

MACRO RESEARCH

Inflation Monitor

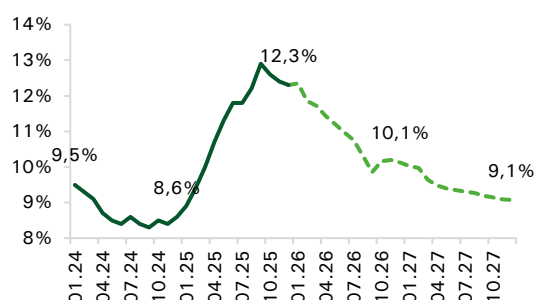
Monthly | December 2025

INFLATION OVERVIEW

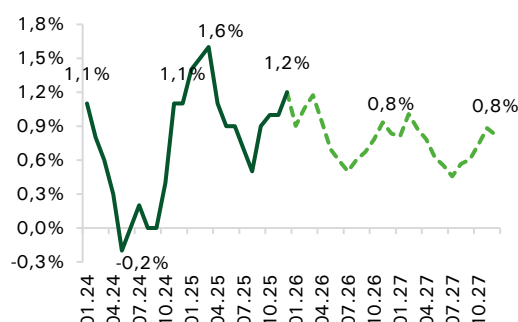
Kazakhstan | Macroeconomics

The second-highest inflation year of the decade

Annual inflation dynamics and forecast, %



Monthly inflation dynamics and forecast, %



Inflation, y/y, %	12,3
Core inflation, y/y, %	~ 11,7
Inflation, m/m, %	0,9
Core inflation, m/m, %	0,8

Food inflation, y/y, %	13,5
Non-food inflation, y/y, %	11,1
Paid services inflation, y/y, %	12,0

Annual inflation forecast, 2026, %	10,1
Annual inflation forecast, 2027, %	9,1
Inflation expectations, 12-month, %	14,7
Real interest rate, %	5,7

GDP growth, y/y, %	6,5
USDKZT growth, y/y, %	-4,2
RUBKZT growth, y/y, %	26,3
Base rate, %	18,0
TONIA rate, %	17,5
Government bond yield ~1Y, primary, %	16,4
Government bond yield ~10Y, primary, %	15,5

- Annual inflation slowed from 12.4% in November to 12.3% in December. This marks the second-highest year of inflation over the past 10 years (20.3% in 2022).
- Food products continue to increase price pressure amid the strong appreciation of the ruble against the tenge in 2025. Meat became the main driver of price growth.
- Non-food inflation remains resilient amid rising fuel prices in 2025.
- Paid services eased price pressure in 2025 due to utilities.
- Slower price growth is observed in Russia and the EU, along with a decline in global food prices.
- The FX channel continues to exert price pressure via the ruble, though in December it was somewhat weaker than in summer and fall.
- Our current inflation forecast stands at 10.1% by the end of 2026 and 9.1% by the end of 2027.

Annual inflation showed a slight deceleration at year-end, reaching 12.3%. This is slightly below the November level of 12.4% and significantly higher than at the end of 2024, when inflation stood at 8.6%. Food prices continue to accelerate. Over the past year, average food price growth amounted to 13.5%, the highest level since July 2023. In 2024, the same indicator stood at just 5.5%. One of the key drivers was the sharp increase in the average RUBKZT exchange rate by 24% in 2025 compared to 2024. Core inflation, according to the National Bank of Kazakhstan, remains stable at 0.8% m/m, close to its average level. Household inflation expectations for the next 12 months jumped sharply from 13.6% to 14.7%, the highest level since April 2024. The real interest rate reached a peak since April, at 5.7%.

The contribution of food products to annual inflation in 2025 increased from 26% to 44%. Thus, the past year can be characterized as a year of food inflation. We note a continued increase in price pressure in this segment compared to November. Price growth for meat and meat products continues to accelerate, reaching 22.6% y/y, the highest level at least since 2019. Above-average price growth is also observed for "oils and fats" and non-alcoholic beverages. Seasonal price growth for vegetables continued, with prices rising 8.6% m/m.

Non-food inflation remains elevated at 11.1% y/y. This is slightly below November's 11.2% but represents the second-highest reading since November 2023. The segment's contribution to annual inflation for the year totaled 28%, within the average range of the past five years. Above-average growth in this segment was recorded for the following categories: jewelry (+38% y/y), gasoline (+15.5% y/y), and pharmaceuticals (+13.5% y/y). On a monthly basis, fuel prices increased slightly by 0.4% m/m, while personal care goods saw an acceleration in price growth specifically in December.

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Paid services eased price pressure over the year. Annual price growth in this segment amounted to 12%, lower than at the end of 2024 (13.3%), although in June the segment peaked at 16.1%, the highest level at least since 2019. The slowdown in utilities price growth remains the main driver. Price growth in this subsegment reached 9.3% y/y, significantly lower than in August 2025 (17.7%). Cold water prices in December remained at reduced levels seen since October. Price freezes for hot water and electricity also remain in place. In December, the annual growth rate for heating and wastewater services slowed, while wastewater prices specifically declined by 2.4% m/m. Notably, none of the housing-related services showed monthly price growth, meaning that other paid services (air travel, leisure, hairdressing) continue to rise in price.

Inflation among trading partners shows easing pressure. Import-weighted inflation across major trading partner countries declined for the second consecutive month and is at its lowest level in the past 2.5 years. The aggregate indicator for Russia, China, and the EU decreased from 2.5% to 2.2%. In Russia, inflation continued to slow to 5.6%, well below the level a year earlier (9.51%). In the European Union, annual inflation also decelerated, reaching the ECB's target of 2%. In China, inflation edged up from 0.7% to 0.8%, reaching its highest level since February 2023.

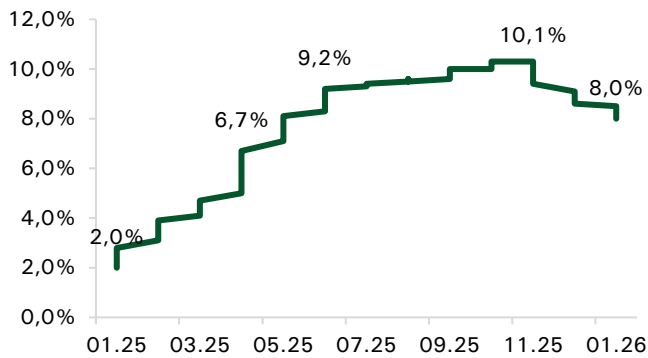
In December, pressure from the FX channel on inflation declined, though it remains significantly higher than in 2024. The import-weighted annual appreciation of the four main currencies (USD, EUR, RUB, CNY) against the tenge averaged 10.2% y/y in December. This is substantially lower than in April–October 2025, when the figure reached 17–21% y/y. That period coincided with a sharp acceleration in food inflation, which has stalled over the past three months. The ruble continues to account for most of the easing within the currency basket, as its average December exchange rate rose 29% y/y. In April–October 2025, the average RUBKZT increase was around 26%, contributing 42% to the growth of the import currency basket and exerting the main pressure on prices. In December alone, the ruble's contribution to the basket increased to 84% amid a 1.6% y/y decline of the dollar against the tenge.

The FAO Food Price Index declined 2.3% y/y. On average in 2025, global food prices were 4.3% higher than in 2024. In December, the FAO index fell largely due to sugar (-24% y/y) and dairy products (-7.7% y/y). Grain prices also declined by 3.7%. At the same time, global meat prices increased 3.4% y/y in December, partly reflecting the situation in the Kazakh market.

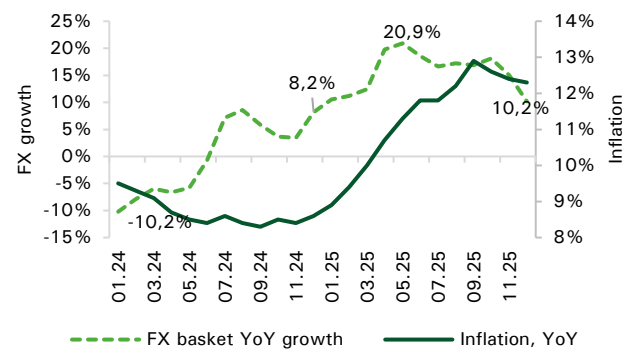
Our current forecast for annual inflation stands at 10.1% by the end of 2026. We expect some inflationary pressure due to tax reform in the first months of the year. However, weekly price reports for socially important food products in January have not shown strong growth so far, which gives hope for only a modest inflation increase in January. In addition, the ruble exchange rate has remained stable over the past four months, which should also help ease inflationary pressure, including for non-food goods amid the gasoline price freeze. Slower growth in paid services prices compared to last year is also expected. Over the medium term, we expect inflation to decelerate due to easing external inflation, the effect of a high base rate, and a reduction in the budget deficit following tax reform.

Reference Information

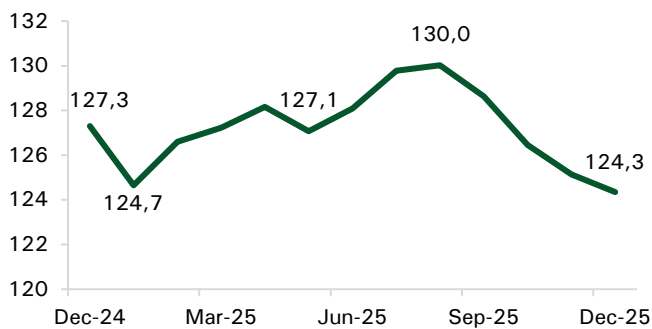
Socially important food products YoY growth



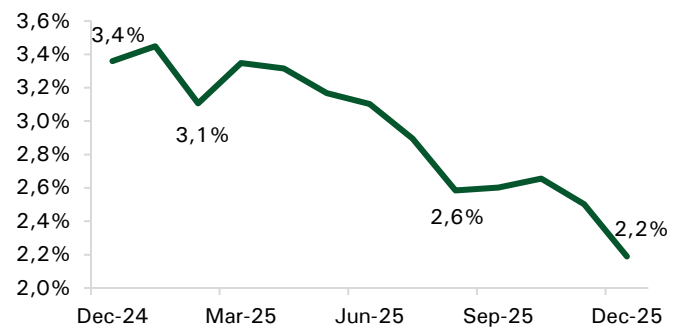
FX basket vs Inflation YoY growth



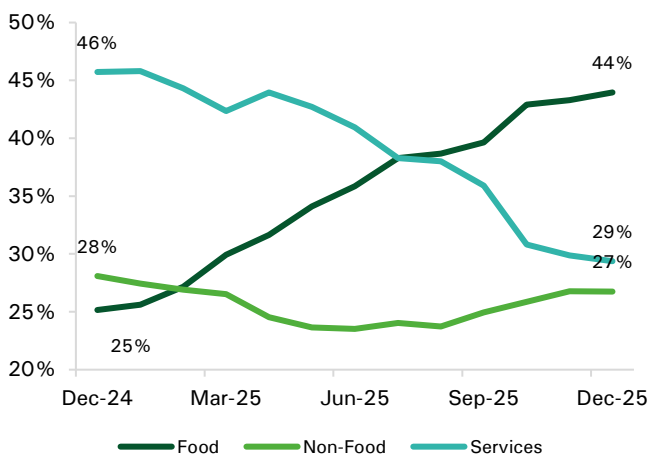
FAO Index



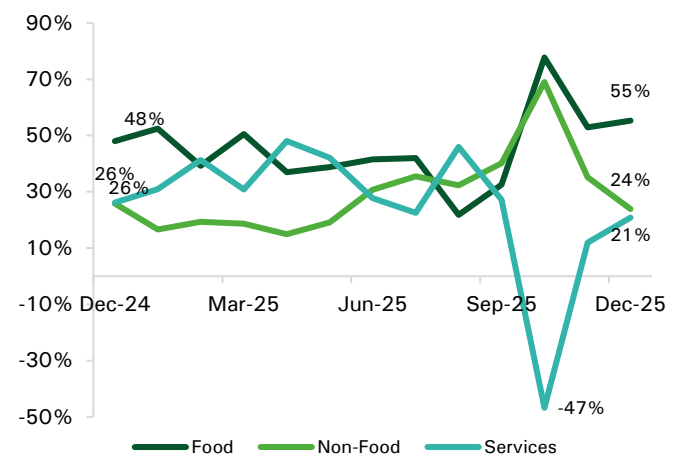
Inflation in 3 major trading partners



Segments contribution to YoY Inflation



Segments contribution to MoM Inflation



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