NATIONAL BANK OF KAZAKHSTAN

PRESS RELEASE

The base rate reduced to 16.75%

Astana *24 July 2026*

The Monetary Policy Committee of the National Bank of the Republic of Kazakhstan has decided to set the base rate at 16.75% per annum with a corridor of +/- 1 percentage point.

Annual inflation has been declining for the ninth consecutive month. In June, it stood at **10.3%**, after 10.4% in May. **Food inflation** declined from 10.7% to **10.4%**. **Non-food inflation** remained unchanged at **11.7%**. **Services inflation** stood at 9.0%, compared with 8.7% in May. This reflected higher prices for unregulated services, while regulated utility prices continued to decline in annual terms.

Disinflation is supported by the monetary policy stance, the strengthening of the tenge exchange rate, the stabilization of consumer activity, and a set of anti-inflationary measures by the Government and the National Bank.

Monthly inflation stood at **0.8%** in June. The median of seasonally adjusted core inflation measures was **0.9%**. Current dynamics may point to a weakening of the disinflationary impulse. However, the sustainability of the observed trends needs to be confirmed by subsequent data.

One-year-ahead household **inflation expectations** stood at **13.4%** in June, compared with 12.7% in May previously. At the same time, professional market participants' expectations for 2026 remain stable at 10.0%. For 2027, they have been revised down to 7.8%.

External sector remains volatile. Renewed escalation of the conflict in the Middle East has pushed energy prices higher. Global food prices are showing mixed dynamics. Prices for vegetable oils and meat are rising amid strong demand and limited supply. At the same time, cereal prices are declining due to improved harvest prospects.

Inflation in Russia has accelerated. The Bank of Russia notes stronger pro-inflationary risks and maintains a cautious approach to further reductions in the key rate. In the euro area, higher energy prices have worsened the inflation outlook. In the US, inflation remains above target. In June, the ECB raised key rates, moving to a tightening of monetary policy for the first time since 2023. The Fed kept its rate unchanged, emphasizing that further decisions will depend on incoming data and changes in the balance of risks. This points to the persistence of tight global monetary conditions for an extended period.

Economic activity is accelerating. In the first half of 2026, GDP grew by 4.1%. GDP growth excluding the mining sector was around 5.3%. Strong growth continues in construction, manufacturing and transport. Investment growth accelerated to 9.6%. Investment in the non-resource sector, excluding budget funds, increased by 28.9%.

Consumer demand continues to show positive dynamics. At the same time, restrained growth in real household incomes and slower consumer lending are helping keep consumer activity at a moderate level.

The balance of risks remains tilted to the upside. At the same time, the current tightness of monetary conditions, the lagged effects of earlier decisions, and exchange rate dynamics are exerting a restraining influence. Disinflation is also supported by the increase in minimum reserve requirements, mirroring operations, and measures related to consumer lending regulation.

In addition, to minimize inflationary pressure, the National Bank and the Government, together with “Baiterek” Holding, have agreed on parameters for quasi-fiscal stimulus. These parameters will allow financing to be directed mainly to investment projects. Support will focus on large projects worth more than KZT 15 billion, and strategic projects aimed at increasing the supply of domestically produced goods. The approach also envisages maximum use of banking-sector liquidity. As a result, the support is expected to expand supply while having a limited impact on current consumer demand.

The main pro-inflationary risks are associated with elevated and volatile inflation expectations, further movements in fuel prices and utility tariffs, a possible strengthening of consumer demand, and an acceleration of external inflation.

The decision takes into account the decline in annual inflation achieved so far. It allows for a proportionate adjustment in the tightness of monetary conditions.

The decision is based on the assumption that fiscal consolidation will be implemented consistently. It also assumes adherence to the approved parameters of the budget, transfers from the National Fund, and the volume of quasi-fiscal stimulus. A significant deviation of actual parameters from the announced benchmarks would warrant a reassessment of the balance of risks and the base rate trajectory.

Further decisions will require additional evidence that current inflation dynamics are sustainable. They will also require greater clarity on the parameters of regulated tariff indexation and developments in external fuel and commodity markets. Consistently maintaining moderately tight monetary conditions will support a further decline in inflation and its return to the 5% target in the medium term.

The National Bank does not follow a predetermined path for the base rate. It allows for both pauses and changes in the direction of decisions, depending on whether actual inflation dynamics are in line with the forecast.

The next scheduled decision of the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan on the base rate will be announced on 4 September 2026 at 12:00 Astana time.

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