



MONETARY POLICY COMMITTEE

Summary of the Deliberation on the Base Rate Decision Announced on 23 January 2026

The discussion among the members of the Committee took place at the meeting held as part of the inter-forecast base rate decision on January 22, 2026.

The Committee members were presented with information prepared by the Monetary Policy Department on the current external and domestic economic conditions.

Current Situation

During the discussion of inflation trends, Committee members noted that headline inflation amounted to 12.3% at end-2025, in line with the National Bank's forecast. The Committee expressed concern about the ongoing acceleration in food inflation, reflecting both rising production costs and high prices in export markets. At the same time, the deceleration of annual inflation observed in the latter months of 2025 was supported by a slowdown in non-food inflation and price growth in paid services, driven by the appreciation of the tenge and the Government's moratorium on increases in housing and utility tariffs and fuel prices.

Monthly inflation (0.9%) and its core component (0.8%) remain elevated, indicating the persistence of pro-inflationary pressures. Inflation expectations of the population, in turn, increased and remain volatile.

Participants noted that pressure from the external sector remains pro-inflationary. Price levels in global food markets remain high despite some moderation in recent months. Inflation in Russia is slowing amid tight monetary conditions. Inflation in the EU remains persistently low, while in the US it remains elevated. Significant risks persist amid ongoing geopolitical and trade conflicts.

According to the Committee members' assessment, price pressures from domestic factors remain elevated. This is partly driven by resilient consumer demand, which exceeds supply capacities and supports a pro-inflationary environment in the economy, as well as persistent second-round effects from increases in administered prices and fuel prices.

Discussion on the Base Rate

Following the assessment of current external and domestic conditions, the members of the Monetary Policy Committee proceeded to discuss the base rate decision. During the discussion, all Committee members agreed on the need to keep the base rate unchanged at 18%.

In the participants' view, certain positive developments are observed in inflation dynamics, with inflation decelerating for the third consecutive month and remaining in line with the National Bank's forecast. Against this backdrop, the base rate, together with the appreciation of the real effective exchange rate, ensures sufficiently tight monetary conditions, eliminating the need for additional policy tightening at the current meeting.

At the same time, Committee members noted that the deceleration of inflation is not of a sustainable nature and is largely driven by specific factors, such as the moratorium on increases in housing and utility tariffs and fuel prices, as well as the strengthening of the tenge exchange rate. No fundamental changes in inflation processes are observed. Monthly inflation is accelerating, while

measures of its underlying component remain elevated. In this regard, there is no room for monetary policy easing.

Some participants noted the need to pause policy decisions until the response of inflation and inflation expectations to the increase in the VAT rate, the resumption of tariff increases for housing and utility services and fuel prices, as well as quasi-fiscal stimulus, becomes clearer. According to some Committee members, the impact of the VAT increase will be gradually reflected in inflation over the course of the first quarter of the current year. Other participants, however, argued that administrative measures to freeze housing and utility tariffs and fuel prices will continue to restrain inflation in the first quarter. In addition, at the beginning of the year, money supply dynamics typically remain subdued, while consumer activity seasonally declines.

Nevertheless, the majority of Committee members expect price pressures to increase going forward, particularly after the resumption of increases in administered tariffs and fuel prices from the second quarter of the current year, which may imply the need for additional monetary policy tightening.

The Committee is most concerned about how businesses and households will respond to the implementation of the tax reform, which includes both an increase in the VAT rate and an expansion of the taxpayer base. Participants emphasized the importance of closely monitoring both the direct and second-round effects. They also noted that particular attention should be paid to how businesses adjust over the coming quarters. Some companies may pass the higher tax burden on to prices, while others may adapt by compressing margins.

Another source of uncertainty requiring a cautious approach to the conduct of monetary policy is the large-scale monetary support program of Baiterek National Management Holding. Its parameters and implementation framework may weaken the disinflationary impact of republican budget consolidation and renew upward pressure on prices.

In the external environment, uncertainty is driven by trade and geopolitical conflicts. Rising tensions may accelerate the fragmentation of the global economy, leading to a deterioration in the external inflationary environment. A deterioration in relations between the United States and Europe increases the risks of a slowdown in global economic activity and a decline in global demand for commodities, including oil, which would exert downward pressure on energy prices. At the same time, global food prices remain elevated. In particular, prices for grains are increasing, while wheat prices are rising due to risks of supply disruptions from the Black Sea region.

Amid the implementation of tariff and tax reforms and the liberalization of the fuel market, inflation expectations remain elevated and volatile over a prolonged period. According to some participants, persistently high inflation expectations further support consumer activity, thereby hindering a slowdown in inflation.

Domestic consumer demand remains resilient. At the same time, positive changes are observed in retail lending dynamics, which is one of the main sources of financing for consumer demand. In particular, as a result of the measures taken, growth in new unsecured consumer loan disbursements has slowed significantly. Some participants expect the disinflationary effect of these measures to strengthen, leading to a normalization of consumer demand.

In the participants' view, maintaining the base rate at the current meeting is necessary to consolidate the effects already achieved, support the downward trajectory of inflation, and contain the materialization of pro-inflationary risks. Moreover, such a decision is consistent with the Committee's earlier communication and the market expectations formed in line with it.

When discussing the future monetary policy signal, the majority of Committee members agreed on the need to maintain guidance on keeping the base rate at its current level in the first half of 2026. This is justified by the absence of fundamental grounds for a change in rhetoric, as the inflationary

environment has not shown a significant improvement and pro-inflationary factors and risks remain relevant.

During the discussion, Committee members noted the importance of assessing the effectiveness of joint initiatives implemented under the Programme of Joint Actions for Macroeconomic Stabilization and Welfare Enhancement for 2026–2028 and the Comprehensive Plan for Inflation Control and Reduction. The Committee also concluded that additional time is required to accumulate information on further inflation dynamics and inflation expectations, as well as to analyze and assess risks.

Following the discussions, the Committee decided to keep the base rate at 18% per annum with a corridor of ± 1 percentage point. Maintaining moderately tight monetary conditions is required to form a sustainable downward trend in inflation and to stabilize inflation expectations. The base rate is highly likely to be maintained at its current level until the end of the first half of 2026. If inflation does not move onto a sustainable downward path, the Committee may consider further monetary policy tightening.

Publication date: February 4, 2026