



NATIONAL BANK OF KAZAKHSTAN

## **PUBLIC INFORMATION NOTICE**

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### **On inflation and monetary policy**

Governor of the National Bank, Timur Suleimenov, held a meeting with global investors. During the discussion, the head of the regulator emphasized the participants' attention on the current economic situation, the main directions of the monetary policy being implemented and the upcoming challenges.

Timur Suleimenov highlighted that the National Bank remains committed to its primary mandate of ensuring price stability. "The main goal of the National Bank is to alleviate the pro-inflationary pressure and stabilize inflation close to the medium-term target of 5%. All efforts will be directed towards achieving this goal. At the same time, exchange rate of tenge will remain floating, allowing the economy to adapt more quickly to changes," emphasized the Governor of the National Bank.

Further direction of the monetary policy will align with previous actions and the information policy of the National Bank. With a further deceleration of actual inflation, a smooth reduction of the base rate will persist. However, the space for reduction is constrained by the risks of potential fiscal stimulus intensification and high inflation expectations amidst sustained demand in the economy.

Monetary policy will continue to be based on transparency, consistency, clarity, and predictability. The Bank will monitor the trajectory of annual inflation convergence to the target to ensure a timely response to possible deviations.

Responding to a question about the reasons for the weakening of the tenge exchange rate in the past two weeks, the Governor of the National Bank noted a combination of several factors in the moment: the global strengthening of the US dollar (in September, the US dollar index saw 2,5% increase in relation to the basket of currencies of developed countries), increased seasonal demand from importers, the decision to lower the base rate, and the suspension by the Government of the mandatory sale of foreign exchange earnings by quasi-state sector entities, which collectively led to a short-term depreciation of the tenge. From a fundamental perspective, the increased oil price and the overall state of the Balance of Payments will provide support to the tenge over a longer term.

In a dialogue with investors, besides ensuring price stability, effective collaboration with the Government in the coordinating monetary and fiscal policies, ensuring the stable functioning of the domestic financial market, and its further consistent development were outlined as the priority areas of the National Bank's activities.

The Governor also emphasized that the National Bank intends to continue to pursue an open and transparent communication policy and will strive to further enhance it.

**Detailed information is available for the media representatives upon request:**

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