

QUARTERLY REPORT

# KAZAKHSTAN MACRO & MARKET OVERVIEW

Q3 2026 // NATIONAL BANK OF KAZAKHSTAN

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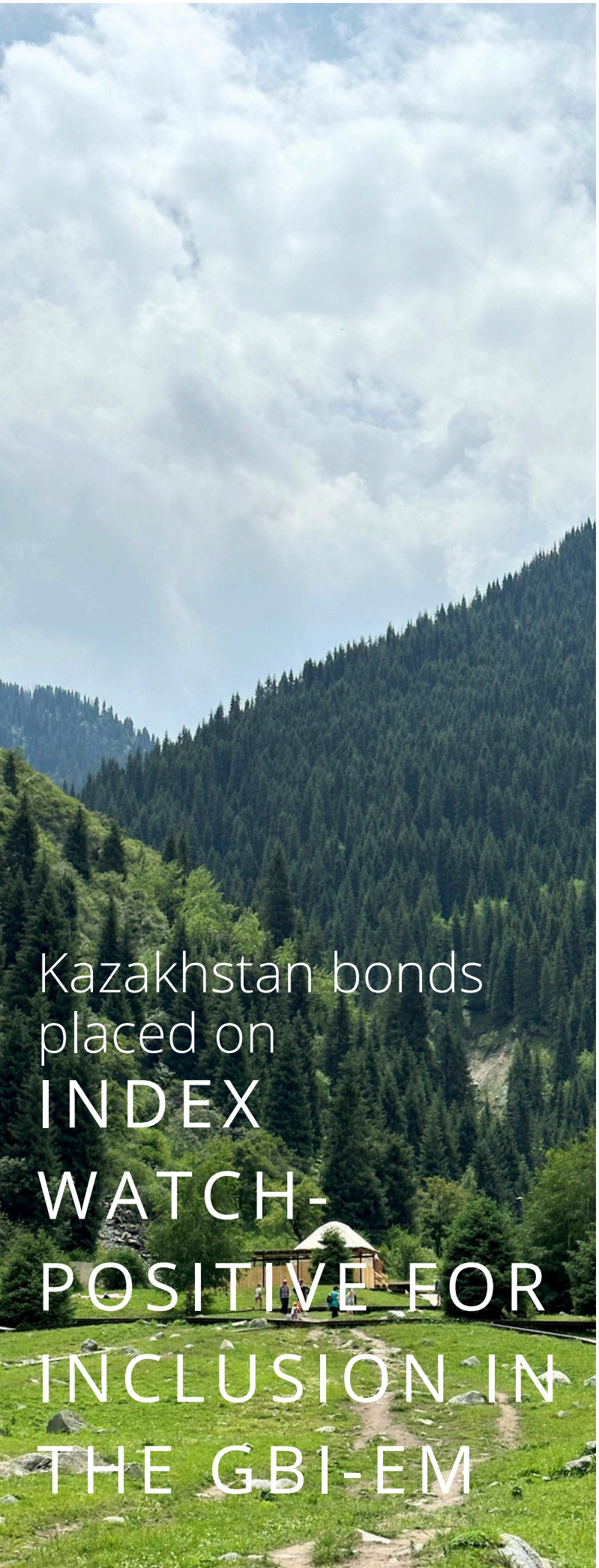
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# NAVIGATING THE UPDATES

According to J.P. Morgan, Kazakhstan's tenge-denominated government securities (MEUKAMs) have been placed on Index Watch-Positive for potential inclusion in the J.P. Morgan Government Bond Index–Emerging Markets (GBI-EM) series. The assessment reflects growing foreign investor participation and ongoing domestic market reforms aimed at improving market accessibility, transparency and liquidity.

The Index Watch period may last up to 12 months, during which J.P. Morgan will assess investor feedback on international market access and clearing and settlement arrangements, as well as the liquidity and replicability of eligible bonds. Key areas of focus include progress towards establishing a direct link with Euroclear and further improvements in secondary-market liquidity and two-way pricing.

J.P. Morgan estimates that Kazakhstan could account for approximately 0.48% of the GBI-EM Global Diversified index if included. The estimated weight is subject to change depending on market developments and future issuance activity.

In addition, Kazakhstan has been included in J.P. Morgan's GBI-EM Edge index, which tracks local-currency government debt issued by frontier markets. The index covers 26 markets and approximately US$330 billion in debt. Kazakhstan has been assigned the maximum country weight of 8%, alongside Vietnam, Pakistan and Bangladesh. This inclusion broadens Kazakhstan's visibility among international investors and may support demand for its local-currency government securities.

# SOVEREIGN CREDIT RATINGS

Kazakhstan received favourable sovereign credit assessments in the third quarter of 2026. S&P upgraded Kazakhstan's sovereign rating to "BBB" in August, while Moody's affirmed its "Baa1" rating in September, both with stable outlooks. These assessments highlight the country's substantial financial buffers and economic resilience, while underscoring the importance of sustained policy reforms.

S&P forecasts real GDP growth of 5.1% in 2026, moderating to around 4% over the medium term still above that of rating peers. Moody's highlights the growing contribution of manufacturing, construction, transport and other non-extractive sectors, which have helped sustain expansion despite a temporary decline in oil production. Investment in digital, transport and energy infrastructure is expected to reinforce this broader growth base.

Policy improvements also underpin the assessments. S&P notes a stronger monetary policy framework, supported by closer coordination between the Government and the National Bank. Its stable outlook assumes a narrowing non-oil fiscal deficit and greater restraint in state-owned enterprises' quasi-fiscal activities. Stricter rules governing National Fund withdrawals are also helping preserve liquid fiscal assets. Moody's, meanwhile, expects tax reform and digital tax administration to broaden non-oil revenues, contain borrowing requirements and maintain a low government debt burden.

Looking ahead, effective implementation of institutional, economic and fiscal reforms will be important for further strengthening Kazakhstan's credit profile. Moody's also identifies financial-sector and capital-market reforms as measures aimed at reinforcing financial stability.

| S&P Global | FitchRatings | Moody's Investors Service |
|---|---|---|
| **BBB** Stable | BBB Stable | Baa1 Stable |





# NBK CUT THE BASE RATE TO 15.75%

## amid a decline in inflation to single digits

Inflation continued to decelerate in 3Q2026, reaching 9.3% in September. The slowdown was driven by moderately tight monetary conditions, the strengthening of the tenge, and coordinated policy measures by the Government and the NBK aimed at stabilizing prices.

At the same time, underlying price pressure persists, with core inflation still above the target. On the demand side, resilient domestic consumption continues to be supported by fiscal and quasi-fiscal stimulus. On the supply side, pressure stems from high producer costs and the resumption of utility tariff and fuel price adjustments. External pressures also remain significant, reflecting elevated global prices for selected food products and accelerating inflation in Russia. Elevated inflation expectations may reinforce these pressures and increase the risk that temporary price shocks become more persistent.

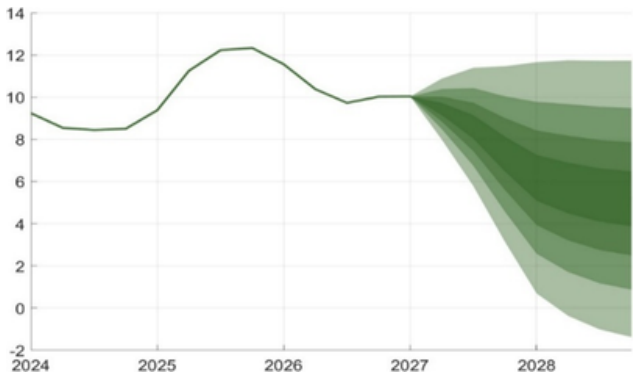
Seasonally adjusted inflation slowed to 0.7% m/m in September 2026, while median core inflation was broadly unchanged at 0.7%.

Since July 2026, the NBK has consistently lowered the base rate, by 25 b.p. to 16.75% on July 24, by 50 b.p. to 16.25% on September 4, and by a further 50 b.p. to 15.75% on October 23, reflecting the sustained decline in annual inflation. This brings the cumulative reduction since the beginning of the year to 225 b.p. Given the current balance of risks, the likelihood of a change in the base rate by the end of 2026 remains low. Any further reduction will depend on confirmation of a sustained easing of price pressures. Future decisions will take into account the dynamics of inflation, inflation expectations and changes in the balance of risks.

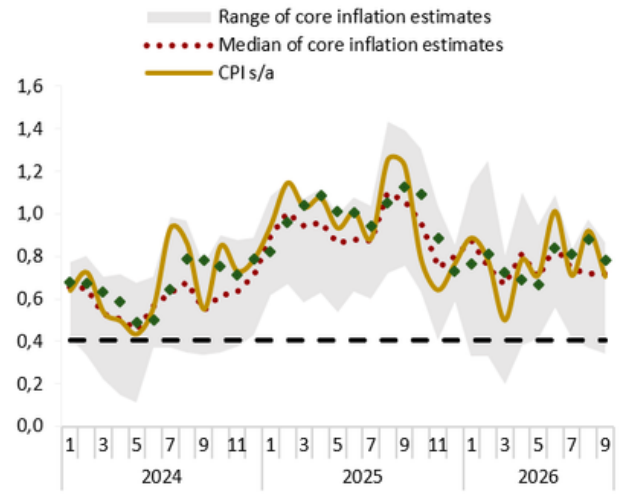
The 2026 inflation forecast remains unchanged at 9-11%. For 2027, the inflation forecast has been revised upward to 6.5–8.5%, reflecting stronger domestic demand, revised assumptions for regulated prices, and continued external inflationary pressure from Russia. However, a stronger real effective exchange rate and moderately tight monetary conditions are expected to contain price pressures and support gradual disinflation. In 2028, inflation is expected to approach the 5% target, supported by fiscal consolidation, lower household inflation expectations, and easing external pressures.

## INFLATION

**Inflation forecast has been revised for 2027**




**Seasonally adjusted and core inflation remain at elevated levels**





# The current account balance IS EXPECTED TO STRENGTHEN in 2026 amid higher prices for oil, metals, and uranium

According to the NBK's data, the current account recorded a surplus of $2.4 billion in 1H 2026, compared to a deficit of (-)$3.6 billion in the corresponding period of 2025. The improvement was primarily driven by a trade surplus, supported by exports growth outpacing imports.

Exports of goods rose by 27.1% to $48.5 billion, driven by higher oil exports amid elevated global oil prices, as well as increased shipments of non-ferrous metals and their ores, uranium, and grain.

Imports increased by 6.2% to $32.3 billion, reflecting stronger demand for intermediate and capital goods associated with major investment projects, while imports of consumer goods declined.

The latest current account forecast, revised in August 2026, was adjusted downward compared with the May 2026 projections, primarily due to a more conservative outlook for oil prices and production volumes. Following a deficit of (-)4.3% of GDP in 2025, the current account balance is expected to improve to a slight deficit of (-)0.2% of GDP in 2026, supported by higher prices for Kazakhstan's key export commodities. However, favorable developments since the latest forecast suggest that the current account balance could move into surplus territory in 2026.

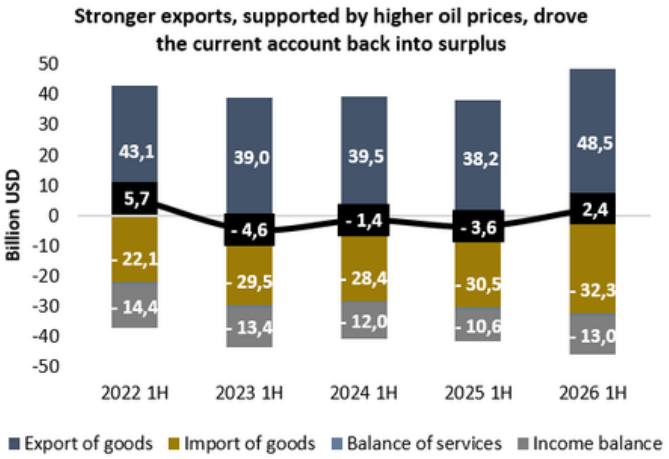
Over the medium term, the current account is projected to return to a moderate deficit, reaching (-)2.3% of GDP in 2027 and (-)3.5% of GDP in 2028, as commodity prices gradually normalize and demand for investment-related imports remains elevated.

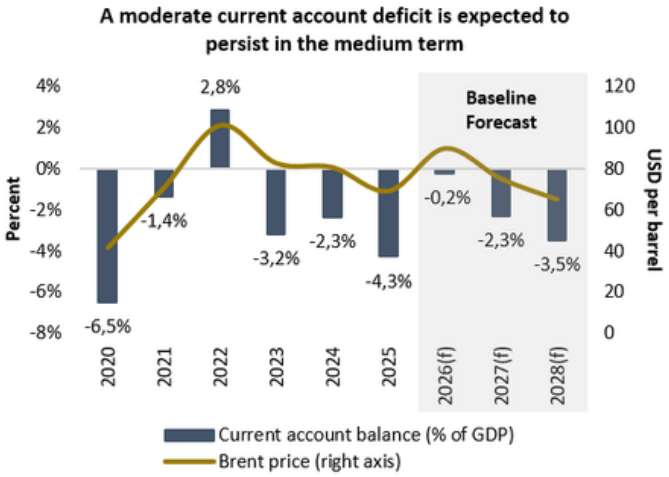
Exports are anticipated to remain above their 2025 level, supported by continued growth in both oil and non-oil exports. Non-oil export growth is expected to reflect higher global prices for metals and uranium, as well as sustained external demand for Kazakhstan's higher value-added exports, including agricultural products.

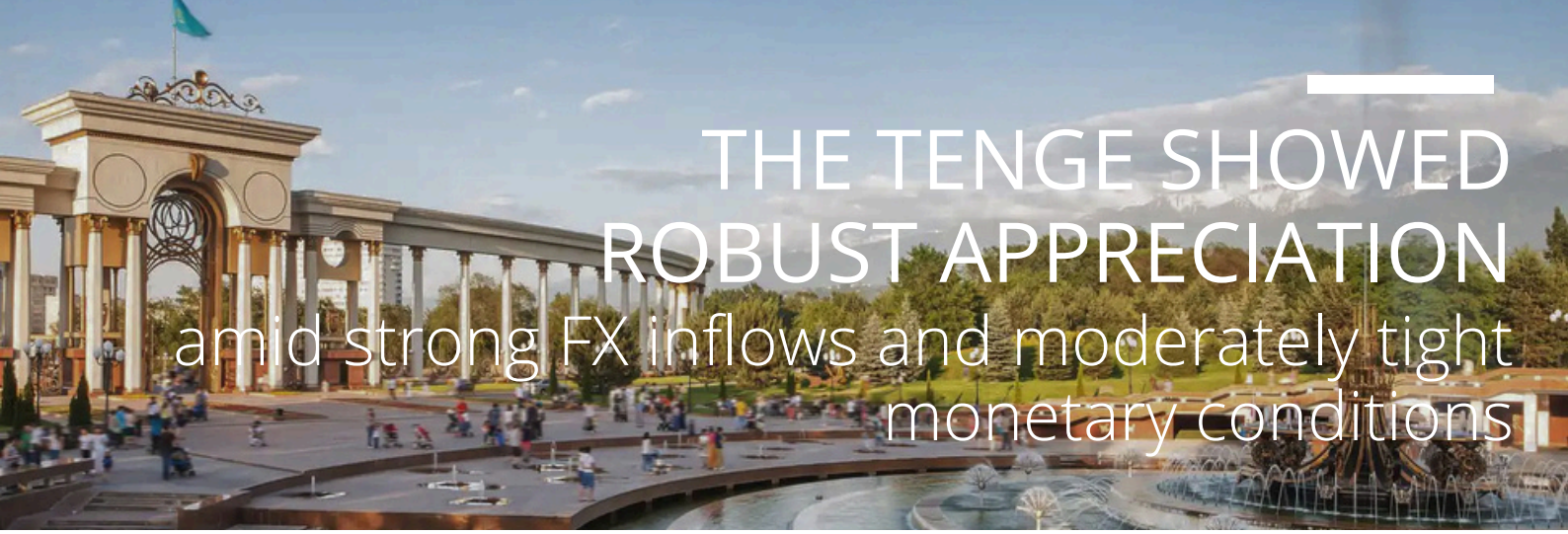
Domestic demand for imported goods is estimated to increase throughout the forecast horizon, primarily driven by purchases of industrial goods required for investment and infrastructure projects, as well as the modernization and expansion of production capacity.

The income balance is expected to remain in a moderately deep deficit over the forecast horizon, reflecting sustained income payments to foreign direct investors, supported by higher oil production volumes and relatively strong metal prices.

## CURRENT ACCOUNT





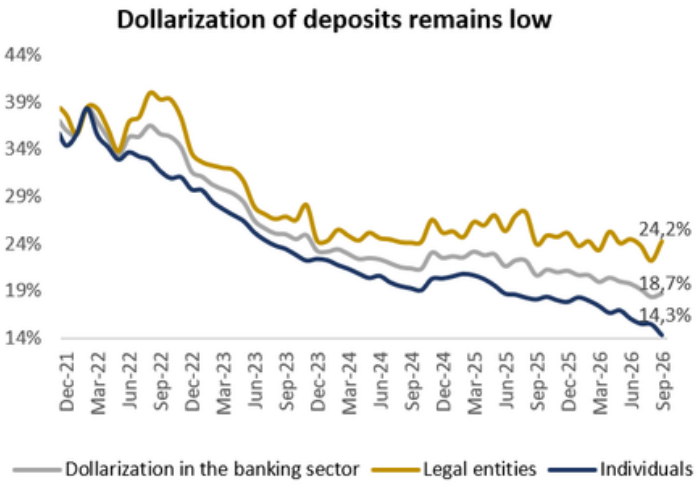
# THE TENGE SHOWED ROBUST APPRECIATION

## amid strong FX inflows and moderately tight monetary conditions

## FX MARKET & FX RESERVES

| *mln USD* | 2023 | 2024 | 2025 | 9M2026 |
|---|---|---|---|---|
| FX Reserves | 35 944 | 45 823 | 65 414 | 66 410 |
| Assets in hard currencies | 16 434 | 21 980 | 18 178 | 14 979 |
| Gold | 19 510 | 23 844 | 47 236 | 51 432 |
| Share of gold,% | 54% | 52% | 72% | 77% |
| USD/KZT total volume on KASE | 37 047 | 54 963 | 63 030 | 70 329 |
| USD/KZT rate | 455 | 525 | 506 | 440 |
| Interventions (net) | 0 | (-) 1 355 | (-) 125,6 | 0 |
| Sales from National fund | (-) 9 483 | (-) 10 180* | (-) 8 234 | (-) 2 750 |
| Sales under monetary neutrality principle | 0 | 0 | (-) 7 045 (3 675 bln. KZT) | (-) 6 774 (3 229 bln. KZT) |

**Excluding sale of foreign exchange assets of the National Fund to the gold and foreign exchange reserves of the National Bank as part of the purchases of shares of NAC Kazatomprom JSC amounting to 984.8 million*




In 3Q2026, the tenge strengthened by 8.23%, reaching KZT 440.49 per US dollar. The tenge's appreciation was supported by high oil and other export commodity prices, which increased foreign currency supply, as well as moderately tight monetary conditions that boosted the real yield and attractiveness of tenge-denominated assets, encouraging non-resident investment in Kazakhstan's government securities. In addition, borrowing in foreign currency by quasi-government and corporate sector entities increased during the year, contributing further to foreign currency supply in the domestic market.

During 3Q2026 the NBK sold $600 million from the National Fund to support fiscal transfers to the state budget.

As part of the gold mirroring mechanism, the NBK sold $2.4 billion in the 3Q2026. In the 4Q2026, foreign currency sales of approximately 907 billion KZT are planned to sterilize the tenge issued for gold purchases.

Since July 15, 2026, the mandatory sale requirement for quasi-government sector entities has been suspended.

To maintain the foreign currency share of UAPF pension assets, the National Bank, acting as the investment manager of UAPF, purchased foreign currency on the exchange market in 3Q2026, with total purchases amounting to $2.1 billion.

No foreign exchange interventions were carried out during the 3Q2026.

As of the end of the 3Q2026, the country's international reserves reached $133.1 billion, comprising $66.4 billion in NBK FX reserves and $66.7 billion in National Fund assets.

Deposit dollarization remained on a downward trajectory across all major segments. As of the end of September 2026, the share of foreign-currency deposits in total deposits stood at 18.7%, close to the lowest level on record. The corresponding shares for individuals reached historical lows (14.3%) while dollarization among legal entities stood at 24.2%. The continued decline in deposit dollarization reflects a sustained shift toward tenge-denominated savings and a growing role of the national currency in the banking sector's funding base.

# GOVERNMENT SECURITIES MARKET OVERVIEW

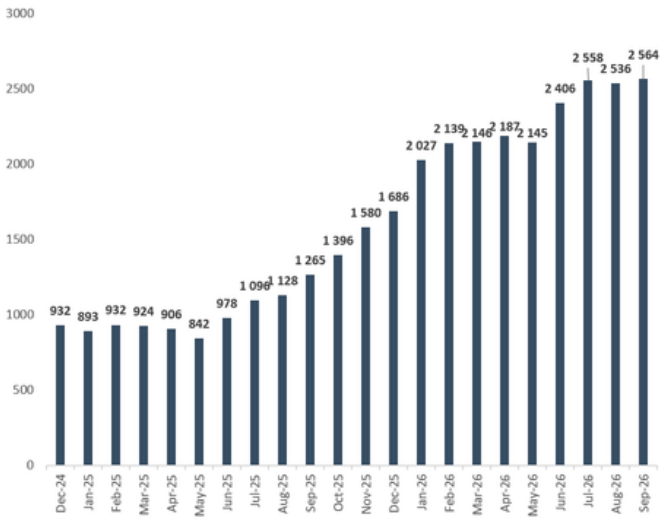
In 3Q2026, the Ministry of Finance of Kazakhstan placed government securities totaling KZT 2.4 trillion. Investor interest remained sustainable throughout the quarter, with demand exceeding the offered auction volume by an average of 2.4 times. Sustained strong investor demand, easing inflationary pressures, and the subsequent reduction of the National Bank of Kazakhstan's base rate contributed to an average decline in government bond yields of 50 bps across the curve during the quarter.

The Ministry of Finance continued issuing floating-rate government securities linked to the TONIA Compounded Index (TCI), with cumulative issuance reaching approximately KZT 387 billion since June 2026. These securities remain highly demanded by market participants, including foreign investors, reflecting sustained interest in floating-rate instruments.

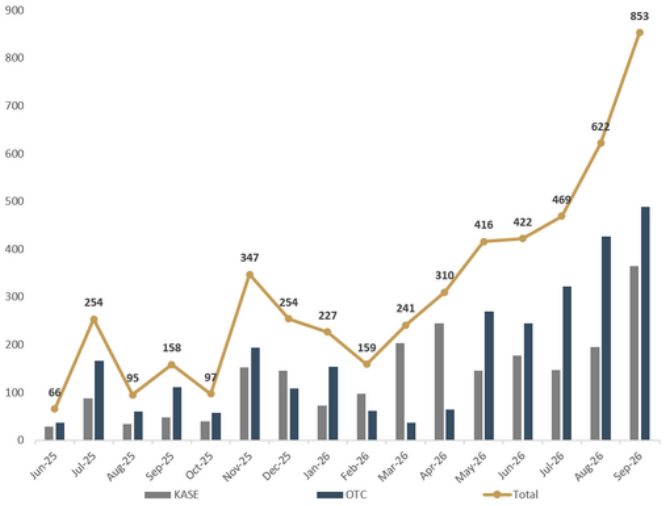
Inflows of non-resident investors into Kazakhstan government securities slowed in 3Q2026. After a sizeable increase in July, non-resident holdings remained broadly flat in August–September. As of the end of 3Q2026, non-resident holdings of tenge-denominated government securities stood at KZT 2.56 trillion (approx. USD 5 billion), up by KZT 158 billion over the quarter and by KZT 878 billion since the beginning of the year.

Following the introduction of the primary dealer institution in May 2026, secondary market trading in government securities has increased significantly. Monthly trading volume rose from KZT 310 billion in April to a record KZT 853 billion in September 2026, more than five times higher than a year earlier. Total trading volume in 3Q2026 reached KZT 1.9 trillion, up by around 70% from the previous quarter.

**Foreign investors holdings of KZT-denominated government securities, in bln KZT**




**Secondary market liquidity of KZT-denominted government securities, in mln KZT**






Strong demand

DROVE GOVERNMENT SECURITIES YIELDS DOWN

# INVESTOR RELATIONS

In 3Q2026 NBK maintained proactive engagement with international investors and financial institutions as part of its comprehensive investor relations activities, focusing discussions on the macroeconomic landscape, growth dynamics, inflation trends, and the medium-term outlook.

On July 2, 2026, the Governor of the National Bank of Kazakhstan met with a Citigroup delegation to review ongoing strategic cooperation and outline future initiatives. The discussion focused on leveraging Citigroup's expertise to support Kazakhstan's domestic market IPOs, structure financing for major infrastructure and technology projects, and attract foreign direct investment into key sectors.

On September 16, 2026, Deputy Governor of NBK, participated in J.P. Morgan's international conference "Emerging and Frontier Markets Opportunities" in London. The delegation's core objective was to deepen dialogue with global investors, raise awareness of Kazakhstan's robust macroeconomic landscapes, bring attention to the Government's efforts to improve the overall investment climate, and attract long-term capital to diversify the country's funding sources.
During the session "Kazakhstan: The Sustainability of Disinflation," a presentation was delivered on Kazakhstan's macroeconomic outlook and monetary policy approach, covering key economic growth drivers, current inflation developments, and measures to sustainably bring inflation to the 5% target. The presentation also highlighted capital market development initiatives, including the introduction of a primary dealership system in cooperation with the Ministry of Finance, improvements to settlement infrastructure, and cooperation with international clearing systems to enhance liquidity in government securities.

The NBK delegation also held bilateral meetings with representatives of approximately 50 major international investment funds and asset management companies, reflecting strong investor interest in Kazakhstan's market. In addition, the National Bank hosted representatives of JPMorgan, Citi, ICBC, and other international financial institutions in Astana for dedicated sessions on monetary policy updates and developments in the government securities market.





# CONTACTS

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***Additional sources:***

- Press releases
- Monetary Policy Report
- Summary of Deliberations