Statement by the Governor of the NBK, T.M. Suleimenov
On the Base Rate of the National Bank
24 July 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 **reduce the base rate by 25 basis points to 16.75%**.

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

Annual inflation has been declining for the ninth consecutive month, providing scope for a corresponding cut of the base rate under the current decision.

The key disinflationary factors are the monetary policy stance, the strong tenge, the stabilization of consumer activity, as well as a number of anti-inflationary measures taken by the Government and the National Bank.

At the same time, despite some slowdown in inflation, the underlying components of price growth have accelerated, while inflation expectations remain relatively elevated. This points to continuing inflationary risks and calls for a cautious approach to monetary policy easing.

The decision taken today reflects a proportionate adjustment of monetary policy while maintaining its moderate degree of tightness, which is necessary to bring inflation to the 5% target on a sustainable basis.

Let me now turn to the factors underlying the decision.

FIRST. DYNAMICS OF INFLATION AND INFLATION EXPECTATIONS.

Annual inflation declined in June to **10.3%** from 10.4% in May.

Food inflation declined to **10.4%**.

Non-food inflation has stayed at the same rate for the third consecutive month. We believe that one of the factors behind the absence of disinflation in non-food goods may have been a temporary boost to demand associated with the withdrawal by households of their pension savings from the Unified Accumulative Pension Fund (UAPF) in anticipation of an increase in the minimum sufficiency thresholds for pension savings.

At the same time, the strengthening of the tenge continues to have a disinflationary effect, particularly on the prices of imported goods.

Services inflation stood at **9%** in June amid higher prices for non-regulated services.

Monthly inflation rose somewhat in June. This was mainly due to specific factors, including the acceleration of price growth for vegetables and stronger demand for a number of non-food goods. **Core and seasonally adjusted monthly inflation** accelerated, reaching **0.9%** and **1% m/m**, respectively. This indicates that price pressures persist and that the emerging disinflation process still remains unstable. In this regard, the current easing of monetary policy is measured and balanced in nature.

There is also a risk of faster **increase in gasoline prices**. The impact of this factor is not limited to its direct contribution to inflation. Clearly, higher energy costs may be passed through to transport and production costs.

Household inflation expectations stood at **13.4%**. Respondents remain concerned about rising fuel prices and housing and utility tariffs. Among the factors of expected inflation, the share of respondents citing higher food prices and the value added tax (VAT) increase also rose.

At the same time, professional market participants' inflation expectations for 2026 remained unchanged at **10%**, while expectations for 2027 were revised downwards.

SECOND. TRENDS IN THE DOMESTIC ECONOMY.

Economic activity continues to accelerate. In January–June this year, **GDP grew** by **4.1%**. Excluding the mining industry, growth amounted to around **5.3%**.

Strong growth rates were recorded in construction, manufacturing, transport and trade. At the same time, oil production has shown positive monthly dynamics following the decline observed at the beginning of the year.

Positive growth in **fixed capital investment** is providing an additional impulse to business activity. In January–June, fixed capital investment increased by **9.6%** year-on-year (y/y). The main contribution came from the non-resource sector: manufacturing, electricity and gas supply, agriculture and transport.

Domestic demand maintains positive momentum. This is reflected in faster growth in retail trade (*4.8% in June, y/y*) and higher activity in the housing market. Demand is also being supported by the emerging stabilization in real household incomes.

Consumer lending is showing balanced dynamics: in June, growth amounted to 13% y/y, including 9.4% for unsecured consumer loans.

As business activity accelerates, there is a growing risk that **the expansion of domestic demand will outpace the economy's capacity to increase supply**. We are monitoring this closely.

THIRD. EXTERNAL ECONOMIC ENVIRONMENT.

The external environment continues to be characterized by high uncertainty. The renewed escalation of the conflict in the Middle East is causing significant volatility in commodity and financial markets and is adding to global inflationary pressure. In response, leading central banks continue to take a cautious approach to monetary policy.

Global food prices show mixed dynamics. Vegetable oils and meat are becoming more expensive, while cereal prices are declining owing to improved harvest prospects.

In **Russia**, inflation accelerated in June to **6%** as a result of higher prices for fruit and vegetables and rising fuel prices. In these conditions, the Bank of Russia maintains a cautious approach to further reductions in the key rate.

In the **EU**, inflation in June, despite some slowdown, still remains above target. The ECB moved to tighten monetary policy for the first time since 2023 and raised rates by 25 b.p., emphasizing the intensification of pro-inflationary pressure amid the conflict in the Middle East.

Price growth in the **United States** also slowed somewhat to **3.5%**, after 4.2% in May. The Federal Reserve (Fed) kept its rate unchanged, stressing that further decisions will depend on incoming data and changes in the balance of risks.

The situation in the oil market remains uncertain. **Brent** crude oil prices are hovering around **USD 100** per barrel.

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Dear journalists,

The balance of risks to inflation remains **tilted to the pro-inflationary side**. The main risks are associated with consumer activity exceeding supply capacity and elevated inflation expectations. **The current dynamics indicate that the disinflation process is continuing**, although its pace has slowed.

The decline in annual inflation has allowed the National Bank to reduce the base rate proportionately, while keeping monetary conditions in moderately tight territory.

Further decisions on the base rate are not predetermined and will be made based on incoming data. We will continue to assess the dynamics of headline and core inflation, inflation expectations and domestic demand, the situation in the fuel and other commodity markets, as well as the scale of fiscal and quasi-fiscal stimulus.

I would like to stress that, in taking this decision, the National Bank **proceeds from the approved parameters of the republican budget, the National Fund, and the volumes of quasi-fiscal stimulus**. Should these parameters change significantly, the National Bank will have to take their impact into account and adjust monetary policy accordingly.

With regard to programme of the Baiterek holding, **coordinated approaches** to the use of quasi-fiscal stimulus **have been developed** together with the Government in order to support the economy and minimize its impact on inflation. The following criteria have been defined:

– support will be concentrated on a limited number of large projects (*over KZT 15 billion*) with a high multiplier effect, with the involvement of bank liquidity;

– the holding's support will be concentrated on investment projects, while working capital will be financed by second-tier (commercial) banks;

– project selection and prioritization are aimed at increasing the supply of domestically produced goods.

Thus, uncertainty around the parameters and implementation mechanisms of quasi-fiscal stimulus has decreased. The coordinated approaches are being implemented through the relevant decisions of the holding's Board of Directors.

In addition to interest rate policy, the National Bank will continue to use **additional instruments that limit excess liquidity and strengthen the effect of the base rate**. These include the final stage of **raising minimum reserve requirements** and **mirroring operations**.

As you know, the Head of State has instructed the Government and the National Bank to bring inflation down to a single-digit level this year. In this regard, together with the Government, the **implementation of the Joint Action Programme for Macroeconomic Stabilization and Welfare Enhancement** will continue. Particular attention is being paid to monitoring the effectiveness of the measures taken and adjusting them in a timely manner where necessary.

We remain committed to our primary objective – **ensuring price stability** and achieving the inflation target of 5%. Low and predictable inflation is a key condition for sustainable economic development and improved welfare of the population.

Thank you for your attention!