



**Supporting financial stability in the framework
of Monetary Policy of National Bank of the
Republic of Kazakhstan**

2008



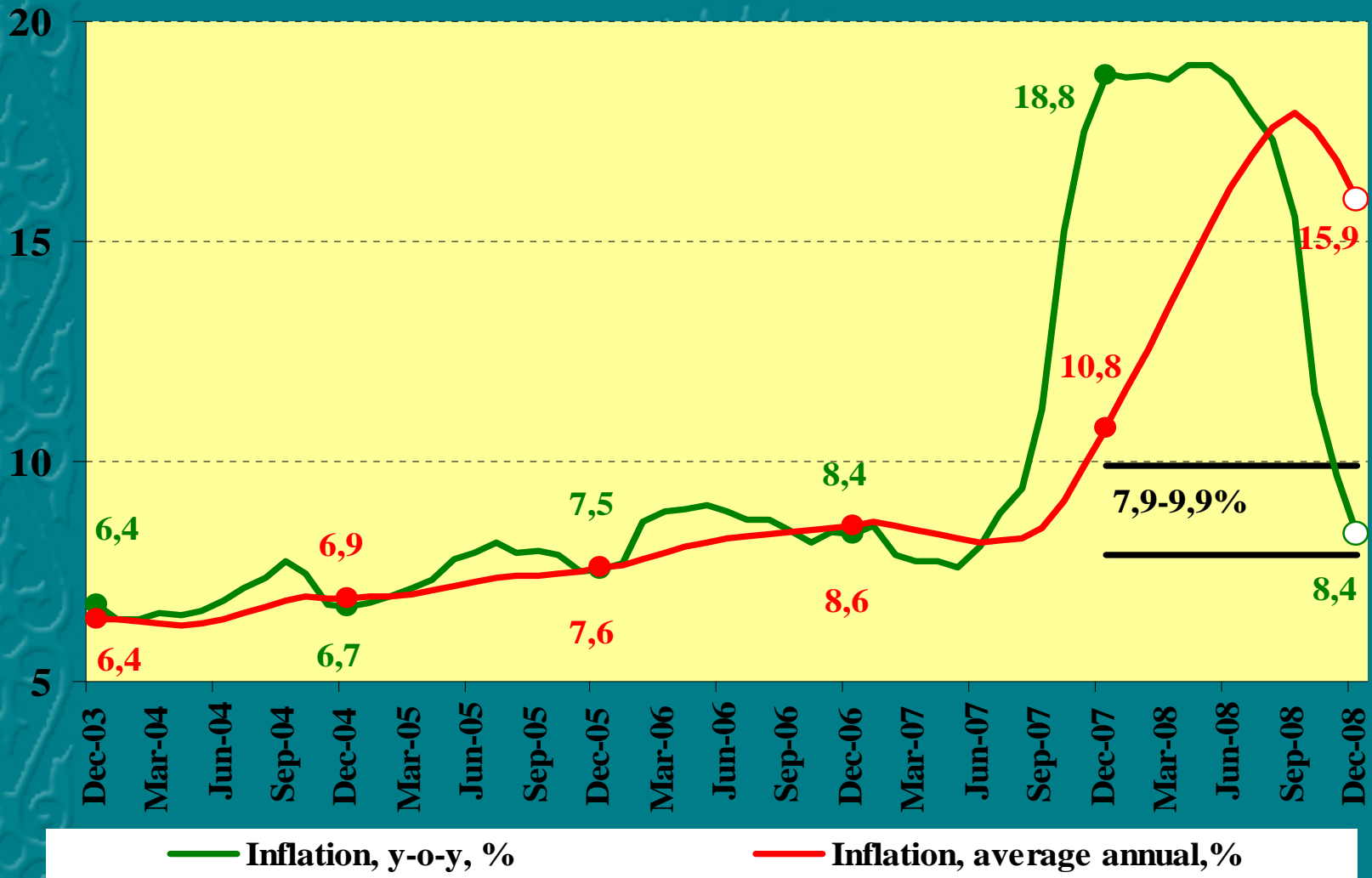
Introduction

The solution of problems faced by the National Bank of the Republic of Kazakhstan in 2007 was complicated by a high degree of uncertainty concerning the prospects of development of the world financial markets and the domestic economy as well. In condition of high risk of the further deterioration of a situation in the world financial markets, the central banks of the largest countries have started to assist the banking systems to stabilize the situation, often in disregard of inflationary pressures in these countries.

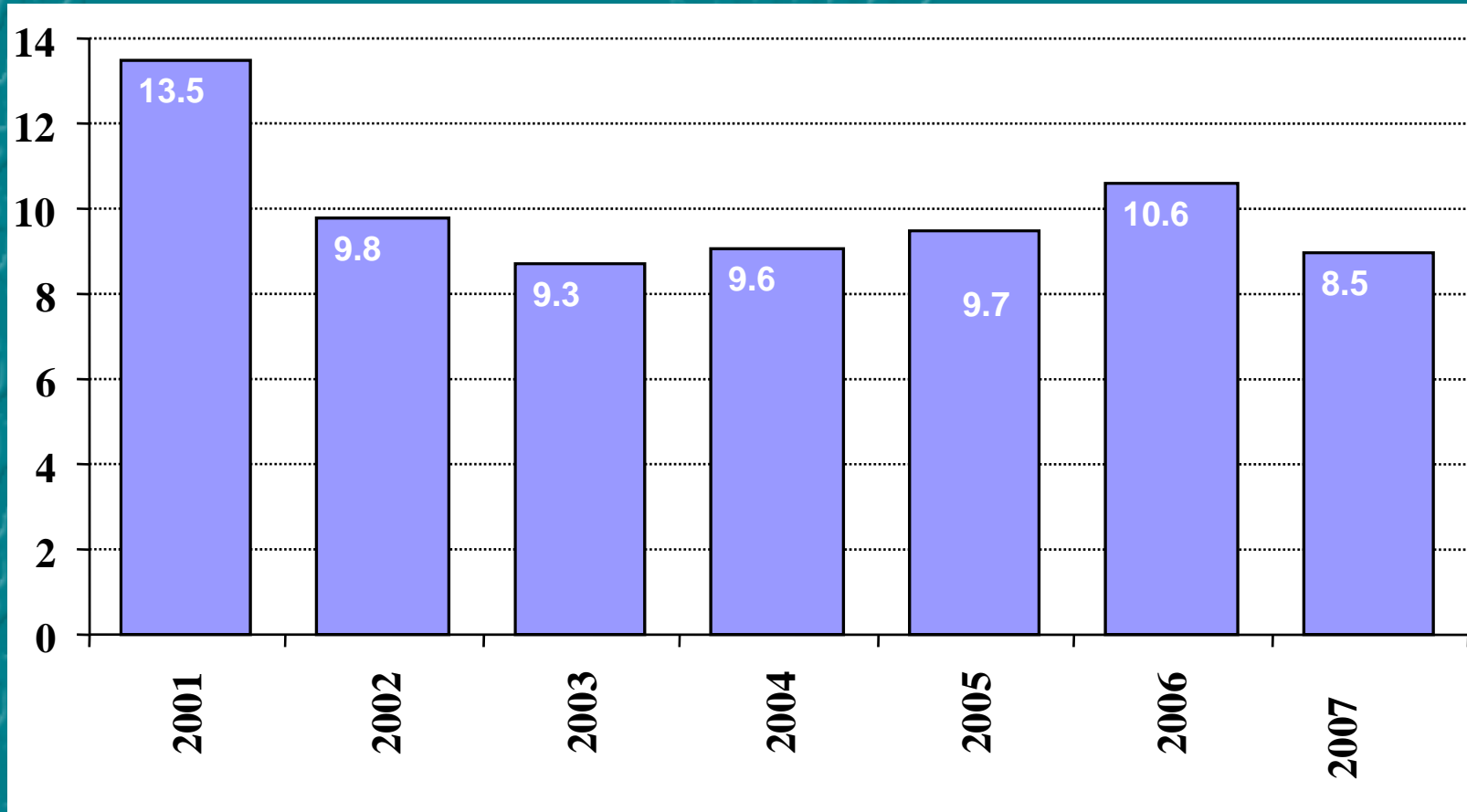
At the same time the problems which have arisen in the world financial markets revealed the accrued risks of banking system and increased the vulnerability of national economy to external financial shocks. The Kazakh banks, for which external financing is an important source of updating of resource base, have faced the problem of shortage of current liquidity.

Decrease in bank financing has first of all led to reduction of volumes of construction, and decrease in activity of other industries as well.

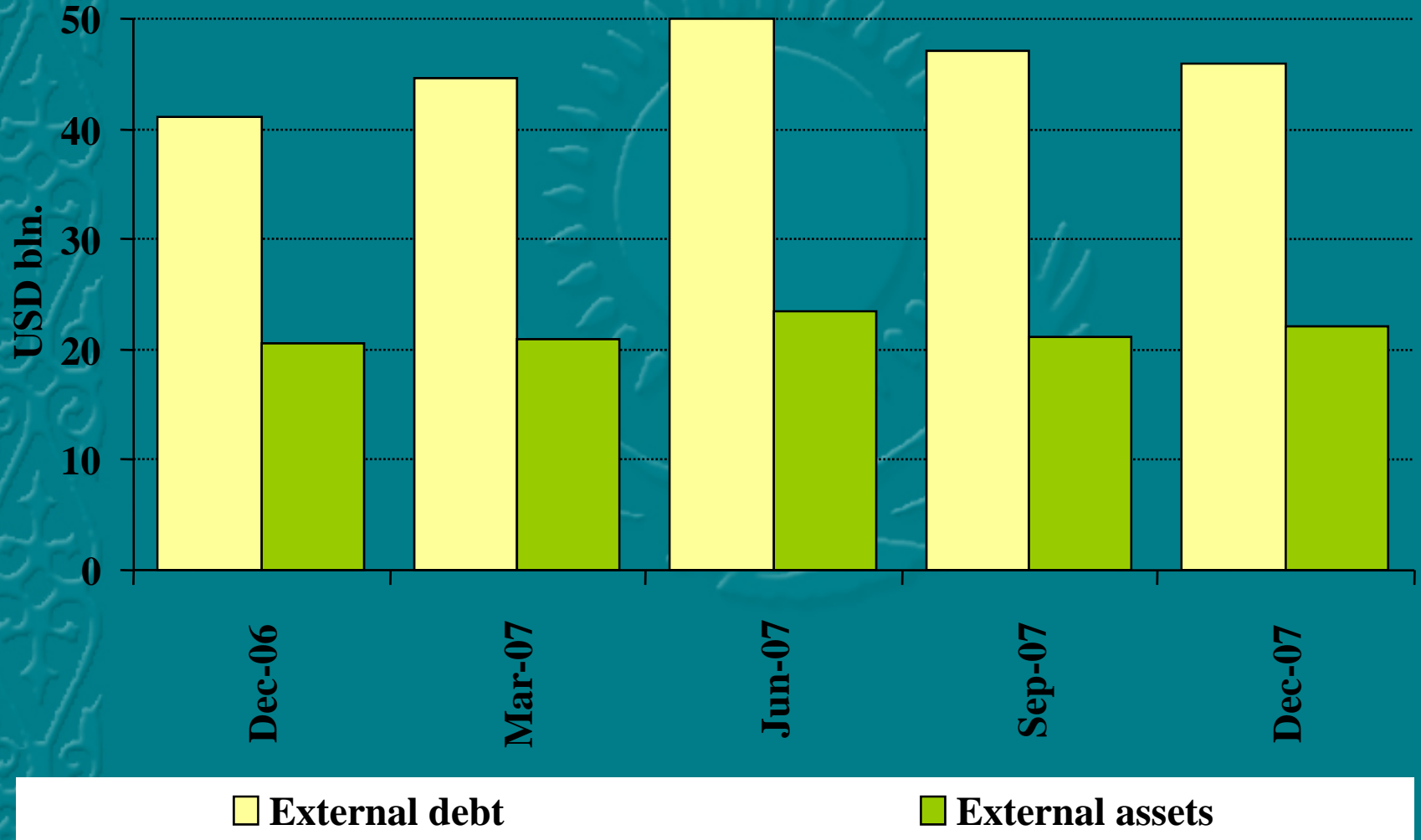
Inflation time history



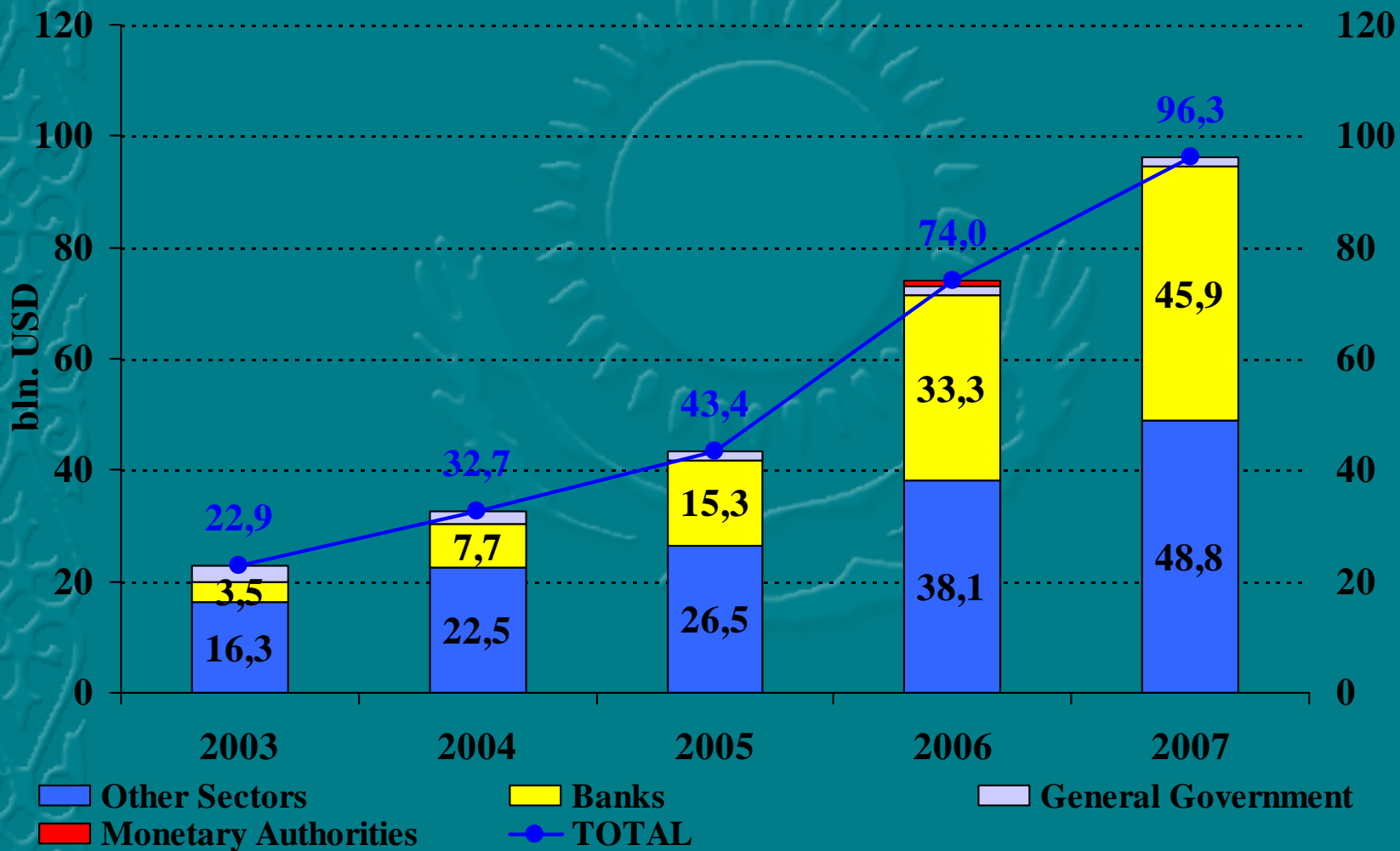
GDP, real growth, %



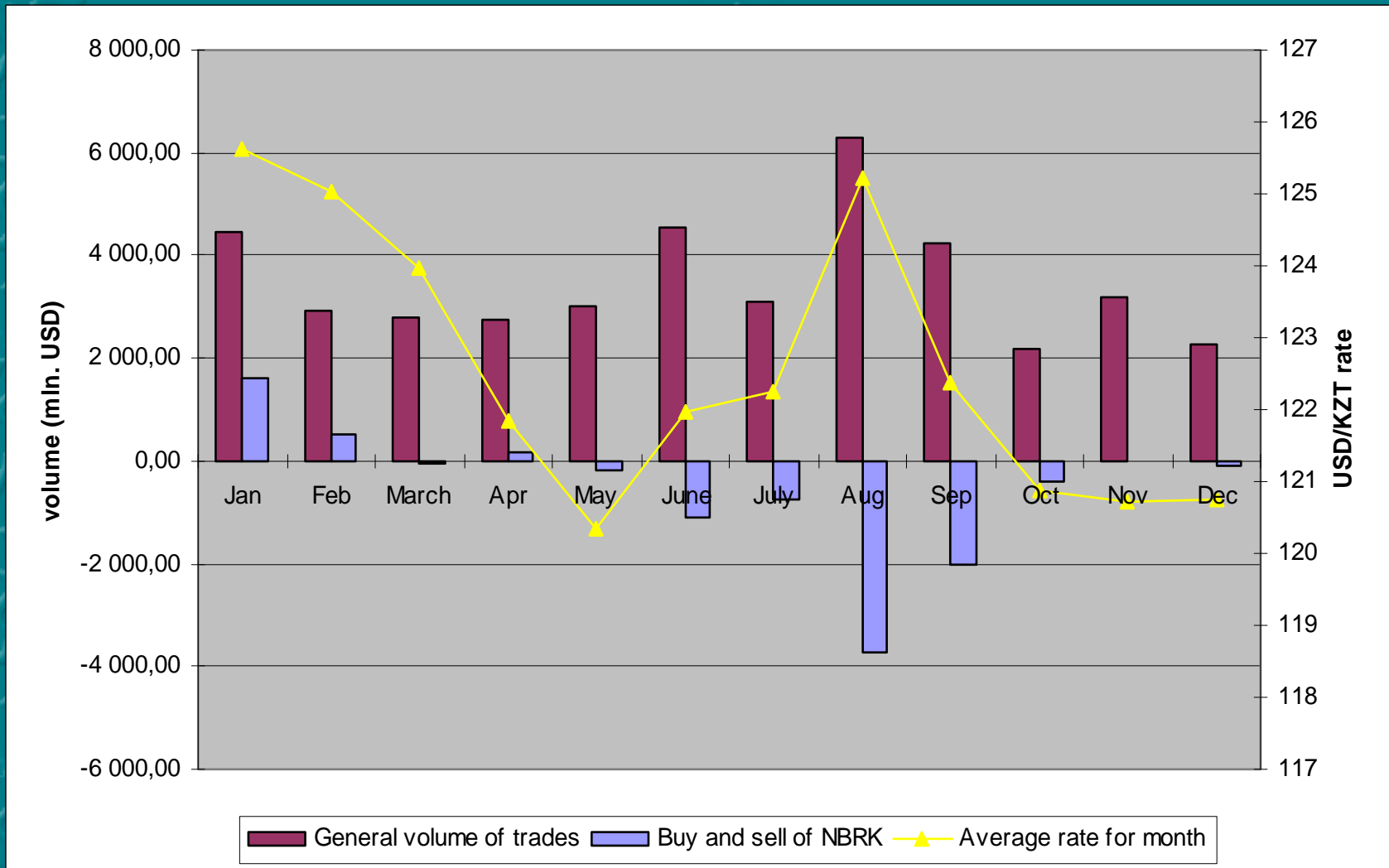
External debt & external assets of banks



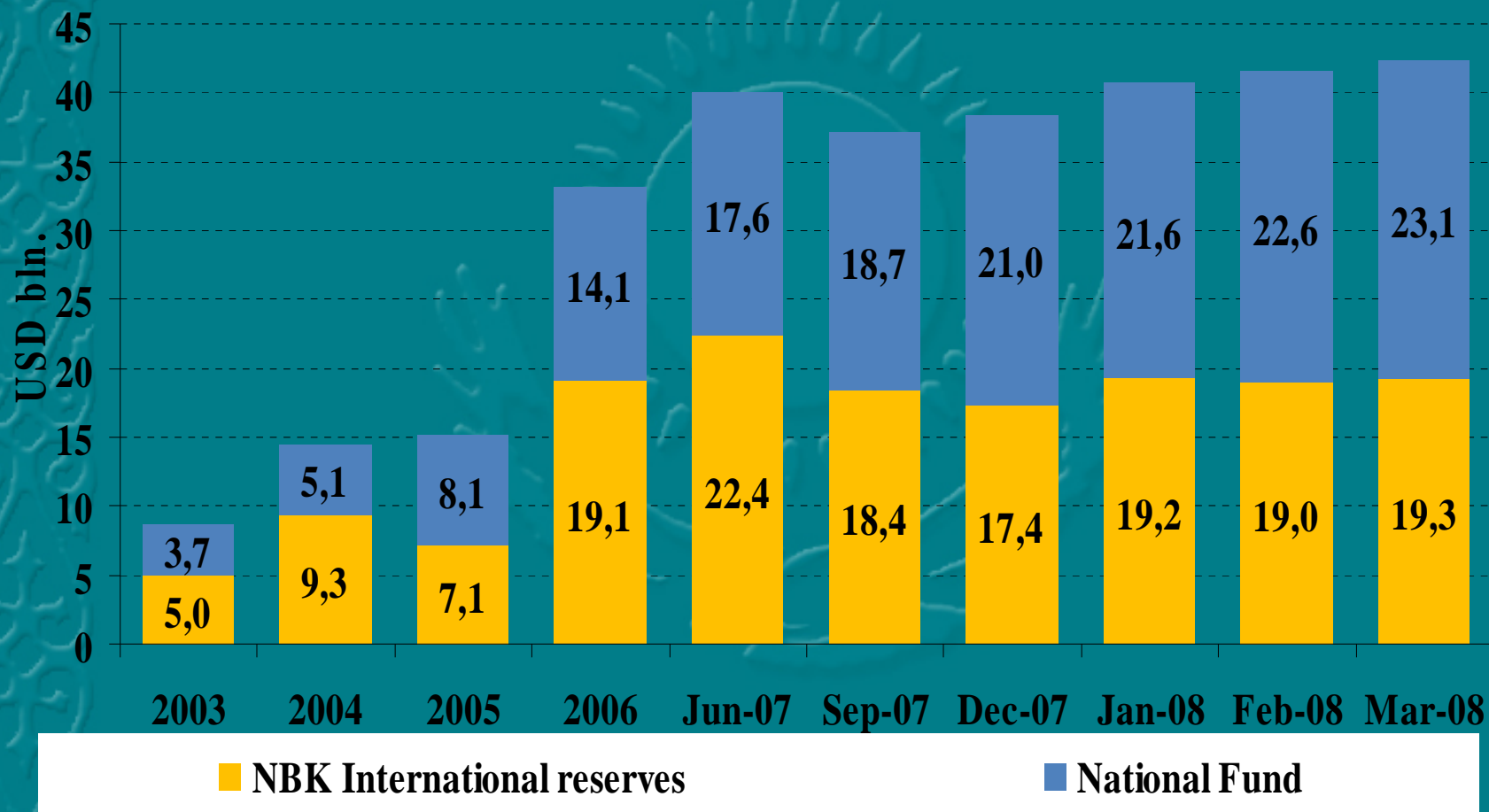
Total External debt of Kazakhstan



Time history of trade volumes on KASE, average USD/KZT rate and volume of National Bank interventions for 2007



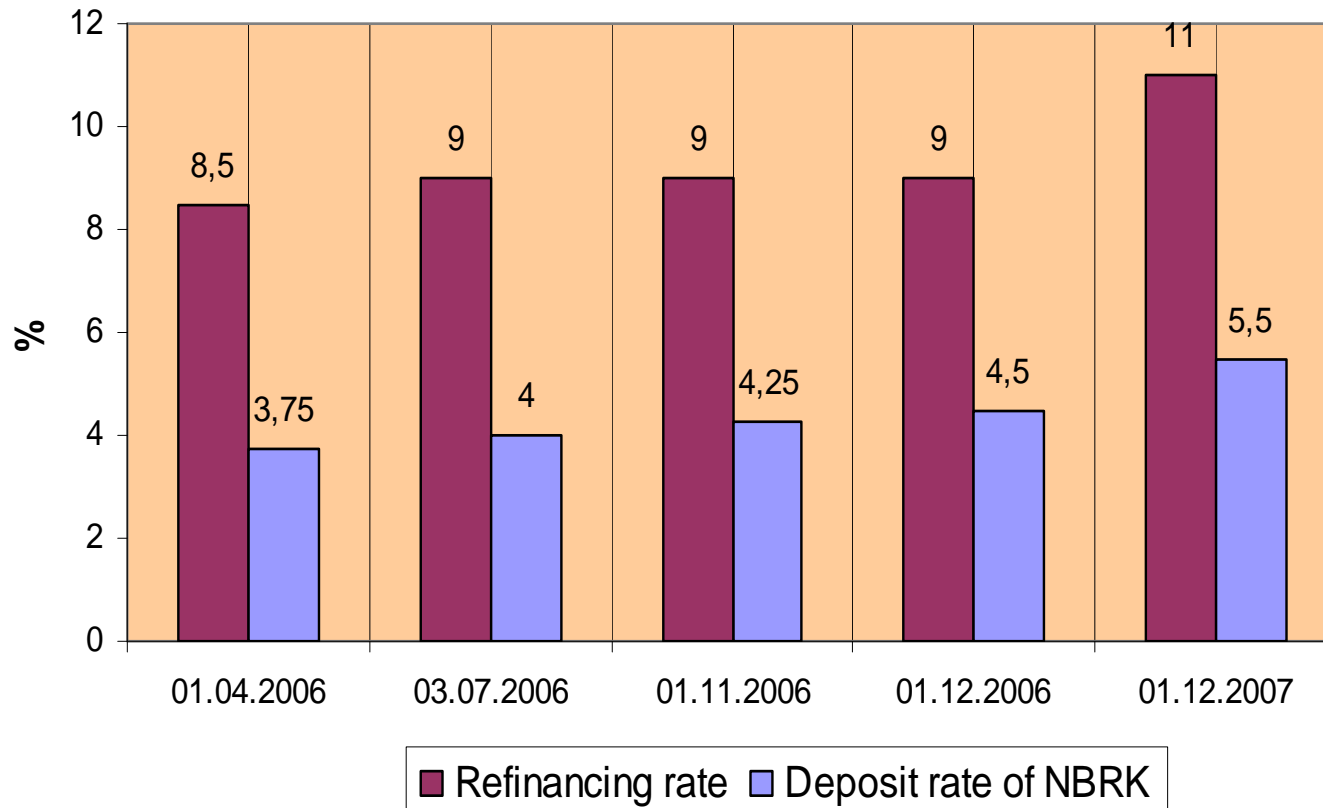
National Bank reserves and assets of National Fund of Kazakhstan (in bln. USD)



Gross International Reserves – USD 42.4 bln.

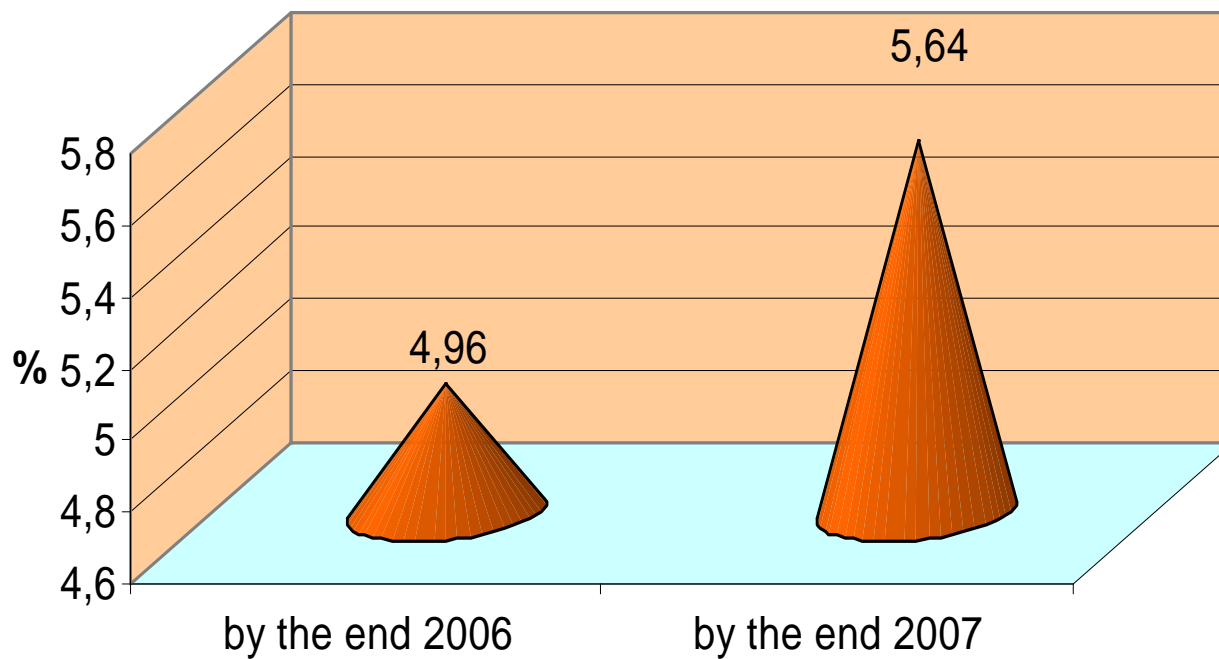
The measures of National Bank to maintain the stability of prices

The rates of National Bank of Kazakhstan



The measures for increasing of National Bank's operations rates

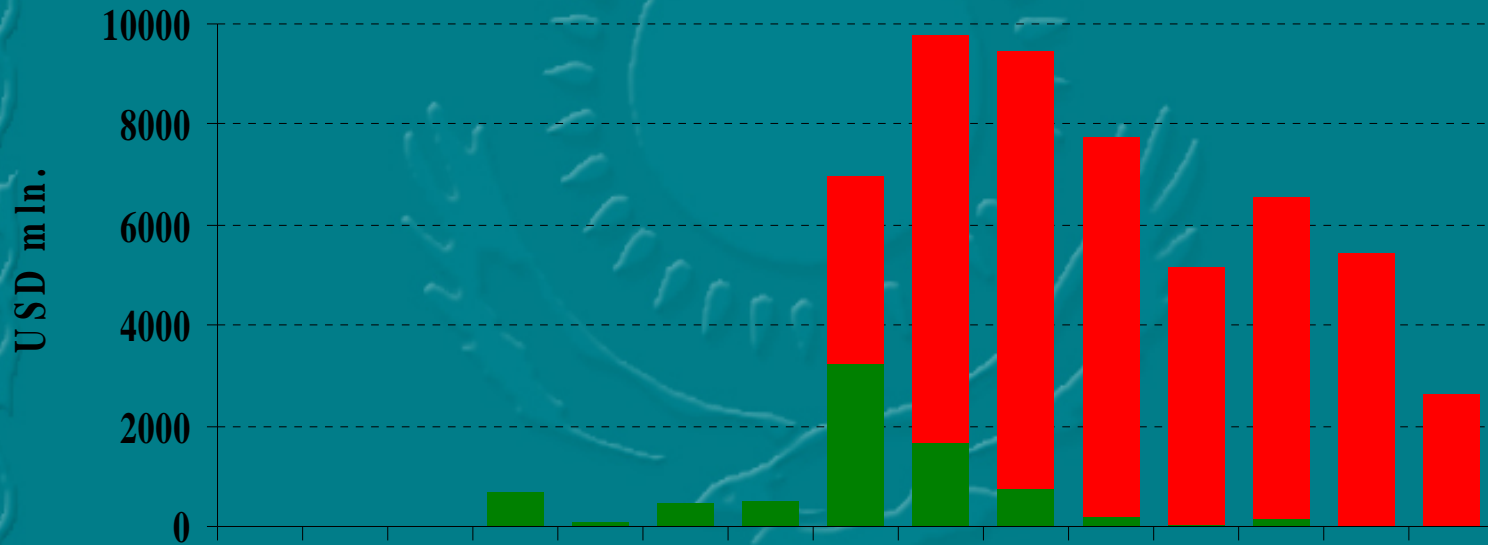
Effective yield for NBRK notes with maturity 1 month



Effective yield for notes

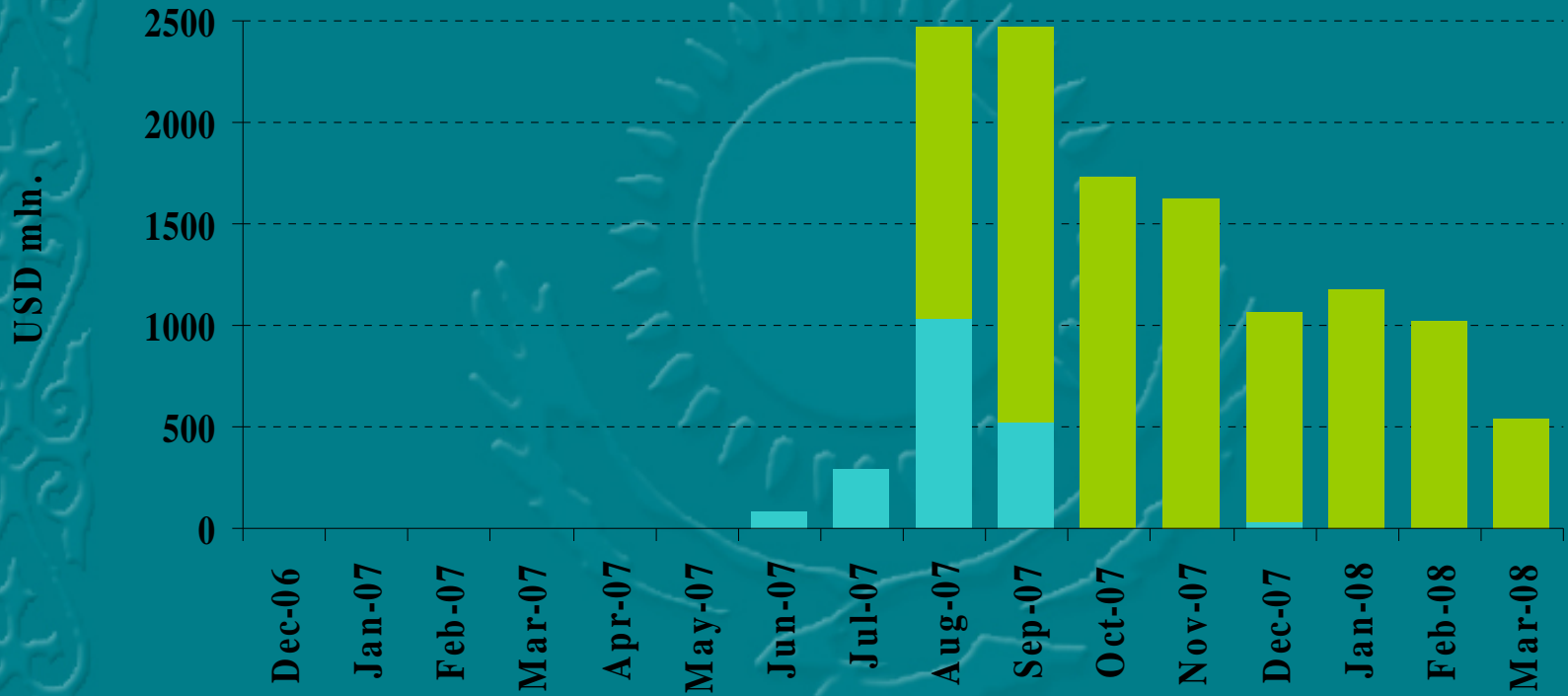
The measures of National Bank to maintain the financial stability

National Bank's operations (turnover)



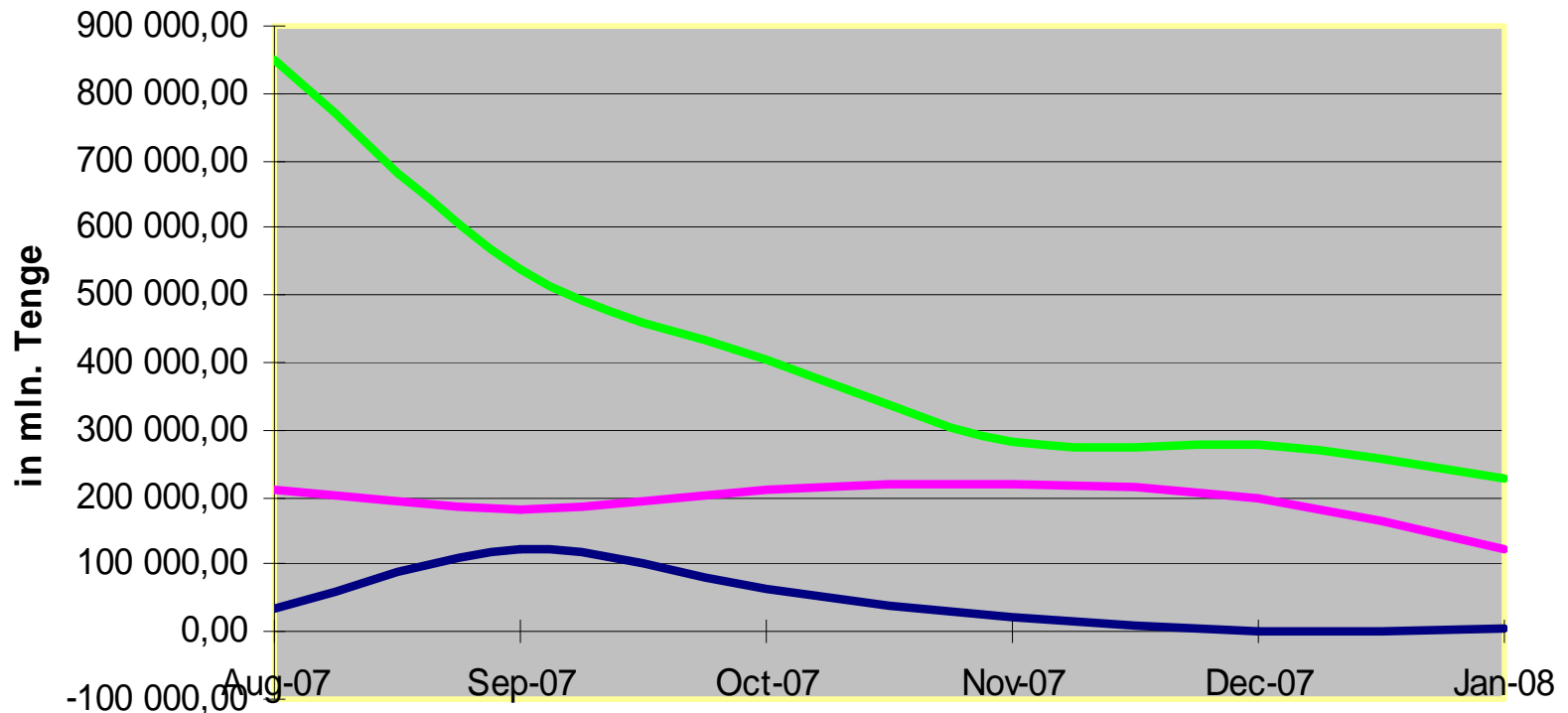
	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
■ SWAP								3750	8096	8679	7554	5148	6408	5429	2636
■ Reverse repo				689	83	456	488	3204	1670	750	195	33	128	0	0

National Bank's operations balance



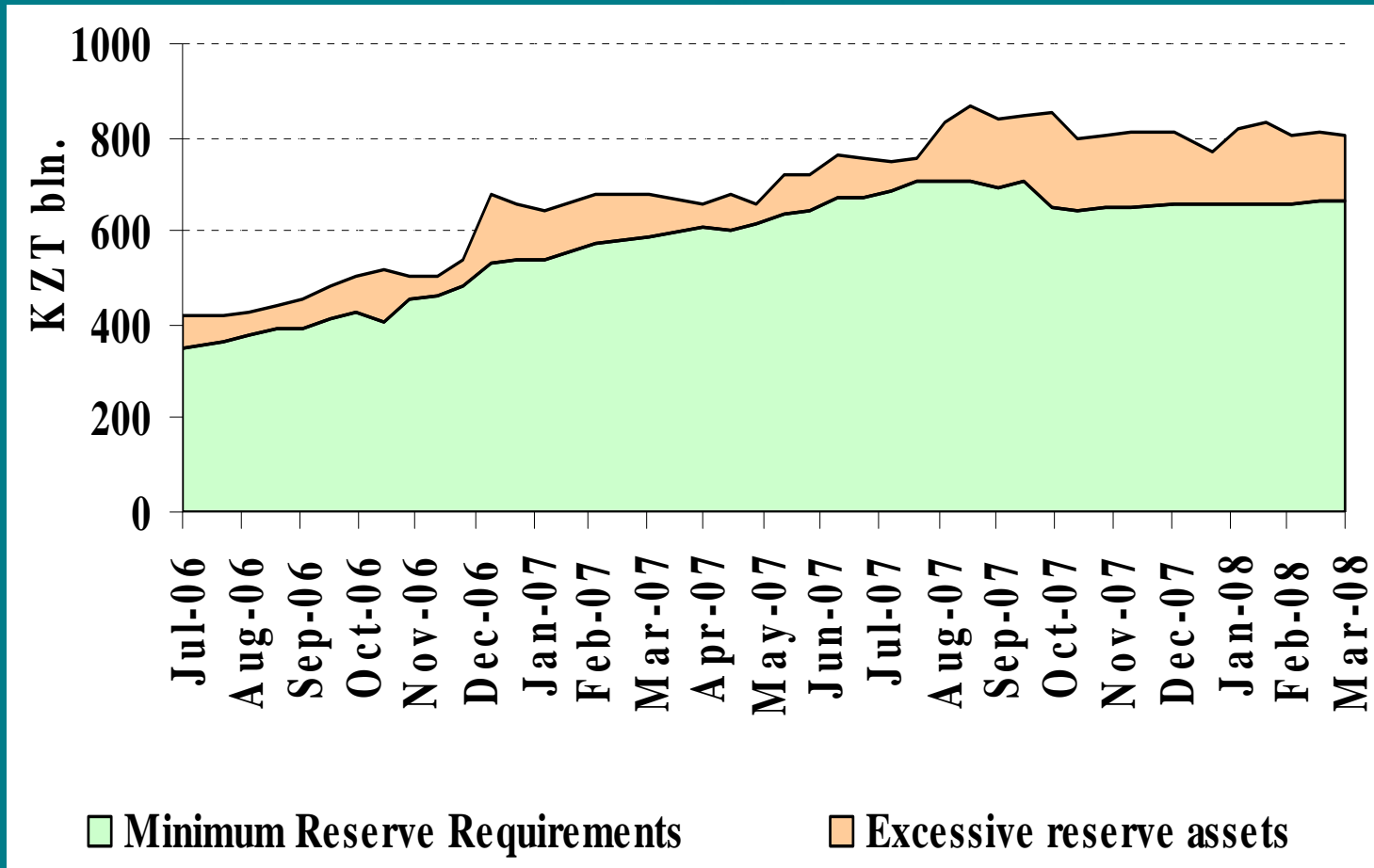
	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
■ SWAP									1438	1950	1728	1625	1029	1182	1025	546
■ Reverse repo							82	293	1030	522	0	0	33	0	0	0

Time history for volume of giving liquidities and volume of short-term notes in circulation

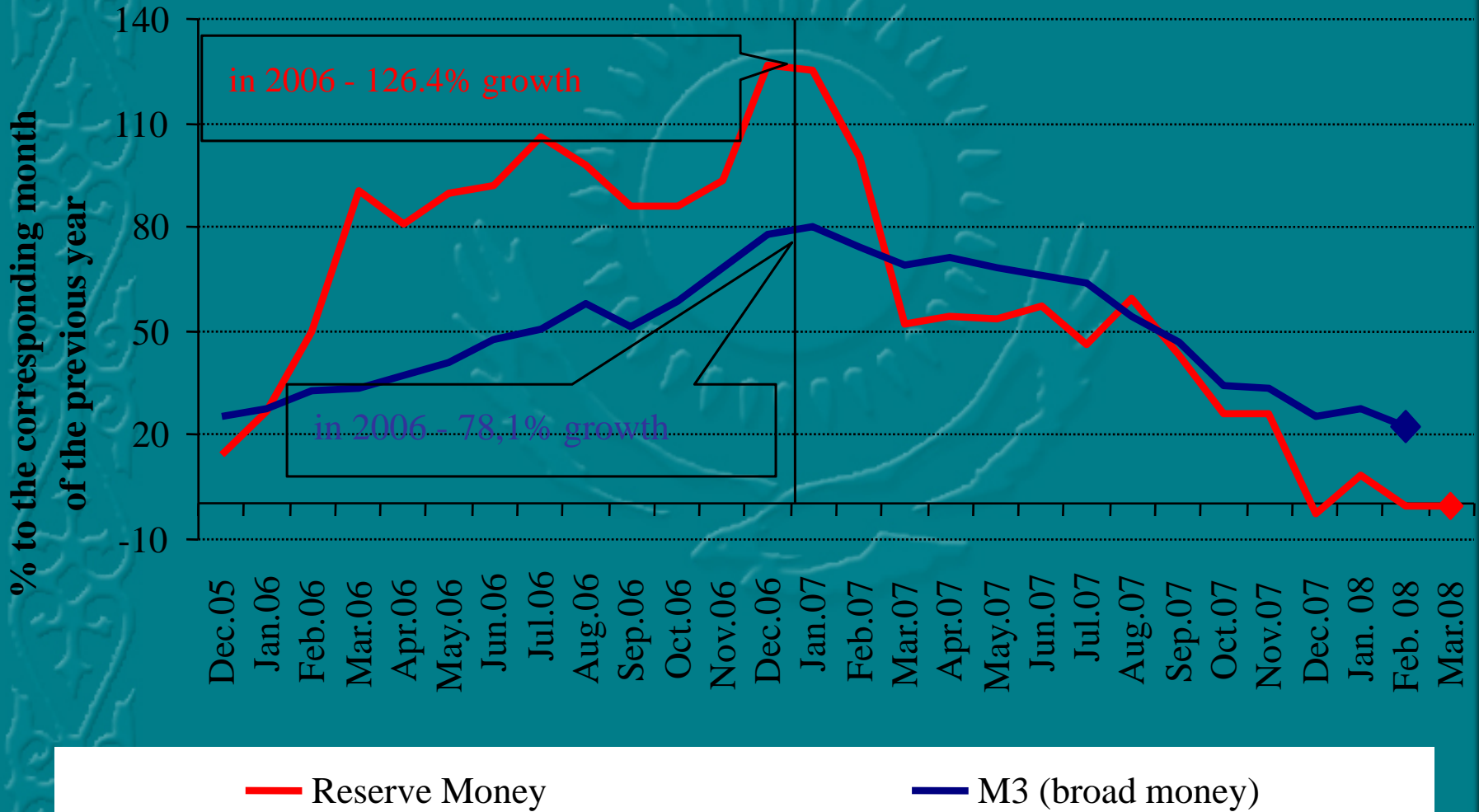


- The return volume by Repo operations at the beginning of each month
- The return volume by Swap operations at the beginning of each month
- The volume of notes in circulation at the beginning of each month

Minimum Reserve Requirements



Slowdown of the Money Supply Growth (y-o-y)



The target of Monetary Policy of National Bank of Kazakhstan for 2008-2009 years

Economic development of the Republic of Kazakhstan in 2008 – 2009 will be completely different from the forecasts made in previous years. This is mainly due to the change of situation in the world financial market. In relation to that all scenarios of economic development were revised.

Two scenarios of economic development are currently in revision: *basic* and *pessimistic*.

Thereby, the main target of the National Bank of the Republic of Kazakhstan's monetary policy for 2008 – 2009 will be to sustain the annual inflation at (December in relation to a December of the previous year):

- If *basic scenario* prevails than in 2008 within 7.9 – 9.9%, in 2009 within 7.5 – 9.5%;
- If *pessimistic scenario* prevails than in 2008 within 4.8 – 6.8%, in 2009 within 4.5 – 6.5%.

National Bank of the Republic of Kazakhstan

Thank you for your attention.

