

RESULTS OF THE MACROECONOMIC SURVEY OF THE NATIONAL BANK OF KAZAKHSTAN

Survey dates: February 2-8, 2023

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 (the median value of respondents' predictions, the median values of previous predictions are in brackets):

Indicator	2022 (fact/ estimate)	2023	2024	2025
Brent oil price USD per barrel, average for the year	99,1	83,1 (87,5)	80,0 (78,5)	80,0
GDP %, YoY	3,1*	3,7 (3,8)	4,0 (4,0)	4,0
CPI %, Dec. to Dec. of the previous year	20,3	11,8 (11,2)	8,0 (8,0)	7,0
Base rate % per annum, average for the year	13,9	15,5 (12,4)	11,4 (9,5)	9,3
Exports of goods and services billions of USD per year	92,5*	91,6 (87,2)	93,9 (88,0)	90,7
Imports of goods and services billions of USD per year	58,7*	60,7 (54,1)	60,7 (57,0)	62,9
USD/KZT exchange rate average for the year	460,5	477,8 (490,1)	500,0 (505,1)	515,0
Neutral base rate ** % per annum	8,5 (9,0)			
Long-term GDP growth *** %, YoY	3,9 (3,7)			

OIL PRICE. Compared to the November 2022 survey results, analysts worsened the 2023 oil price scenario from \$87.5 to **\$83.1** per barrel (median values). Meanwhile, expectations for 2024 were improved from \$78.5 to **\$80** per barrel. In 2025, the average oil price is expected to remain at \$80 per barrel.

GDP. Respondents' expectations for economic growth in Kazakhstan in 2023 are slightly adjusted from 3.8% to **3.7%**. In the next two years, GDP growth is expected to be stable at **4%**.

*Preliminary estimates: for GDP - the estimate of the BNS ASPR, for exports and imports – the estimate of the NBK

**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 the horizon of 5 years

CPI. The median value of respondents' inflation forecasts for 2023 was raised from 11.2% to **11.8%**. The 2024 forecast remains at **8%**. Inflation is expected to slowly decline further to **7%** in 2025.

BASE RATE. Respondents raised their base rate projections for 2023 and 2024. At the same time, a downward trend in the base rate is expected. The median expectation for the base rate for 2023 was **15.5%** on average for the year and **11.4%** for 2024. In 2025, the base rate is expected to average **9.3%**.

EXPORTS OF GOODS AND SERVICES. Respondents raised their forecasts for exports of goods and services for 2023 from \$87.2 billion to **\$91.6** billion and for 2024 from \$88 billion to \$93.9 billion. Analysts projected that exports would fall to **\$90.7** billion in 2025.

IMPORTS OF GOODS AND SERVICES. Respondents' forecasts of the volume of imports of goods and services for the next two years are also adjusted upward. Thus, in 2023 and 2024 the volume of imports is expected to be at the level of **60.7** billion U.S. dollars (previously 54.1 and 57 billion U.S. dollars, respectively). In 2025, according to the expectations of respondents, imports of goods and services will increase and will amount to **62.9** billion U.S. dollars.

USD/KZT EXCHANGE RATE. In comparison with the previous period the forecasts for the exchange rate of tenge have been improved - from 490,1 to **477,8** tenge per US dollar in 2023, from 505,1 to **500** tenge per US dollar in 2024. The median expectation for 2025 is **515** tenge per U.S. dollar.

NEUTRAL BASE RATE. The prime rate, at which monetary policy keeps long-term inflation and inflation expectations on target and GDP at potential levels, returned by respondents to **8.5%** (9% in November 2022).

LONG-TERM GDP GROWTH. Analysts expect an average potential GDP growth rate of **3.9%** over the 5-year horizon, compared to previous forecasts of 3.7%.

In February 2023, the **ranges of forecasts** for most macroeconomic indicators expanded compared with the results of the previous survey. Thus, the wide range of forecasts for the price of oil for 2024-2025 demonstrates the high uncertainty of the survey participants concerning the prospects of the oil market development. Against this background, forecasts for the volume of exports of goods and services also remain multidirectional.

The ranges of inflation and base rate forecasts over the entire forecast horizon have expanded, with the exception of base rate expectations for 2023, whose range has narrowed substantially from the November survey.