



NATIONAL BANK OF KAZAKHSTAN

## MONETARY POLICY COMMITTEE

### **Summary of the Deliberation on the Base Rate Decision Announced on 6 March 2026**

The discussions of the Committee members took place during the “February 2026” forecast round.

The forecast team from the Monetary Policy and Balance of Payments departments, presented updated assessment of current economic conditions, macroeconomic forecasts and alternative scenarios.

#### **Current Developments**

During the presentation on current conditions, it was noted that headline inflation is moderating, reaching 11.7% in February.

Disinflation is supported by moderately tight monetary conditions, the implementation of anti-inflationary measures, a slowdown in unsecured consumer lending, and withdrawal of excess liquidity through minimum reserve requirements and mirroring operations. A significant contribution to the decline in inflation is made by the moratorium on utility and fuel prices, as well as appreciation of the tenge exchange rate. The impact of the VAT increase on price growth is assessed as limited.

Meanwhile, monthly inflation in February edged up to 1.1%. Both core and seasonally adjusted inflation indicators are not declining, standing at 0.8%, which points to the persistence of price growth. One-year-ahead household inflation expectations fell to 13.7% in February, while remaining elevated and volatile.

It was noted that external inflationary pressure remains moderate, however, geopolitical uncertainty is intensifying risks of an increase in the inflationary background. Consequently, central banks are aiming for a more prolonged period of restrictive global monetary conditions.

The situation in the oil market remains uncertain due to the escalation of the situation in the Middle East. Global food prices, in turn, show a decline driven by lower prices for meat, dairy products, and sugar. At the same time, an increase in prices for cereals and vegetable oils is observed. In Russia, inflation accelerated to 6.0% in January, which is largely attributed to the one-off effect of the VAT increase.

Domestic inflation factors persist due to elevated inflation expectations and risks of second-round effects from tax changes, utility tariffs, and fuel prices. At the same time, domestic demand dynamics are gradually normalizing, as indicated by declining retail turnover and a slowdown in lending, primarily in the unsecured consumer loan segment.

Economic activity in the non-commodity sector continues to expand. The highest growth was recorded in the construction, communications, and transport and warehousing sectors. More moderate rates are observed in agriculture and trade. Fixed capital investment maintains positive growth rates.

#### **Forecasts**

The Committee decided to revise inflation forecasts for the current year downward. In 2026, inflation is expected to be within the 9.5-11.5% range (previous forecast: 9.5-12.5%). The

forecast adjustment is driven by the effect of disinflationary factors amid a moderate price reaction to the VAT change. Under the implementation of joint actions by the Government and the National Bank, ensuring predictable fiscal and quasi-fiscal policies, and a reduction in the contribution of utilities and fuel to inflation growth, the Committee expects to achieve single-digit price growth levels in 2026. Inflation assessments for 2027 are maintained in the 5.5-7.5% range. By the end of 2028, inflation is expected to be close to the 5% target

At the same time, the Committee emphasized the uncertainty associated with the actual implementation of the planned budget consolidation in 2027–2028, as well as the scale and parameters of quasi-fiscal stimulus.

The GDP growth forecast for 2026 is maintained at 3.5-4.5%. Against the high base of 2025, economic activity will develop along a smoother trajectory in 2026 and subsequent years. Domestic demand will slow down under the influence of fiscal consolidation and the cooling of consumer lending.

### **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. During the discussion, all members of the Committee unanimously agreed on the need to maintain the base rate at 18%. The main part of the discussion concerned the definition of the rhetoric and the conditions for a projected reduction of the base rate starting from the second half of 2026.

Some Committee members noted that, despite the ongoing positive dynamics in the deceleration of annual inflation, inflationary processes require a cautious assessment. The deceleration of inflation in annual terms is, to a certain extent, driven by the high base effect of February last year, whereas current inflation indicators show signs of a reversal: slight acceleration in monthly inflation is observed, along with persistently elevated core inflation. In this regard, the need for close monitoring of price dynamics in the coming months was emphasized.

Particular attention was paid to risks arising from fiscal policy. A number of participants noted that while significant fiscal consolidation is embedded in the forecasts, uncertainty persists regarding the actual implementation of budget policy by the Government. In the event of a deviation from the consolidation plans, inflation may turn out higher than the forecast estimates.

Regulated price reforms remain an additional uncertainty for Committee members. It was noted that the administrative reduction of certain utility tariffs in 2025 could lead to a low base effect, consequently, even if monthly inflation rates slow down, the annual inflation rate could accelerate in the second half of the current year. Uncertainty also persists regarding the parameters for resuming hikes in regulated tariffs and fuel prices starting from the second quarter of the current year. In this regard, close coordination between the National Bank and the Government is essential to achieve a single-digit inflation level by the end of 2026.

During the discussion, it was also noted that the current level of the base rate supports investor interest in government securities, contributes to an increase in non-resident inflows, and strengthens the exchange rate. The importance of maintaining consistency in communication with the market was emphasized, as premature policy easing could negatively affect investor confidence and the stability of financial flows.

In the opinion of certain meeting participants, maintaining the rate over the coming months will generally allow for the formation of the necessary buffer of macroeconomic stability to consolidate the downward inflation trend and lower inflation expectations.

Along with this, another part of the Committee members pointed to signs of cooling economic activity. In particular, a weakening of domestic demand, a slowdown in retail trade and consumer lending, and a moderate price reaction to the VAT increase were noted. All of this indicates a strengthening of the disinflationary effect of the measures taken and, as a result, a normalization of consumer demand.

In the discussion of external factors, high uncertainty in the oil market amid the escalation of the conflict in the Middle East was noted. Despite the upward revision of oil price dynamics for 2026 within the updated assumptions, significant volatility persists. It is important to take this into account when making monetary policy decisions.

Summarizing the outcomes of the discussion, Committee members agreed that it is expedient to maintain a positive, yet cautious and conditional signal in communications regarding future monetary policy. Participants emphasized that further decisions must rely on the alignment of actual inflation dynamics with forecasts, the parameters of fiscal and quasi-fiscal policy, developments in commodity markets, and the state of domestic demand.

**Following the discussion, the Committee unanimously decided to maintain the base rate at 18% per annum with a corridor of +/- 1 percentage point.** The decision was based on the revised forecasts and an assessment of the balance of risks.

The National Bank will continue to assess inflation deceleration rate and monitor factors influencing it. Provided there is a sustained slowdown in inflation and an absence of new pro-inflationary shocks, the possibility of a base rate reduction in the second half of 2026 will be considered. Under current conditions, the room for monetary policy easing has not yet emerged.

#### **Assessment of the Base Rate Trajectory**

Following the decision, Committee members presented their assessments of the most likely base rate trajectory for 2026–2028 (Table 1, Chart 1). The median rate estimate for 2026 rose slightly to 16.1%, while for 2027, it remained unchanged. At the same time, the range of estimates for 2026–2027 narrowed significantly compared to the previous forecast round. The assessment for the expected base rate level in 2028 was presented by Committee members for the first time.

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**

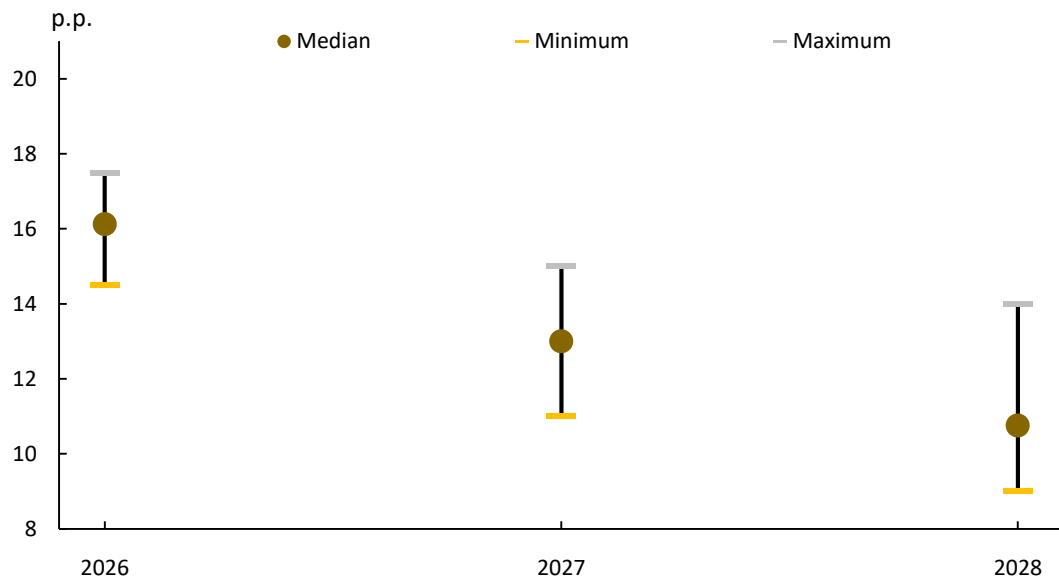
Indicator	Median			Range		
	2026	2027	2028	2026	2027	2028
Base rate at year-end, %	16.1 (16.0)	13 (13.0)	10.8	14.5-17.5 (14.0-20.0)	11-15 (11.0-18.0)	9-14

**Notes:**

- 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 11 March 2026.