



NATIONAL BANK OF KAZAKHSTAN

## PRESS RELEASE №3

### The base rate remains unchanged at 9.25%

February 3, 2020

Almaty

The National Bank of Kazakhstan has made a decision **to maintain the base rate** and the interest rate corridor at **9.25% per annum +/- 1 percentage points**.

**Inflation is developed within the target corridor of 4-6%**. In January 2020 the annual inflation amounted to 5.6%. The rise in food prices accounted for 9.2%, non-food items – 5.2%, and of paid services – for 1.4%.

**Household inflation expectations remain moderate**. In December 2019 they decelerated to 5.6% as compared to 5.8% in November.

**The consumer and investment demand contribution to the economic activity**. The growth in household real disposable income made up 5.8% in annual terms in January-November 2019, the budget spending on the social safety net went up by 26.0% in 2019 and the consumer lending increased by 26.9% over 2019. In 2019 investments expanded by 8.5%.

At the end of 2019 **the short-term economic indicator** increased by 5.0% in annual terms.

In January 2020 the average price of Brent crude oil **in the global market** was USD 63.7 per barrel; the FAO food price index increased by 2.5% in December 2019.

The **annual inflation** in Russia accounted for 3%, in the EU member countries – for 1.6%; this restrains the growth in prices for imported goods.

Over the short-term horizon, there will be **pro-inflationary risks** due to the effect of the increase in excises for the sale of gasoline and of the rise in prices for regulated services. For the rest of this year and in the medium term, inflationary processes are expected to gradually weaken and the annual inflation is projected to slowdown to the mid-point of the target corridor of 4-6% and below by the end of 2020.

Further decisions about the base rate will be made based on whether the actual and forecasted inflation dynamics are in line with the inflation targets as well as on the balance of domestic and external risks. If the situation develops in line with the National Bank's expectations and the Government and local executive authorities take actions to boost competition in the food markets and to pursue an optimal tariff policy, monetary conditions may ease.

The next decision on the base rate will be announced on March 16, 2020 at 15:00 Nur-Sultan time.

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