NATIONAL BANK OF KAZAKHSTAN

PRESS RELEASE

The base rate was lowered to 16.25%
following the forecast round

Astana *4 September 2026*

The Monetary Policy Committee of the National Bank of the Republic of Kazakhstan has decided to set the base rate at **16.25% per annum** with a corridor of +/- 1 percentage point. The decision is based on the results of the forecast round, updated assessments of key macroeconomic indicators, and the balance of inflation risks.

Annual inflation slowed to **9.8%** in August. Disinflation has continued for eleven consecutive months.

Food inflation declined to 9.5%. The main drivers were a marked fall in prices for fruit and vegetables and lower import prices. **Non-food inflation** slowed to 11.4% amid the strengthening of the tenge exchange rate. **Services inflation** declined to 8.9%, reflecting a slight moderation in price growth for unregulated services.

Monthly inflation stood at **0.6%** in August (0.6% in July), while seasonally adjusted monthly inflation was **0.9%** (0.7% in July). Core inflation remained unchanged at **0.7%**.

One-year-ahead household inflation expectations declined to 12.1% in July (13.4% in June). This reflects reduced concern about the VAT increase, higher utility tariffs, and food prices. At the same time, rising fuel prices have become a stronger factor shaping expectations. Professional market participants' expectations for the end of 2026 remain unchanged at **10%**.

The external sector remains volatile. The ongoing conflict in the Middle East is keeping energy prices high and adding to external inflationary pressure. Against this backdrop, major central banks continue to strike a hawkish tone. Global food prices rose slightly on the back of cereals and vegetable oils, while meat prices declined for the first time in a long period.

In Russia, inflation remains persistent. Pro-inflationary risks continue amid disruptions in the fuel market. Despite the key rate cut in July, the rhetoric of the Bank of Russia has become more hawkish. In the EU, inflation accelerated slightly, mainly due to higher energy prices. The ECB left its rates unchanged at its latest meeting. In the US, inflation slowed but remains above target. The Fed has accordingly kept its rate unchanged.

The inflation forecast for 2026 remains unchanged at **9–11%**. The slowdown in price growth will be supported by moderately tight monetary conditions and a strong tenge exchange rate. The final stage of the increase in minimum reserve requirements in September 2026 will exert additional restraining influence. The forecast for **2027** has been revised up to **6.5–8.5%** from 5.5–7.5% previously. The revision reflects higher external inflation, revised assumptions for regulated prices, and a larger fiscal impulse. At the same time, the accumulated tightness of monetary policy will continue to contain inflationary pressure and support a further slowdown in price growth. In **2028**, inflation will stabilize **close to the 5% target** as the external inflation environment normalizes, fiscal consolidation proceeds, domestic demand normalizes, and inflation expectations decline amid moderately tight monetary conditions.

The balance of inflation risks remains tilted to the upside. The main risks stem from an expansion of domestic demand amid a stronger fiscal impulse, unanchored inflation expectations, and further movements in fuel prices and utility tariffs. External risks are associated with higher global food and energy prices arising from a possible escalation of geopolitical tensions.

The GDP growth forecast for 2026 under the baseline scenario remains unchanged at **4.5–5.5%**. Economic activity will continue to be supported by strong investment amid the implementation of quasi-fiscal stimulus programs and by stable consumer demand. Compared with the assumptions of the National Bank's previous forecast round and the earlier parameters of the Government's Socio-Economic Development Forecast, fiscal stimulus is expected to increase in 2027. This will support investment and consumer activity. At the same time, weaker projected oil production in 2027, due to the deferral of maintenance at Tengizchevroil from 2026 to 2027, will partly offset the expansion of domestic demand. GDP growth in **2027** will be **4.5%**. In **2028**, GDP growth is expected to accelerate to **4–5%** from 3.5–4.5% previously. This reflects the effect of sectoral and systemic reforms, the planned expansion of fiscal stimulus, and a recovery in oil production and exports.

The favorable dynamics of current inflation and inflation expectations created room to lower the base rate at this meeting. At the same time, pro-inflationary factors and risks have intensified, which is reflected in the revision of the forecast estimates for 2027. The room for further rate cuts is therefore limited.

Further decisions will be made based on incoming data on inflation, its trajectory relative to the forecast, domestic demand dynamics, inflation expectations and regulated prices, as well as the scale and effects of fiscal and quasi-fiscal stimulus. Monetary policy will be aimed at bringing inflation down to the 5% medium-term target in 2028.

More detailed information on the factors behind the decision and forecasts will be presented in the Monetary Policy Report, which will be published on the official website of the National Bank[1] on 9 September 2026. 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 October 23, 2026, at 12:00 Astana time.

[1] https://www.nationalbank.kz/en/page/obzor-inflyacii-dkp

Key forecast parameters
of the National Bank according to the baseline scenario

	2026	2027	2028
		Forecast	
GDP growth %, y/y	**4.5-5.5** (4.5-5.5)	**3.5-4.5** (3.5-4.5)	**4.0-5.0** (3.5-4.5)
Inflation %, Dec. to Dec. of previous year	**9-11** (9.0-11.0)	**6.5-8.5** (5.5-7.5)	**close to 5.0** (close to 5.0)
Current account % of GDP	**-0.2** (0.1)	**-2.3** (-2.1)	**-3.5** (-3.8)

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