Snap | 6 March 2026 KAZAKHSTAN

Kazakhstan rates remain on hold as disinflation is offset by rising external risks

Kazakhstan s central bank held the base rate steady at 18.00%, signalling patience despite slowing inflation. Domestic utility tariffs, fiscal and external risks call for an extended period of tight policy. High real rates may insulate portfolio flows as global risk aversion rises

Kazakhstan's central bank (NBK) has opted to leave the base rate unchanged at 18.00%

18.00

NBK base rate

unchanged

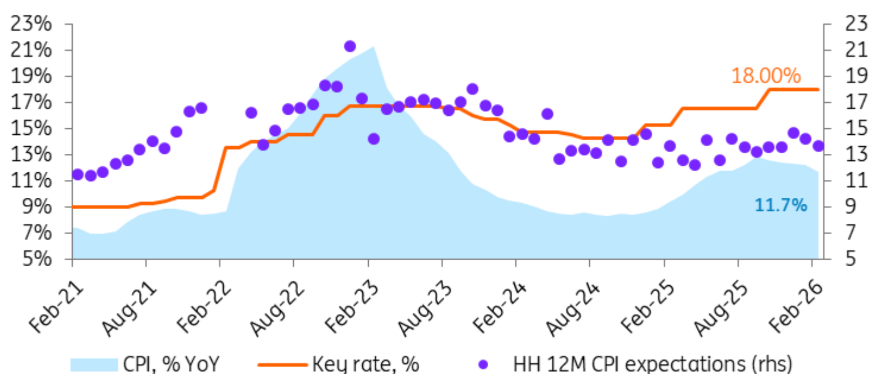
As expected

Kazakhstan keeps rates steady as NBK prioritises caution over early easing

Kazakhstan's central bank (NBK) left the base rate unchanged at 18.00% and reaffirmed its

intention to maintain this stance through the first half of 2026. The decision was in line with the previous guidance and expectations. It reflects a balance between a gradually improving domestic inflation trend and higher global uncertainty linked to the Middle East tensions. While the tone of the statement was broadly dovish, the NBK still sees near‑term risks as too elevated to begin its easing cycle.

NBK base rate left unchanged amid slowing CPI and improved expectations



Source: NBK, CEIC, ING

Disinflation continues, allowing the NBK to sound more dovish

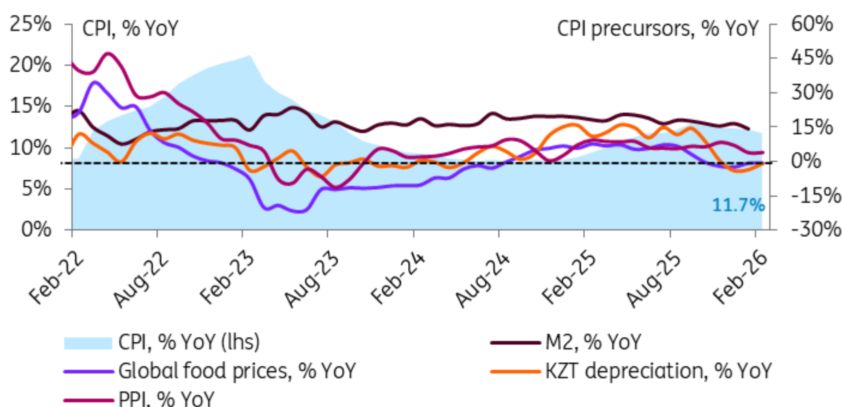
Continued slowdown in inflation remains supportive of a future rate cut. Consumer price inflation decelerated to 11.7% year-on-year in February, 0.6 percentage points below December levels. Household inflation expectations fell by 1ppt year-to-date despite the sizeable VAT increase from 12% to 16% in January

Several factors continue to reinforce disinflation:

- A stronger tenge, which strengthened by 11% to USD since nearly the end of 3Q25.
- Tighter macroprudential policies in the banking sector, restraining bank lending and monetary supply growth.
- The temporary moratorium on regulated utility tariff increases, limiting services inflation.
- A benign global food price backdrop, with YoY dynamics still negative.

Reflecting this improvement, the NBK narrowed its 2026 CPI forecast to 9.5-11.5% (from 9.5-12.5%). The GDP forecast remains unchanged at a moderate 3.5-4.5%.

CPI precursors supportive of further deceleration



Source: CEIC, ING

Why caution still prevails

The NBK highlighted several risks preventing an early cut:

- **Domestic utility tariffs:** the moratorium on tariff hikes may expire as early as 2Q26, following the upcoming constitutional referendum, potentially lifting regulated prices.
- **Fiscal uncertainty:** prospects for consolidation remain uncertain. Government spending pressures persist, and quasi-fiscal spending conducted via the Baiterek holding is expected to amount to roughly 4-5% of GDP.

These factors limit the NBK's confidence in a sustained inflation slowdown in the short term.

External environment is an additional argument in favour of caution

While it was not the focus of the recent NBK communication, we believe the recent spike in the tensions in the Middle East is, on balance, an additional reason to refrain from monetary policy easing.

- **Oil gains help the macro picture, but not necessarily the tenge**

Amid the military conflict in Iran, Kazakhstan's macro fundamentals benefit from higher oil prices. Each sustained +$10/bbl increase in Brent adds an estimated $6bn to annual export receipts (around 1.8% of GDP). However, the FX channel is less straightforward. The tenge is unlikely to reap the full benefit of stronger oil because sizeable dividend outflows absorb part of the oil windfall; the global risk-off mood may also weigh on portfolio inflows, which has recently become more important, with non-resident inflows into the government bond market of $1.7bn in 2025 and an additional $0.6bn year to date.

- **Fiscal implications remain mixed**

Higher oil prices also support the sovereign wealth fund (NFRK, the primary receiver of fuel taxes in Kazakhstan), adding about $1.5bn (0.5% of GDP) to fuel-related revenues per each +$10/bbl. But this could be partly offset by lower investment income due to a global market downturn. In 2024-25, the investment income totalled a significant 3.6-4.0% of GDP, while in 2022 – another year significantly affected by a war – NFRK recorded a loss of 0.8% of GDP. The state budget (central government plus municipalities), which is currently in a 2.7% of GDP deficit, is unlikely to benefit from higher oil prices, and its performance will depend on the government's ability to proceed with spending consolidations, where the track record has yet to be established.

- **Imported inflation may limit room for disinflation**

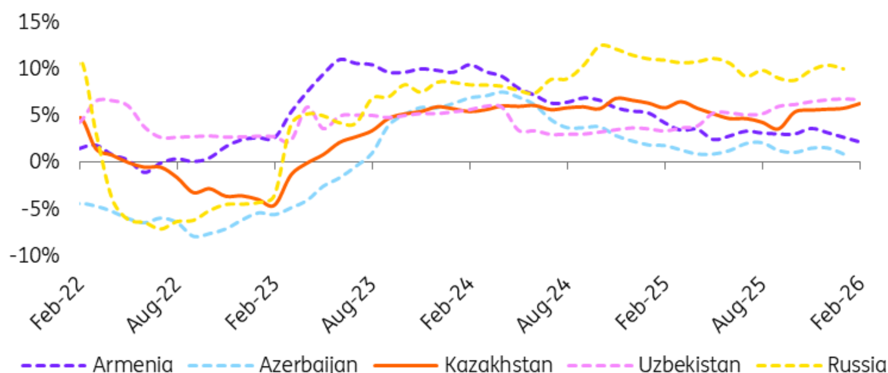
Around 30% of Kazakhstan's imports originate from economies experiencing rising inflation risks, including major EU trade partners and Turkey. This concentration limits the scope for further disinflation, especially if external price pressures intensify.

Outlook: Cuts still likely, but only later in the year

We expect year-end inflation to ease to around 10% YoY. Provided the external environment stabilises and tariff/fiscal risks remain manageable, the NBK has room for roughly 200bp of cuts in 2H26, likely bringing the policy rate to around 16.00% by the year-end.

On FX, we continue to see limited long-term sensitivity of USD/KZT to oil prices; a 17% rise in Brent and higher OPEC quotas have delivered only a 0.8% appreciation in USD/KZT so far. Meanwhile, thanks to NBK's cautious approach, the high real interest rate should provide some additional insulation to portfolio flows, keeping us constructive on the tenge for the near-term.

Kazakhstan maintains competitive real rates in the CIS region



Source: Refinitiv, CEIC, ING

Author

Dmitry Dolgin
Chief Economist, CIS
dmitry.dolgin@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("**ING**") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.