



NATIONAL BANK OF KAZAKHSTAN

INFLATION TRENDS

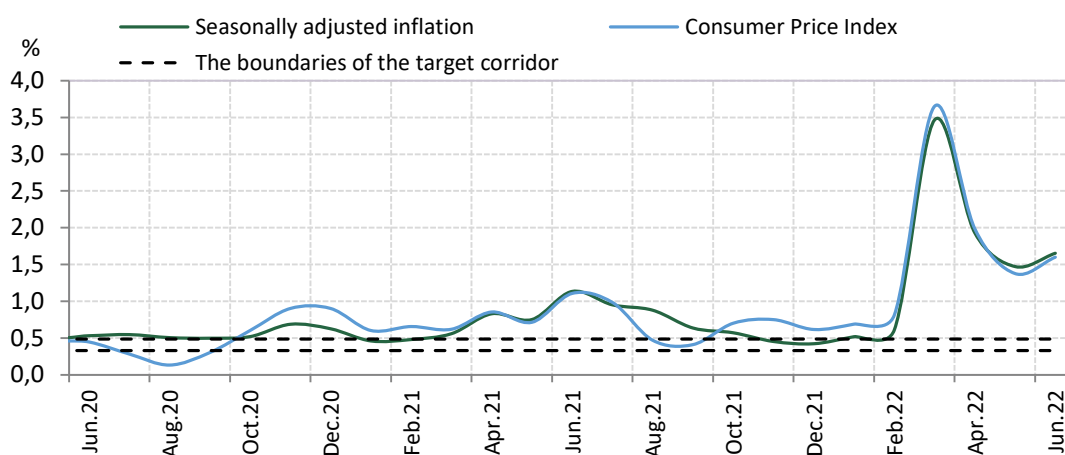
June **2022**

Inflation in June 2022 was 1.6% on a monthly basis, in annual terms price growth accelerated to 14.5%. The main contribution to inflation remains from food inflation. At the same time, non-food inflation has noticeably accelerated.

Inflation in June 2022 was 1.6% on a monthly basis, which is the highest value for this month since 2000. In annual terms, the price growth accelerated to 14.5%.

Monthly seasonally adjusted inflation in June 2022 was 1.7%, significantly exceeding the target corridor of 4-6%. It is worth noting that seasonally adjusted inflation has exceeded the target corridor since the beginning of this year.

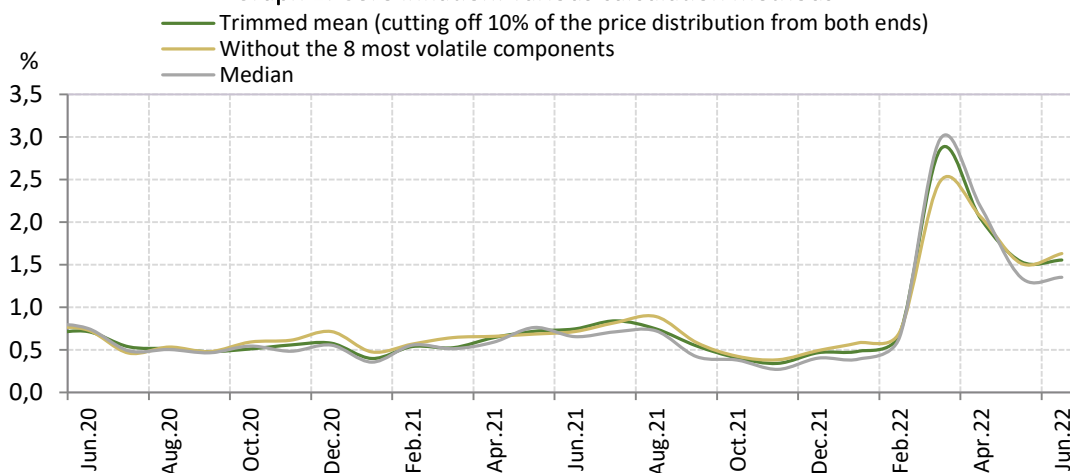
Graph 1. Monthly seasonally adjusted inflation



Source: ASPR RK BNS, calculations of the NB RK

The core seasonally adjusted inflation calculated by various methods, despite some stabilization after the hike in March this year, also continues to form above the target corridor. This indicates the preservation of a stable inflationary pressure in the economy.

Graph 2. Core inflation: various calculation methods¹



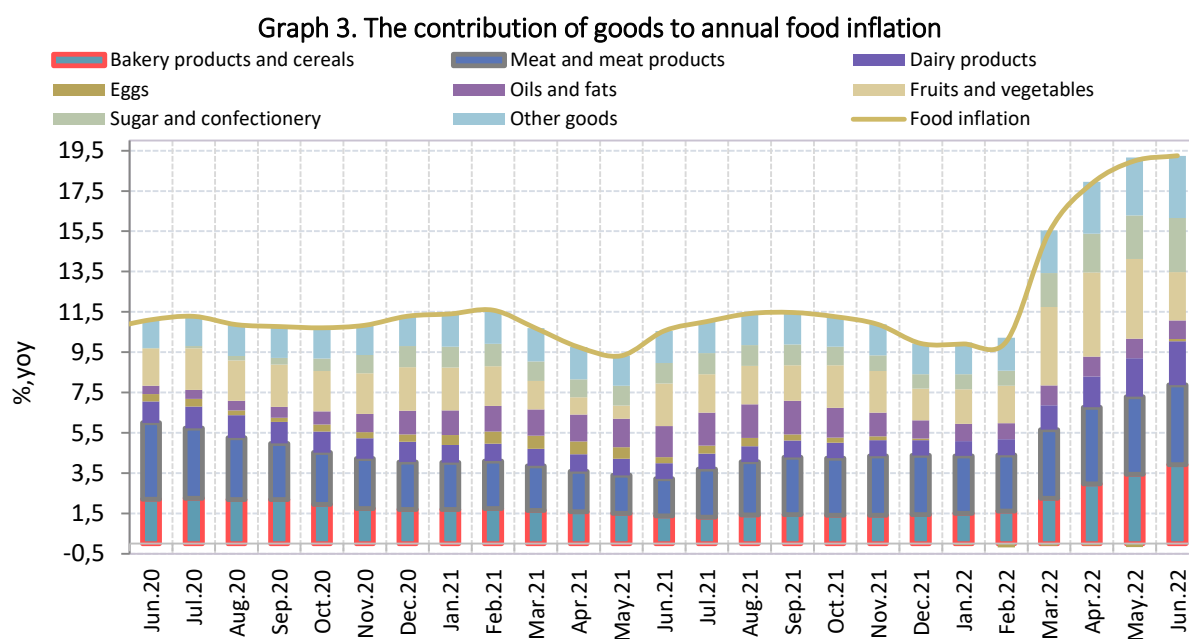
Source: ASPR RK BNS, calculations of the NB RK

¹ Core inflation is a value that characterizes a steady change in prices. The trimmed mean is calculated by excluding 10% of the smallest and 10% of the largest seasonally adjusted price changes in a given month; core inflation without the 8 most volatile components excludes 8 components whose standard deviation of seasonally adjusted price changes over the past 2 years is the maximum; the median is the 50% percentile distribution of seasonally adjusted price changes in a given month.

The main contribution to inflation continues to be the rise in the price of **food** products, in particular, bakery products, cereals, sugar and confectionery, meat and dairy products. The annual growth of food prices in June this year accelerated to 19.2% (in May 2022 – 19%).

For the eighth month in a row, there has been an acceleration in the growth of prices for bakery products and cereals against the background of the rise in the price of grain crops on world markets and the low harvest of last year. The acceleration of the growth of prices for meat and dairy products continued, which was mainly due to the rise in the cost of feed. The growth of sugar and confectionery prices accelerated, which was caused by a reduction in the supply of sugar due to increase in demand for it.

The high base of June 2021 caused a slowdown in the growth of prices for oils and fats in June 2022. The growth of prices for fruit and vegetable products slowed down, which was the result of the release of a high statistical base last year, as well as a decrease in prices in June for certain types of fresh vegetables (cabbage, beets, cucumbers, tomatoes) due to the arrival of a new crop.

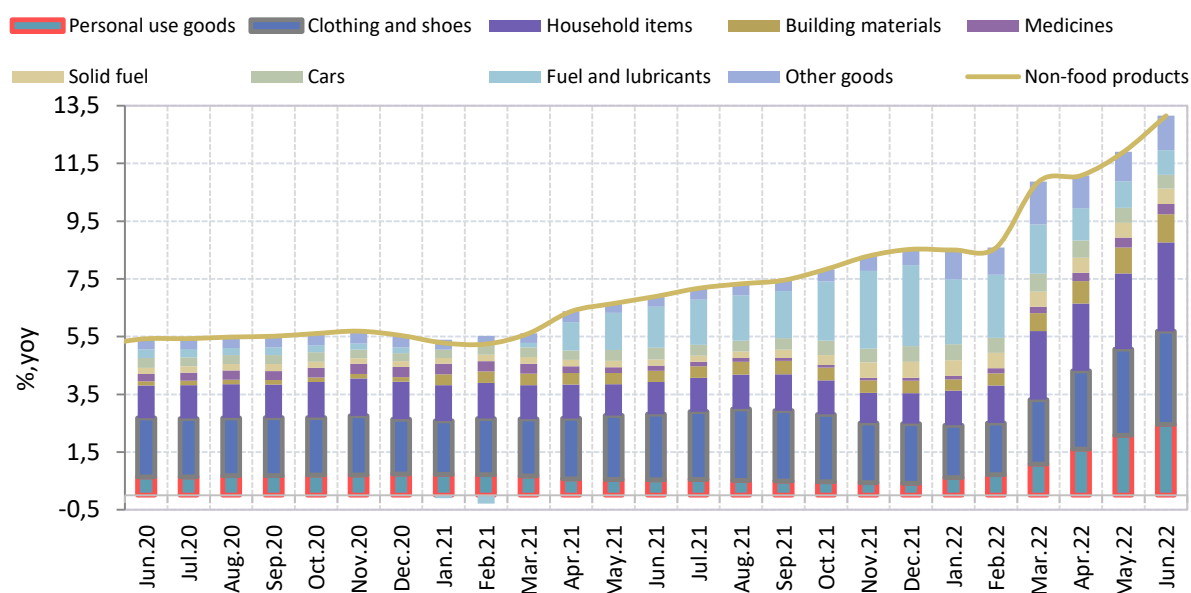


Source: ASPR RK BNS, calculations of the NB RK

Non-food inflation accelerated to 13.2% in June 2022 (11.9% in May 2022). The growth of prices for clothes and shoes, personal goods, household items, building materials, detergents and cleaning products accelerated. Given the high share of imports in the consumption of these goods, the acceleration of price growth is caused by an increase in import prices, depreciation of the tenge exchange rate, and an increase in the cost of transport services.

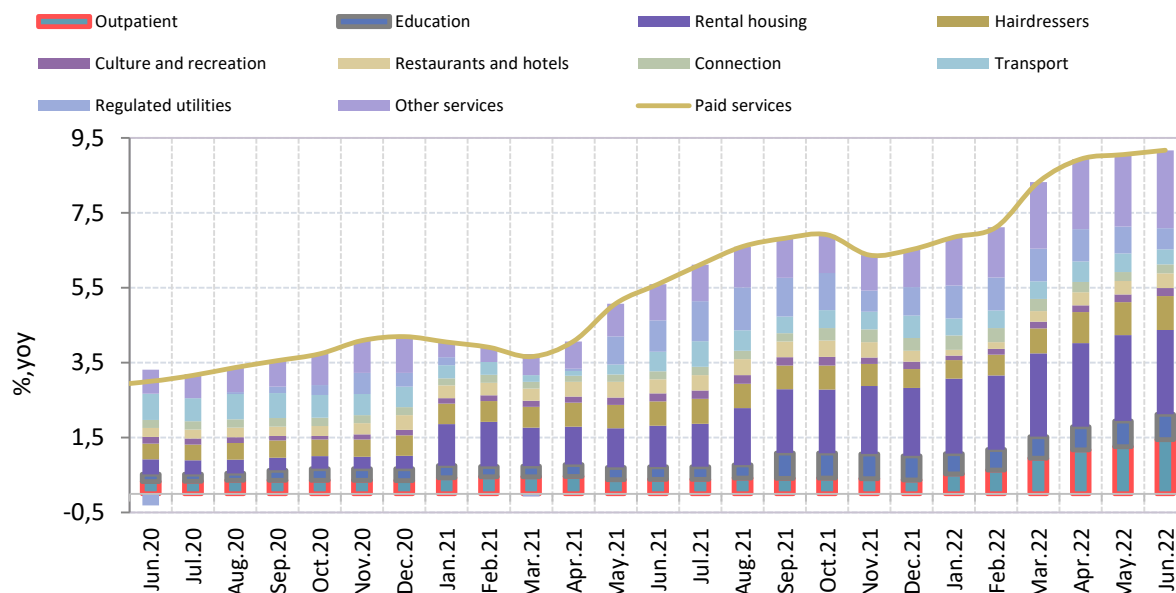
The inflation of **paid services** accelerated in June 2022 to 9.2% (in May 2022 – 9.1%). There is an acceleration in the growth of prices for outpatient services, including dental services. Prices of services of hairdressers and beauty salons, sanatoriums, catering establishments, restaurants and hotels, as well as services in the field of culture and services have increased. In addition, the cost of air passenger transport, intercity bus and taxi fares have become more expensive.

Graph 4. Contribution of goods to annual non-food inflation



Source: ASPR RK BNS, calculations of the NB RK

Graph 5. Contribution of services to the annual inflation of paid services



Source: ASPR RK BNS, calculations of the NB RK

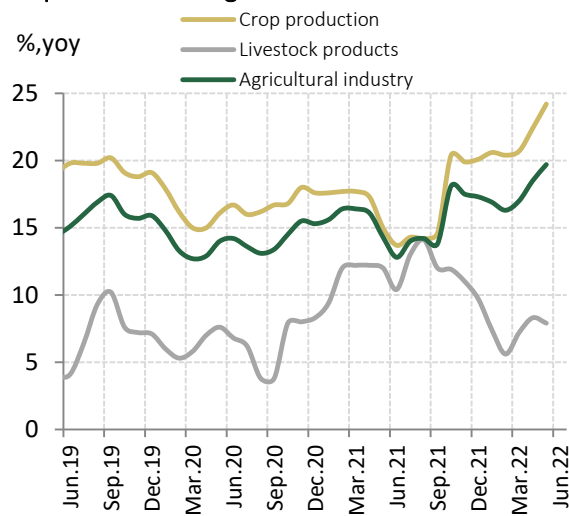
The slowdown in price growth in the manufacturing industry for the third month in a row and the acceleration of price growth for agricultural products since March 2022

In the manufacturing industry, in June 2022, the annual growth of producer prices slowed significantly to 14.9% (in May 2022 – 19.5%). Among the enterprises producing food, there was a slowdown in the growth of prices for meat, oils and fats. At the same time, there was an acceleration in the growth of prices of producers of sugar, dairy, flour and cereal products, bakery and pasta.

In agriculture, producer prices in June this year increased by 22.4% in annual terms (in May 2022 – by 19.7%). In crop production, the growth of prices for wheat, corn, oilseeds and fresh vegetables accelerated, while the growth of prices for fodder crops slowed down. In animal

husbandry, there was a slowdown in the growth of prices for live poultry, but the annual growth rates of prices for raw milk accelerated.

Graph 6. Prices in agriculture



Source: ASPR RK BNS

Graph 7. Prices in industry

