other measures to contain inflation.

At the same time, despite certain indications of disinflation, price pressures in the economy remain elevated.

Food inflation is accelerating, and inflation expectations among households and businesses are rising amid tax reform and expectations regarding VAT, while annual core inflation still remains at high level. Taken together, these factors point to the persistent nature of inflation and inertia in price dynamics.

Economic activity in the country remains strong. Domestic demand also remains elevated, despite declining real household incomes and a slowdown in consumer lending.

Global food prices, while declining in recent months, remain high and close to the levels observed in previous years.

Overall, current inflation dynamics, elevated expectations and domestic demand pressures, despite some stabilization in inflation, indicate that pro-inflationary factors continue to predominate. Pro-inflationary risks, among other things, are also associated with the implementation of the large-scale tax reform, which envisages both an increase in the VAT rate and a broadening of the taxpayer base. Over the coming quarters, it is important to monitor how businesses adapt to the tax reform.

It is also necessary to monitor the impact of the resumption of the tariff and price reform after the first quarter.

In these circumstances, it is premature to speak of a stable disinflationary path taking hold. **To establish a sustained downward trend in inflation, it is necessary to maintain moderately tight monetary conditions and to ensure the implementation of the Government of the Republic of Kazakhstan's anti-inflationary measures set out in the Joint Action Programme as well as the Comprehensive Measures for the Control and Reduction of Inflation.** The monetary policy stance remains unchanged: **the base rate is highly likely to be maintained at its current level over the first half of 2026.** This

is necessary to reduce inflation and secure a sustained decline in inflation.

Let me now turn to the factors behind the decision.

FIRST. DYNAMICS OF INFLATION AND INFLATION EXPECTATIONS.

By the end of December 2025, **annual inflation** slowed **slightly to 12.3%**, and remained within the National Bank's forecast range.

Despite this positive signal, inflation remains in double digits, and inflationary pressure in the economy persists.

A significant source of this pressure continues to be **food inflation**. In December, it rose by **13.5%**.

At the same time, food price dynamics are uneven due to specific imbalances in certain product markets.

This is primarily evident in the market for meat and meat products, where annual price growth reached **22.6%**. This is the highest level since January 2012. High growth rates are also recorded for lamb, confectionery products, cauliflower, apples, fish, fruit, oils and fats. All of this contributes to food inflation and to headline inflation.

By contrast, the non-food and services components are slowing.

Price growth for **non-food goods** slowed to **11.1%**. A positive dynamic in non-food inflation is also evident in monthly terms. Price growth eased to 0.7% compared with 0.9% in November.

The slowdown in non-food inflation reflects the influence of offsetting factors. The appreciation of the tenge is exerting a restraining influence, reducing the cost of imports. At the same time, fuel price growth, despite moderating, continues to generate inflationary pressure through second-round effects.

Services inflation slowed to **12.0%**. This is largely due to the moratorium on increases in housing and utility tariffs under the Government's measures.

At the same time, price growth in certain unregulated market services still persists. This includes, among others, tourism services, healthcare, and rental housing. Services inflation excluding utility tariffs stood at **12.9%**.

Turning to **monthly inflation**, it amounted to **0.9%** in December 2025, which is somewhat higher than in November (*0.8%*).

Indicators of underlying component of inflation remain elevated: on a seasonally adjusted basis, inflation accelerated from 0.7% to **0.8%**, while the median core estimate remained at **0.8%**. **All of this suggests that inflationary pressure in the economy still persists.**

In turn, one-year-ahead household inflation expectations rose to 14.7% (*13.6% in November*). A similar pattern is observed in the forecasts of professional market participants: their inflation expectations for 2026 were revised from 10.0% to **10.8%**. At the same time, household inflation expectations over a five-year horizon eased somewhat to **14.3%**. This is a positive signal.

Despite some signs of inflation easing, the balance of risks remains skewed to the pro-inflationary side. Therefore, maintaining a moderately tight monetary policy stance is necessary in order to achieve the objective of lowering inflation.

SECOND. DOMESTIC ECONOMIC TRENDS.

Kazakhstan's economy continues to grow at a strong pace. **GDP growth** amounted to **6.5%** year-on-year.

The role of the key drivers of economic growth remains in place. The main contribution to GDP dynamics continues to come from transport, construction, mining, and trade. Positive dynamics are also observed in manufacturing.

Domestic demand remains resilient, as evidenced both by retail trade dynamics and by rising demand for services. Retail turnover in real terms increased by **7.5%** by the end of 2025. In addition, sales of non-food products accelerated in December. As we understand it, this reflected tax changes that were expected at the time.

At the same time, **income** and **credit dynamics** exert a restraining influence: given current inflation dynamics, real incomes remain under pressure. At the same time, there has been a slowdown in unsecured consumer lending. This is clearly a positive development. Over the first 11 months of 2025, growth in issuance slowed materially and stood at **7.3%** compared with the beginning of the year.

Investment activity remains high. Fixed capital investment increased by 13% in real terms, while the growth in private investment in the non-resource sector accelerated to 19.1%.

THIRD. EXTERNAL ECONOMIC ENVIRONMENT.

In the external environment, there are signs of easing inflationary pressure, reflecting improved conditions in global food markets.

At the same time, global food prices remain elevated. Global beef prices continue to rise at double-digit rates. Grain prices have increased for the second month in a row, and wheat prices are rising largely due to supply disruptions in the Black Sea region.

Inflation in our major trading partner, **Russia**, is gradually slowing amid persistently tight monetary conditions, which constrain domestic demand and exert a restraining influence on price growth. In the **EU**, inflation, according to the ECB, is expected to settle near the target level already over the medium term.

In the **United States**, the Federal Reserve shifted to a gradual reduction in the policy rate in 2025, amid heightened risks to employment. At the same time, the regulator continues to take a cautious approach.

Elevated **geopolitical risks** persist, including in trade relations between the United States and Europe. Rising tensions could accelerate the fragmentation of the global trade and economy, which could ultimately undermine the resilience of

international economic links and lead to a deterioration in the external inflation environment.

In the event of a serious escalation in relations between the United States and Europe, the risks of a slowdown in global economic activity and a decline in global demand – including for commodities, particularly oil – would increase, which would exert a restraining influence on energy prices overall.

At the same time, **Brent** oil prices are currently forming in line with the baseline scenario (*Brent futures are around USD 65 per barrel as of 22 January*).

Dear journalists,

Despite the challenges throughout 2025, the National Bank, together with the Government and the Agency for Regulation and Development of the Financial Market, made a number of important decisions that are already being implemented to reduce inflationary pressure in the economy. We emphasize that anti-inflation policy is not limited to the base rate alone, but also relies on a broader set of instruments.

If we speak about the key challenges of last year, these were, first and foremost:

- 1) **high volumes of fiscal stimulus**, including through increased withdrawals from the National Fund (*withdrawals from the National Fund in 2025 amounted to KZT 5.341 trillion*).
- 2) **rapid growth in consumer lending**.

The response to these challenges has been a **comprehensive anti-inflationary policy**, reflected in the **Joint Action Programme** for Macroeconomic Stabilization and Welfare Enhancement for 2026–2028.

As a result of coordination, **fiscal consolidation** has been set out, providing for a reduction in pro-cyclical fiscal effects on the economy from 2026.

On the National Bank's side, measures have been taken to **reduce the structural liquidity surplus** and move towards **monetary neutrality**. The key instruments have been the mechanism for **mirroring** gold purchase operations and a **phased revision of minimum reserve requirements for banks**. This has led to an additional significant absorption of excess liquidity from the banking sector and the formation of more balanced monetary conditions.

Together with the **Agency for Regulation and Development of the Financial Market**, the **macro- and microprudential policy block** has been strengthened significantly. The main focus has been on cooling **consumer lending** as one of the channels of pro-inflationary pressure. Requirements for lending quality and borrowers' debt burdens are being tightened.

As a result, growth in the issuance of new unsecured consumer loans has slowed markedly: over the first eleven months of 2025, new lending rose by 7.3% year-on-year. We expect that for the full year this figure will decline by around 1 percentage point. This is well below inflation and nominal GDP growth.

Thus, the key pro-inflationary risks of last year have, at this stage, been contained.

The first results began to emerge in recent months. At the same time, it is still premature to speak of a systemic decline in inflation. Inflation remains high.

For **2026**, a number of **significant challenges** remain, primarily related to the parameters of the implementation of a **large-scale tax reform**. It is important to consider how both the VAT rate increase and a broadening of the taxpayer base will affect economic activity. How companies will pass their costs through to prices and how much they will absorb through their margins.

In this regard, during the first half of 2026 this factor is regarded as one of the most important and requires close monitoring of primary and second-round effects.

Additional risks to inflation dynamics are associated with the **resumption of reforms in price regulation**, as well as with the parameters **of the large-scale investment programme of the Baiterek**. It will also be necessary to track how reforms in housing and utility tariffs and fuel prices are re-launched. With respect to Baiterek's programme, the National Bank, together with the Government, is **building coordinated approaches** to the use of quasi-fiscal stimulus in order to minimize its impact on inflation and preserve macroeconomic balance.

In line with the President's instruction to raise citizens' welfare, **the fight against inflation is moving to the forefront**. The Joint Action Plan and the Comprehensive Measures to reduce inflation

play a key role here, which provide for the **regulation of the pace of growth in housing and utility tariffs**, as well as Government measures to expand **supply** and raise **productivity**, alongside a range of other actions.

For its part, the National Bank considers will maintain the current monetary policy stance. This is our contribution to containing inflationary pressure and creating conditions for a sustained slowdown in price growth and the formation of a new investment cycle.

The **base rate** is highly likely to remain at its **current level** until tangible results in reducing inflation are achieved.

At the same time, in the absence of a sustained downward trend in inflation, **the possibility** of monetary policy **tightening cannot be ruled out**.

The National Bank will continue to use the full set of **monetary and macroprudential policy instruments** to ensure a sustained decline in inflation. The priority in 2026 is to keep inflation within the forecast range and to anchor it at a **single-digit** level. Over the medium term, our target remains unchanged – 5%. We will calibrate our monetary policy accordingly.

Low and stable inflation is key to sustainable economic development and improving citizens' welfare.

We are now ready to take your questions.