

***Keynote Theses of the Governor of the National Bank
Galymzhan Pirmatov About Base Rate and Current Monetary Policy***

Regarding the factors of decision-making on the base rate

Currently, the team deals with update of our forecast. Based on results of this forecast round, on the basis of data and a number of macroeconomic factors, we will make a decision. If necessary, we are ready to raise the base rate again. The decision will be announced on December 5. We always make decisions based on data, our forecasts for key macroeconomic parameters, inflation expectations, and other factors.

Regarding the discussions on the base rate

I favor the discussion about the base rate in the professional community. I see more and more understanding of the logic of our decisions by professional market participants. There are those who say that the rate is too low, there are those who say that it is too high. But I like that there is a fairly well-informed discussion in the professional environment, and we support this.

We have also launched a regular survey among professional macroeconomists, which involves 11 research organizations.

Regarding the countercyclical fiscal rule

A lot of effort has been made, amendments to the budget code on the countercyclical budget rule have been adopted, which will take effect in 2023. There are two key elements of the fiscal rule, the guaranteed transfer is capped at a cut-off price for oil at very conservative levels, and overall budget spending is capped based on a growth trend of the economy and inflation. And this is already creating an institutional framework for better coordination of fiscal and monetary policies.

Regarding tightening monetary policy

By tightening monetary conditions, we are primarily looking forward so that current high inflation expectations do not anchor.

Regarding situation on the foreign exchange market

This year there are many challenges and uncertainties, but at the same time we have responded quite adequately. We communicate openly to the market and disclose everything we do on the foreign exchange market.

We follow the policy of free floating exchange rate. We are committed to this. A free-floating exchange rate allows us to absorb external shocks, so the exchange rate can change under external pressure or internal circumstances.

Regarding Digital Tenge

We have made good progress on this issue. The decision on implementation of the Digital Tenge will be made by the President. We believe that the design solutions that we choose are optimal for providing conditions for development of innovations, protection of interests of financial consumers, as well as stability of the financial system.