



**NATIONAL BANK OF THE
REPUBLIC OF KAZAKHSTAN
PRESS-RELEASE №26
June 26, 2007**

On official refinancing rate

In accordance to the Law of the Republic of Kazakhstan “On the National Bank of the Republic of Kazakhstan” Board of the National Bank decides to establish the level of official refinancing rate of the National Bank. From July 1, 2007 official refinancing rate was set at 9.0%.

Adoption of tightening monetary policy measures of the National Bank with the aim to withdraw excess liquidity of banking sector and to rise in rates of the National Bank contributed to deceleration of inflation growth in 2007. In January 2007 annual inflation rate made up 8.5%, at the end of May 2007 annual inflation reached 7.6%.

In spite of decrease in money supply growth, stability of prices in real sector, and reduction of imported prices inflationary pressure were preserved. It was caused by foreign exchange inflow, growing of aggregate demand, increase in production costs, and low level of competitiveness on single markets of goods and services.

In these circumstances softening of monetary policy measures is pointless. National Bank expects annual inflation to grow and average annual inflation rate to decrease.

In this regard official refinancing rate was kept unchanged.