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PRESS RELEASE



## ADB: Kazakhstan's economy to grow 3.8% in 2024, 5.3% in 2025

From: **Kazakhstan Today**

According to a new Asian Development Bank (ADB) report, Kazakhstan's economic growth rate is projected to decline in 2024 due to a slowdown in the industrial sector caused by stagnant oil production but is expected to recover in 2025 with gains in mining and investment, reports Kazinform News Agency correspondent, citing the bank's press service.

### Economic prospects

ADB forecasts that GDP growth will slow in 2024 but recover in 2025. Growth is forecast to decline to 3.8% in 2024, with industry slowing due to stagnant oil production, before accelerating to 5.3% in 2025 as the expansion of the Tengiz oil field leads to higher oil production starting from the second quarter of 2025.

The prospects for Kazakhstan's economic development look positive in the medium term," said ADB Country Operations Head in Kazakhstan Iskandar Gulamov.

However, the economy's dependence on commodities makes such growth volatile—so structural reforms are key to bolstering the country's economic resilience and sustainability," he added.

Despite a slowdown in 2024, economic growth is expected to be bolstered by consumer spending and investment demand. The anticipated growth in consumption is forecasted to moderate to approximately 4% in both 2024 and 2025 due to a slower increase in real disposable incomes.

Services growth is forecast to slow to 4.7% in 2024 after record growth in 2023 before rebounding to 4.9% in 2025, supported by trade, transport and hospitality, and trade facilitation between Europe and Asia. Industrial growth is forecast to slow to 3.5% in 2024, with smaller gains in mining, and accelerate to 5.7% in 2025 as oil production increases.

Investment growth in Kazakhstan is also projected to moderate, reaching 14.5% in 2024 and 9.0% in 2025, following the completion of significant infrastructure projects. Despite the support from state-sponsored housing construction initiatives and endeavors to attract foreign investment, these factors are expected to contribute to the overall moderation in investment growth.

### Inflation rates

ADB forecasts that service prices are forecast to be the main source of inflation, rising 9.8% in 2024 and 8.1% in 2025 due to government-announced increases in utility prices.

The National Bank of Kazakhstan will gradually ease monetary policy and reduce the policy rate in line with the decline in inflation and inflationary expectations. However, rising utility prices and continued strong domestic demand will keep inflation above the National Bank's 5% target.

### Caucasus and Central Asia economies

According to an ADB report, Caucasus and Central Asia economies will slow after the boost from re-exports and Russian migrant inflows in 2023. Growth in the subregion is forecast to fall to 4.3% in 2024, down from 5.3% in 2023 bouncing back to 5.0% in 2025.

In Uzbekistan, growth is forecast to moderate to 5.5% in 2024 and 5.6% in 2025 from 6% in 2023, as services, agriculture, and domestic demand cool on persistent inflation and slower growth in household income.

In the Kyrgyz Republic, growth is projected to moderate in 2024 and 2025 with smaller gains in construction and services. Inflation should decline under continued tight monetary policy.

