

Snap | 28 November 2025

KAZAKHSTAN

Kazakhstan holds base rate but may have to hike in 2026

Kazakhstan's central bank has maintained the base rate at 18.00% and signalled no cuts until mid-2026, after the impact of the upcoming VAT hike settles. While we support the National Bank of Kazakhstan's cautious stance and the recent increase in its inflation forecasts, we expect the tightening cycle to resume in 1Q26



The National Bank of Kazakhstan in Almaty

At today's meeting, the National Bank of Kazakhstan (NBK) decided to keep the base rate unchanged at 18.00%, in line with the market and [our](#) expectations.

Following October's larger-than-expected 150bp hike, inflation in Kazakhstan has eased slightly to 12.6% year-on-year as of October (although the NBK attributed this to the administrative price controls over regulated communal housing utilities). Households' inflation expectations increased moderately by 0.4pps but remained contained, while the Kazakhstani tenge has appreciated by 5.5% against the US dollar, and global food price pressures have moderated. These factors justify a pause in the tightening cycle.

However, also in line with our expectations, the NBK maintained a cautious stance, signalling no room for cuts before mid-2026 due to persistent medium-term inflation risks. Key drivers

include:

- The VAT rate increased from 12% to 16% in January 2026
- The weakening current account
- Robust domestic demand and lending
- Quasi-fiscal support via the Baiterek Holding (4.4% of GDP)

The NBK has revised its CPI forecast up by 0.5-1.0pp to 12.0-13.0% for the year ending 2025 and 9.5-12.5% for YE26, broadly aligning with our expectations (13% and 11%, respectively). The Bank does not rule out further hikes if disinflation fails to materialise.

Our base case is that CPI could temporarily approach 15% YoY in 1Q26, prompting the NBK to raise the base rate to 19-20% before easing resumes in the second half of 2026, towards 17% by the year-end.

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