

RESULTS OF THE MACROECONOMIC SURVEY OF THE NATIONAL BANK OF KAZAKHSTAN

Survey dates: November 10-16, 2022

Number of respondents: 12

(AERC, Halyk Finance, Jusan Invest, NAC Analytica, Asian Development Bank, ACRA, Eurasian Economic Commission, Eurasian Development Bank, Institute for Economic Research, Renaissance Capital, Centras Securities, Freedom Finance)

Survey results (median of respondents' forecasts, in parentheses are the median values of previous forecasts):

| Indicator | 2021 (факт) | 2022 | 2023 | 2024 |
|--|----------------|-------------------------|-------------------------|-------------------------|
| Brent oil price USD per barrel average for the year | 71,1 | 100,0 (100,0) | 87,5 (85,0) | 78,5 (75,6) |
| GDP %, YoY | 4,1 | 3,0 (3,0) | 3,8 (3,8) | 4,0 (4,0) |
| CPI %, December to December of the previous year | 8,4 | 19,0 (18,5) | 11,2 (11,0) | 8,0 (8,0) |
| Base rate % per annum, average for the year | 9,2 | 13,9 (13,9) | 12,4 (12,4) | 9,5 (9,8) |
| Exports of goods and services billions of USD per year | 66,2 | 84,5 (83,3) | 87,2 (86,2) | 88,0 (88,0) |
| Imports of goods and services billions of USD per year | 47,3 | 53,4 (52,5) | 54,1 (55,4) | 57,0 (57,0) |
| USD/KZT exchange rate average for the year | 426,0 | 463,1 (462,7) | 490,1 (494,7) | 505,1 (501,6) |
| Neutral base rate* % per annum | | 9,0 (8,5) | | |
| Long-term GDP growth ** %, YoY | | 3,7 (3,5) | | |

OIL PRICE. The median oil price forecast for 2022 remained unchanged at **\$100** per barrel. Expectations for 2023 and 2024 are up slightly from the October survey results, from \$85 to **\$87.5** and \$75.6 to **\$78.5** per barrel, respectively.

GDP. Respondents' expectations for economic growth in Kazakhstan remain unchanged since August of this year - **3%** in 2022, **3.8%** in 2023 and **4%** in 2024. Forecasts for the current year range from 2.5% to 4%. In 2023 and 2024 analysts expect the recovery of economic growth.

CPI. Respondents' inflation forecasts were revised upward for 2022 from 18.5% to **19%** and for 2023 from 11% to **11.2%**. The 2024 forecast remains unchanged at **8.0%**. Expectations for inflation dynamics remain the same – a significant decline in 2023 and a smoother decline in 2024.

* The level of the base rate at which monetary policy maintains long-term inflation and inflation expectations on targets and GDP at potential levels

** Expected average growth rate of potential GDP on 5-year horizon

BASE RATE. The median expectation for the base rate remained at **13.9%** on average for the year, demonstrating respondents' continued expectation of further increases in the base rate. The forecast for 2023 remained unchanged at **12.4%**, with the 2024 forecast slightly reduced from 9.8% to **9.5%**. If the base rate remains at its current level of 16%, the average for 2022 would be 13.8%. Thus, respondents have hawkish expectations of the upcoming base rate decision.

EXPORTS OF GOODS AND SERVICES. Respondents improved their forecasts for exports of goods and services for 2022 from \$83.3 billion to **\$84.5** billion, for 2023 from \$86.2 billion to **\$87.2** billion. The 2024 forecast remains at **\$88** billion.

IMPORTS OF GOODS AND SERVICES. Respondents' forecasts of the volume of imports of goods and services for 2022 and 2023 are revised. Accordingly, imports are expected to be **\$53.4** billion in 2022 (\$52.5 billion in October) and **\$54.1** billion in 2023 (\$55.4 billion). The 2024 forecast remains at **\$57** billion.

USD/KZT EXCHANGE RATE. Compared to the previous forecast, respondents expect some weakening of the exchange rate of tenge in 2022 from 462.7 to **463.1** tenge per dollar on average per year. The forecast for 2023 is improved from 494.7 to **490.1** tenge per U.S. dollar. Median expectation for 2024 revised towards weakening of the exchange rate of tenge from 501.6 to **505.1** tenge per U.S. dollar.

NEUTRAL BASE RATE. The base rate, at which monetary policy maintains inflation and inflation expectations on targets and GDP at potential levels in the long run, was raised by respondents by 0.5 p.p. and is estimated at **9%**.

LONG-TERM GDP GROWTH. Analysts expect an average potential GDP growth rate of **3.7%** over the 5-year horizon, compared to previous forecasts of 3.5%.

In general, the **range of respondents' forecasts** of macroeconomic indicators for the next two years remains broad, indicating a high level of uncertainty among market participants about the prospects for the situation in the domestic and global markets.