Kazakhstan holds rates, indicates room for cuts

Kazakhstan’s central bank has kept the base rate at 18.00%, with the headline guidance sounding slightly more open to cuts. But the body of the statement is more nuanced and is still explicit about inflation risks, suggesting the first cut is still more likely to emerge later in the third quarter than 'soon'

The National Bank of Kazakhstan in Astana. The central bank's latest commentary still points to a high bar for easing in the near term

18.00 NBK base rate

unchanged

As expected

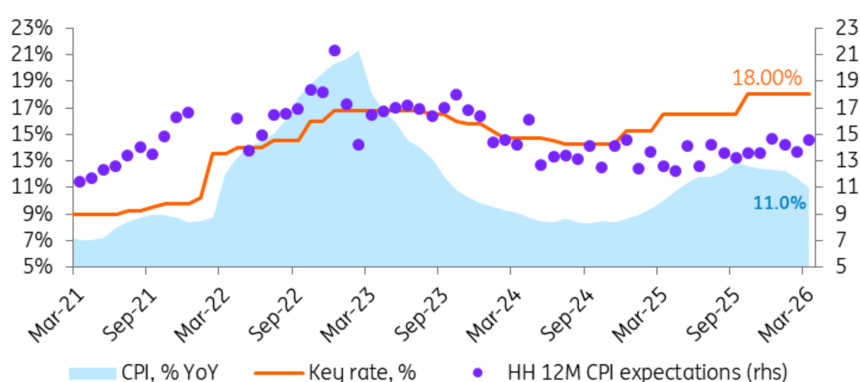
Kazakhstan keeps rate unchanged, “conditional easing” guidance is back

Kazakhstan’s central bank (NBK) left the base rate unchanged at 18.00% today, in line with

consensus and our expectations. The most noticeable change versus the previous decision is in forward guidance, with the NBK now stating that "...provided that current trends persist and no new shocks arise, the National Bank will be ready to consider the possibility of reducing the base rate in its subsequent decisions."

This sounds more dovish compared to the March signal: "Under current conditions, the space for monetary policy easing has not yet developed," – and raises the question of whether a cut is likely as early as the next meeting on 5 June. A more nuanced look into the commentary and the context, in our view, shows that the narrative is simply back to the conditional easing throughout the second half of 2026 presented at the beginning of this year.

NBK base rate on hold as disinflation trend requires further confirmation



Source: NBK, CEIC, ING

NBK remains risk-focused despite CPI slowdown

At first glance, the April statement contains several dovish signals to support the new signal:

- Slower CPI to 11.0% year-on-year as of March, despite the recent VAT rate hike
- Deceleration of GDP growth to 3.0% YoY in 1Q26 after a 6.5% increase in FY25
- Softer domestic demand amid more restrained credit growth

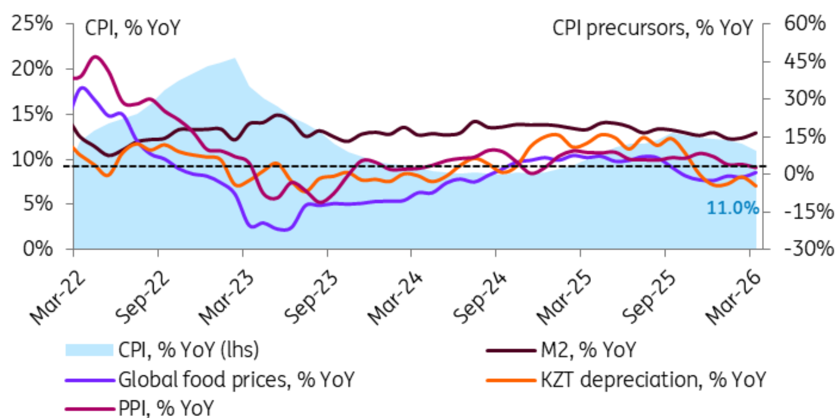
However, the granular assessment remains risk focused and arguably more explicit than in March:

- The slowdown in GDP is mainly attributed to the oil sector; 1Q26 oil production was reported to be down 20% YoY, while non-oil sectors were described as resilient.
- Households' inflation expectations worsened from an already elevated 13.7% to an even higher 14.6% despite a slowdown in reported CPI.
- The success in disinflation is partly attributed to the stronger exchange rate, as the tenge has gained 7% vs the US dollar since the outbreak of the Iran war, as Brent jumped nearly 50%. In our view, the near-term prospects for KZT remain favourable, but the long-term sustainability of the appreciation trend requires further confirmation.
- A moratorium on utility and fuel price increases was more explicitly identified as a temporary disinflationary factor, as a 'resumption of regulated price and tariff reforms' was mentioned.
- Pro-inflationary risks coming from the fiscal and quasi fiscal stimulus were also more clearly

articulated through 'intensification of the quasi-fiscal impulse in the second half of the year'.

- External risks are framed more directly as inflationary, with the escalation in the Middle East cited as a source of higher global prices for energy, food and fertilisers, increasing imported inflation risks for Kazakhstan – in line with our earlier assessment.

Inflation trend strongly depends on KZT strength



Source: CEIC, ING

Our rate view of a cut in 3Q26 is unchanged so far

In our view, despite a slightly more dovish tone, the substance of the NBK's commentary still points to a high bar for easing in the near-term. We interpret today's signal as reverting to the message we saw earlier in the year: easing is possible, but only if domestic tariff hikes are modest, fiscal and quasi-fiscal stimulus remains in check, and external shocks are avoided.

We therefore continue to see the first cut as a third-quarter story this year (with September more likely than July), when more clarity emerges on the tariff and fiscal stories, and when CPI growth has a chance of returning to the single-digit threshold.

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