

**Statement by the Governor of the NBK, T.M. Suleimenov
on the Base Rate of the National Bank
23 October 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 50 basis points to 15.75%**.

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

Disinflationary processes are strengthening. Annual inflation has been slowing throughout the year and reached **9.3%** in September. This provided scope for a proportionate reduction in the base rate at this meeting, while maintaining moderately tight monetary conditions.

Continued disinflation points to **the positive effects of the monetary policy stance**. The slowdown in inflation is also being supported by the appreciation of the tenge, the stabilization of consumer activity, and anti-inflationary measures implemented jointly with the Government.

Despite the positive dynamics, inflation remains above the target level, while the balance of risks remains tilted to the pro-inflationary side. Under these conditions, we will continue to take a

measured approach, maintaining moderately tight monetary conditions as warranted.

Our primary objective remains unchanged – to ensure a sustained decline in inflation to **6.5-8.5%** in **2027** and stabilize it **close to the 5% target** during **2028**. Further base rate decisions will depend on actual and expected inflation dynamics, inflation expectations, and the assessment of pro-inflationary risks.

Let me now turn to the factors behind the decision.

FIRST. DYNAMICS OF INFLATION AND INFLATION EXPECTATIONS.

In September, **annual inflation** continued to slow, reaching **9.3%** compared with 9.8% in August. Among the components, **food inflation** declined markedly from 9.5% to **8.5%**, mainly due to a more pronounced fall in vegetable and fruit prices. **Non-food inflation** eased to **11%**. The slowdown in food and non-food inflation was supported by the stabilization of consumer demand and the strong tenge exchange rate, which is containing inflationary pressures on imported goods.

Services inflation remained at **8.9%**. Prices for regulated services are rising moderately, while market-based services are increasing at a faster pace.

Monthly inflation stood at 0.6% in September, unchanged from August. Food prices declined by 0.1%, while non-food goods and paid services rose by 1.1% and 1.0%, respectively. This

indicates that inflation dynamics remain uneven across components and calls for continued monitoring.

As for core and seasonally adjusted inflation, both stood at **0.7%** (*core inflation: 0.7% in August; seasonally adjusted inflation: 0.9% in August*). Persistent components of inflation remain elevated, indicating continued price pressures in the economy. Maintaining a moderately tight monetary policy stance remains necessary to further consolidate disinflationary trend.

Household inflation expectations declined to **11.8%** in September from 12.1% in August. Food and fuel prices, along with housing and utility tariffs, remain the main factors behind elevated inflation expectations.

Professional market participants' inflation expectations also improved in October. The expected inflation for 2026 fell to single digits, reaching **9.5%**, while expectations for 2027 declined to **8.3%**.

SECOND. TRENDS IN THE DOMESTIC ECONOMY.

Kazakhstan's economy continues to show positive growth dynamics. In January-September 2026, GDP grew by **4.2%** y/y. Excluding the mining sector, growth is estimated at **5.4%**.

The non-resource sector remains the main driver of growth. Strong growth was recorded in construction, manufacturing, transport, and trade. Growth also remains positive in agriculture and communication services.

At the same time, overall economic growth is being constrained by lower oil production, which declined by **8.3%** over the first nine months of the year. In other words, year-on-year economic growth would have been even stronger without this component.

Investment activity remains strong. In January-September, **fixed capital investment** grew by **7%** in real terms, while investment in the non-resource sector, excluding budget-financed investment, rose by **25%**. The highest growth rates in capital investment were recorded in manufacturing and the energy sector.

Domestic demand continues to expand. In January–September, retail trade grew by **4.5%** in real terms.

Consumer lending has stabilized. In August, consumer loans grew by **10.4%** year-on-year.

Overall, consumer demand is gradually normalizing, creating more favorable conditions for a further decline in prices. At the same time, strong investment activity, including investment supported by government and quasi-fiscal programs, continues to stimulate aggregate demand and may create a **risk of demand growing faster than the domestic economy can expand.**

THIRD. EXTERNAL FACTORS.

External pro-inflationary risks have intensified. Persistent tensions in the Middle East are increasing volatility in commodity and financial markets, contributing to elevated global inflationary pressures. Under these conditions, several major central banks,

including the ECB and the Federal Reserve, have shifted towards tighter monetary policy.

Global food prices are rising. In September, the **FAO Food Price Index** increased by **1.5%** m/m and **5.8%** y/y. Prices for cereals, vegetable oils, and sugar increased. At the same time, global meat prices declined somewhat.

In **Russia**, inflation stood at **6.4%** in September. The Bank of Russia has also noted a strengthening of underlying inflationary pressures. Under these conditions, the regulator maintained its key rate at **14%** in September, continuing to take a cautious approach to monetary policy.

In the **EU**, inflation accelerated to **3.8%** in September, primarily driven by higher energy prices. Amid increasing inflationary pressures, **the ECB raised its policy rates by 25 b.p.** in September, reaffirming its commitment to returning inflation to the 2% target.

In the **United States**, inflation also accelerated to **3.7%**. The main contribution came from higher energy prices, particularly gasoline. In September, **the Federal Reserve raised its policy rate by 25 b.p.**, emphasizing the need to further contain inflationary pressures.

The outlook for the global oil market remains uncertain. **Brent** crude oil is trading above **USD 100** per barrel.

* * *

Dear journalists!

Annual inflation has been declining consistently for 12 months, inflation expectations are falling, and consumer activity is gradually normalizing. These developments indicate that the **measures being implemented are yielding results.**

At the same time, the progress achieved needs to be consolidated. Despite positive developments, inflation remains above the target, and the **balance of risks continues to be tilted to the upside.**

Particular attention needs to be paid to the parameters of fiscal and quasi-fiscal policies, regulated price dynamics, and external factors, particularly conditions in global commodity and financial markets.

I would also like to draw attention to the possibility of some acceleration in annual inflation towards the end of the year due to the low-base effect associated with regulated tariffs last year.

Let me remind you that a moratorium on increases in utility tariffs was in place from October last year, under which tariffs fell by 14% in the fourth quarter of 2025. This created what is known as a "low base." This means that when we compare current prices with their levels last year, the year-on-year figures will show a statistical increase. As a result, annual inflation may accelerate in statistical terms over the coming months.

However, the National Bank will not raise the base rate in response to the direct effects of regulated price reforms but will

closely monitor any second-round effects and respond accordingly should they materialize.

Given the current balance of risks, the **likelihood of a change in the base rate before the end of 2026 remains low**.

Each subsequent decision will be based on incoming macroeconomic data, an assessment of the sustainability of disinflationary trends, developments in inflation expectations, and the balance of risks.

We will continue to maintain a moderately tight monetary policy stance, while assessing developments in the fuel market and housing and utility services sector, as well as the scale of fiscal and quasi-fiscal stimulus.

We will continue to take a cautious and measured approach. Our objective is not to achieve a temporary slowdown in price growth, but to ensure a sustained decline in inflation to **the 6.5–8.5% range in 2027** and to reach the **5% target** during **2028**.

In addition to interest rate policy, the National Bank will continue to use additional instruments to **reduce excess liquidity**, including minimum reserve requirements and mirroring operations. The use of these instruments strengthens monetary policy transmission and improves its overall effectiveness.

To conclude, I would like to emphasize that price stability remains our priority, as low and stable inflation creates the conditions for long-term economic growth and, most importantly, for improving the welfare of the population.

Thank you for your attention!