



NATIONAL BANK OF KAZAKHSTAN

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On Monetary Policy of the Republic of Kazakhstan to 2020

14 May 2015

Almaty

On April 24, 2015 the National Bank's Board approved the monetary policy of the Republic of Kazakhstan for the period until 2020, developed in accordance with the request of the President of the Republic of Kazakhstan.

The document defines conceptual approaches and principles of further direction of development of monetary policy of the Republic of Kazakhstan for the period until 2020. The document contains a review of evolution of the monetary policy of Kazakhstan and various modes of the monetary policy.

The National Bank suggests introduction of inflation targeting regime as the most appropriate at the current stage of development. Inflation targeting represents a package of measures, aimed at achievement of a target rate of inflation, including the following:

- improvement of system of the analysis and forecasting of inflation and other macroeconomic indicators;
- increase of efficiency of the transmission mechanism's interest rate channel by expanding the system of tools of the monetary policy. The exchange rate policy of the National Bank will support achievement of inflation targets. However, in the event of foreign exchange shocks, ensuring financial market stability will become a priority.
- change of the current system of monetary policy decision-making in line with the best world practice;
- increase of efficiency of communication strategy. The main objective of the communications strategy will be to shift priorities of economic agents from the exchange rate to inflation and anchor inflation expectations at a low level.

Realization of a monetary policy of Kazakhstan for the period until 2020 will allow the National Bank to ensure price stability that will promote sustained economic growth, and also to promote achievement of strategic objectives of the country's accession to the thirty most developed countries in the world.

More details can be received by:

+7 (727) 270 46 39

+7 (727) 270 45 85

+7 (727) 330 24 97

e-mail: press@nationalbank.kz

www.nationalbank.kz