



NATIONAL BANK OF KAZAKHSTAN

## **Press release №7**

### **The base rate raised to 12.0%**

March 10, 2020

Almaty

The National Bank of Kazakhstan has made an unplanned decision regarding the base rate due to the need to maintain the price stability in the context of the negative affect of risks from the external sector.

From March 10, 2020 the base rate is set at the level of 12% per annum with the expansion of the corridor to +/- 1.5p.p. Consequently, the rate for the liquidity provision standing facilities amounts to 13.5% and for the liquidity withdrawal standing facilities – 10.5%.

The decision on increasing the base rate was made as the response to the sharp change of the situation in the world economy. Significant geographical expansion of coronavirus COVID-19 has become the main factor of deterioration of the economic development prospects of countries – main consumers of Kazakhstan's export such as China and European Union.

On March 9, 2020 Brent oil price decreased dramatically due to the disagreement of the participants of OPEC+ meeting on the terms of cutting the oil production. Its price situated in the range of 31-36.5 US dollars per barrel with the maximum decrease by more than 30% throughout the day.

The monetary policy of the NBK, implemented in the framework of inflation targeting, is aimed to prevent the transmission of the external shock to the national economy and to ensure the macroeconomic stability and the protection of tenge assets.

The NBK remains committed to the free floating exchange rate regime of the national currency. For the purpose of ensuring the stability of the financial market, FX interventions will take place if necessary.

The NBK continuously monitors the situation in the domestic money and FX market segments, as well as in the world commodity markets. Should the need arise, the NBK will take additional measures to ensure the financial stability.

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

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