



NATIONAL BANK OF KAZAKHSTAN

# INFLATION TRENDS

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August **2022**

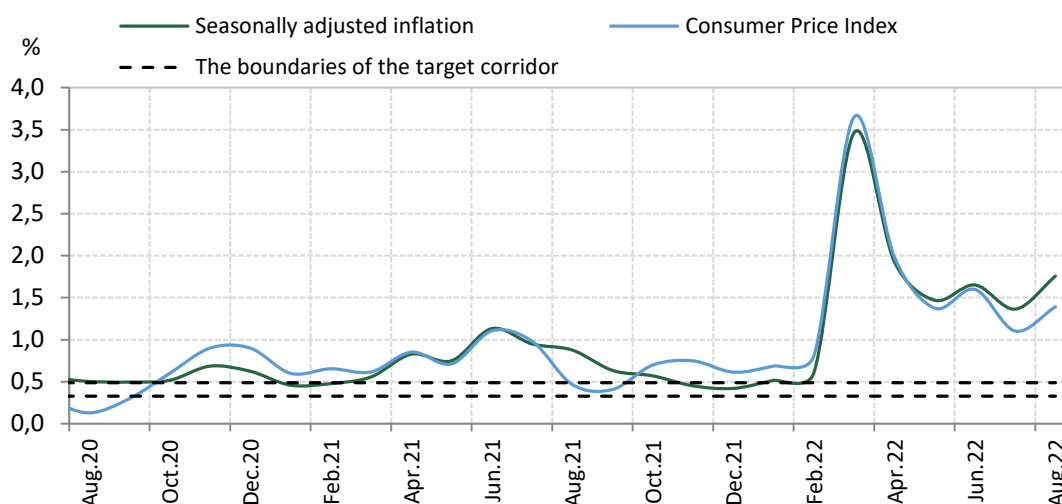
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In August 2022, annual inflation continued to accelerate, reaching 16.1%. Monthly inflation was 1.4%. In food products, the inflation of bakery products and cereals, dairy products, sugar, eggs, oils and fats continues to accelerate. In the structure of non-food products, due to the beginning of the new academic year, prices for stationery, children's clothing and shoes have increased significantly. In paid services, rental housing, electricity and catering services have risen in price.

Inflationary processes continue to accelerate, forming above the target corridor of the National Bank. Monthly inflation accelerated from 1.1% in July to 1.4% in August, with an annual growth of 16.1% (in July 2022 – 15%).

Monthly seasonally adjusted inflation in August was at the level of 1.8%, exceeding the overall inflation without seasonal adjustment by 0.4 percentage points (in July 2022 – 0.3 percentage points). The main reason for this excess was the seasonal decline in prices for fruits and vegetables in the summer, which exerts deflationary pressure on the overall index.

Graph 1. Monthly seasonally adjusted inflation

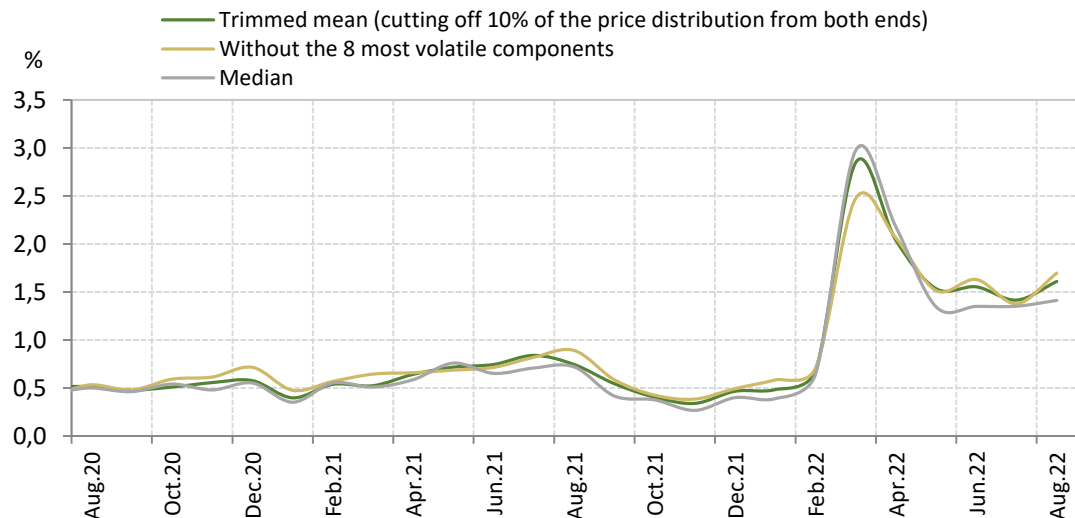


Source: BNS ASPR RK, calculations of the NBRK

The core seasonally adjusted inflation<sup>1</sup>, calculated by various methods, returned to the acceleration trajectory after the July slowdown. Core inflation exceeds general inflation, which reflects a steady increase in prices for a wide range of goods and services, which prevails over the seasonal reduction in the cost of fruit and vegetable products.

<sup>1</sup> Core inflation is a value that characterizes a steady change in prices. The trimmed mean is calculated by excluding from the calculation 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 from the inflation calculation those 8 components whose standard deviation of seasonally adjusted price changes over the past 2 years is the maximum; the median is a 50% percentile distribution of seasonally adjusted price changes in a given month.

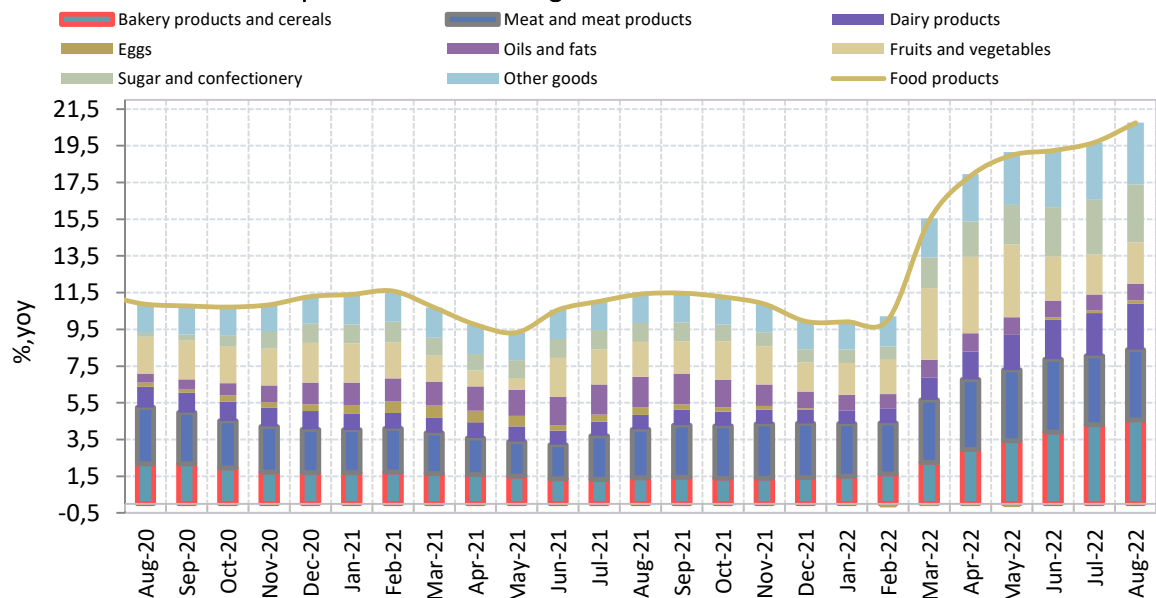
Graph 2. Core inflation: various calculation methods



Source: BNS ASPR RK, calculations of the NBRK

**Food** products in August 2022 rose in price by 20.8% y-o-y (in July 2022 – by 19.7%). Bakery products continue to make the greatest contribution to the annual inflation of food products against the background of insufficient wheat stocks due to the poor harvest of the last year. The increase in prices for dairy products accelerated as a result of higher price increase among producers in the manufacturing industry. The annual increase in sugar prices was 91.9% due to increased demand and limited supply. The rise in prices for eggs, oils and fats has accelerated.

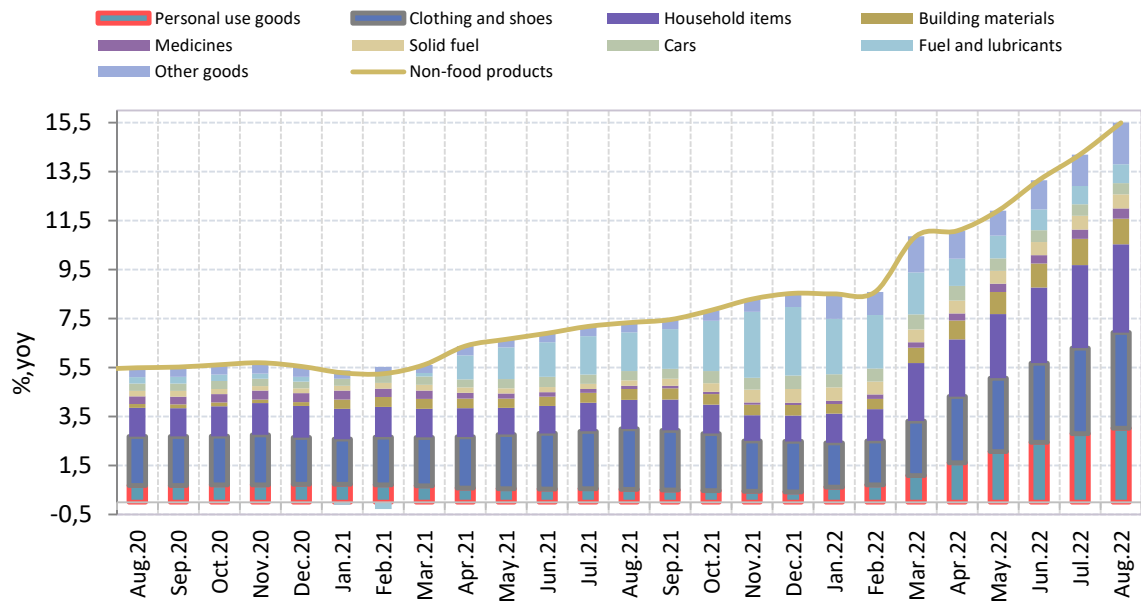
Graph 3. Contribution of goods to annual food inflation



Source: BNS ASPR RK, calculations of the NB RK

Inflation of **non-food** products accelerated in August 2022 to 15.5% (in July 2022 – 14.2%). Due to the start of the new academic year, there was a significant increase in prices for children's shoes and clothing, as well as stationery. In addition, the growth of prices for personal goods, household items and medicines accelerated.

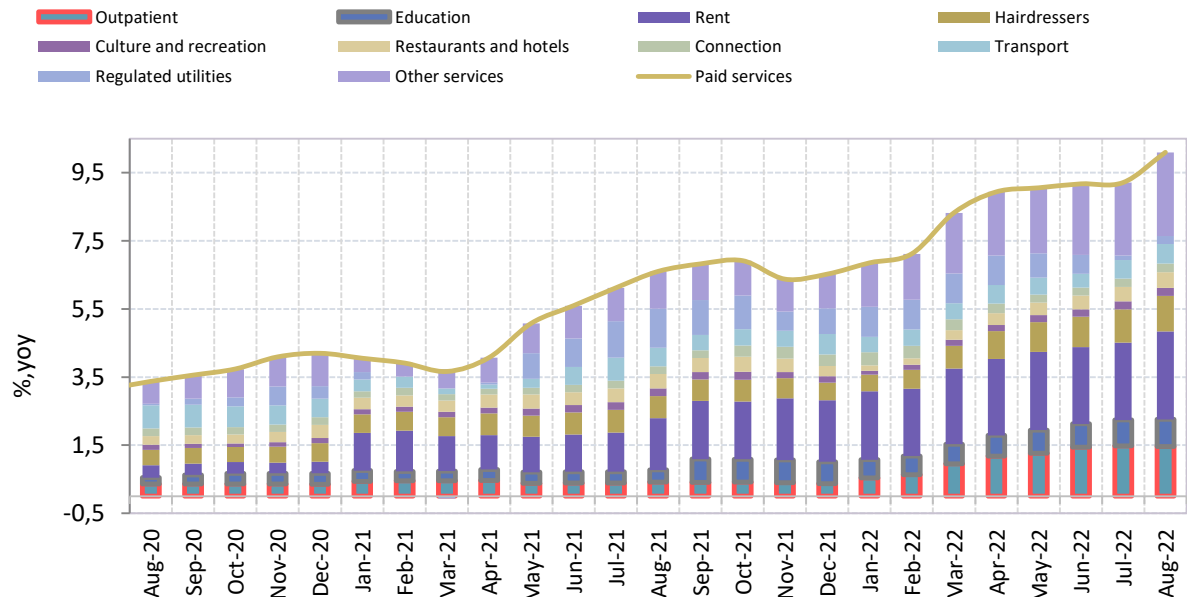
Graph 4. Contribution of goods to annual non-food inflation



Source: BNS ASPR RK, calculations of the NB RK

The inflation of **paid services** accelerated to 10.1% in August (9.2% in July 2022). Rental services of comfortable housing have risen in price as a result of increased demand against the background of the beginning of the academic year, especially in the city of Almaty. There was an increase in the cost of catering services. The cost of electricity has increased in the city of Nur-Sultan due to the revision of tariffs from energy-producing companies. Prices for air passenger transport services have significantly decreased.

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



Source: BNS ASPR RK, calculations of the NB RK

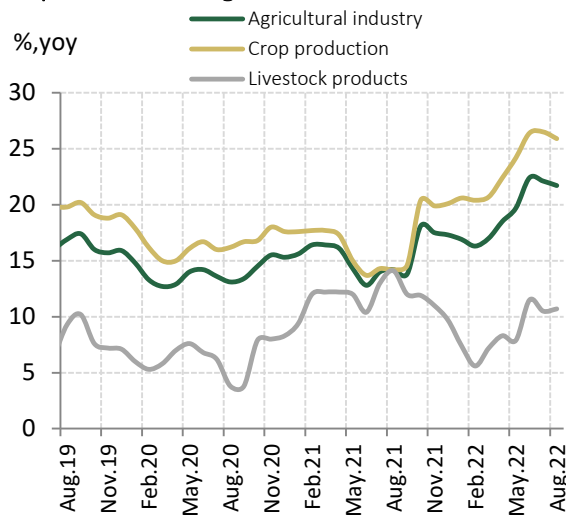
## Slowing price growth in manufacturing and agriculture

The annual growth of producer prices in the manufacturing industry slowed in August 2022 to 13.6% (in July 2022 – 16.4%). In food products, there was a higher increase in the prices of producers of meat and dairy products, sugar, bakery and pasta products, while the growth in the cost of production of oils and fats slowed down. The price growth of pharmaceutical products and furniture manufacturers has accelerated.

In August, the pro-inflationary effect on consumer prices was exerted by the rise in the cost of means of production, meanwhile, the growth of prices for intermediate consumption products slowed down.

In agriculture, producer prices in August 2022 slowed down to 21.7% in annual terms (in July 2022 – by 22.1%) mainly against the background of harvesting crop production. In crop production, there was a lower increase in prices for fresh vegetables and forage crops. In animal husbandry, the growth of prices for live poultry and raw milk has accelerated.

**Graph 6. Prices in agriculture**



Source: BNS ASPR RK

**Graph 7. Prices in industry**

