

On the results of GDP growth for the first nine months of 2025

According to preliminary Government data, in the first nine months of 2025, the economy of the Republic of Kazakhstan **grew** by **6.3%** in real terms, compared to **4.1%** in the same period of the previous year.

The Department of Analytics and Research of JSC “BCC Invest” (*hereinafter referred to as BCC Invest*), as part of its regular monthly work on monitoring and forecasting the macroeconomic indicators of the Republic of Kazakhstan, tracks the impact of external and internal factors on the national economy.

On October 14, 2025, during a scheduled meeting of the Government of the Republic of Kazakhstan, Azamat Kemengerovich Amrin, First Vice Minister of National Economy, presented a report on the main results of the country's socio-economic development for the period from January to September 2025. The real GDP growth for the nine-month period amounted to **6.3%**, compared to the same period of the previous year.

Table. GDP Physical Volume Index by Sectors and Their Contribution to GDP

№	Sector	2025 january-september	
		Volume index	Contribution
1	GDP	106,3	100%
2	Goods production	108,1	46,8%
3	Agriculture, forestry and fisheries	104,4	2,8%
4	Industry	107,3	31,2%
5	<i>Mining industry</i>	<i>109,3</i>	<i>19,5%</i>
6	<i>Manufacturing industry</i>	<i>106,2</i>	<i>11,7%</i>
7	<i>Electricity supply</i>	<i>102,1</i>	<i>0,5%</i>
8	<i>Water supply</i>	<i>93,4</i>	<i>-0,3%</i>
9	Construction	114,9	12,8%
10	Services production	105,3	47,6%
11	Wholesale and retail trade	108,8	22,6%
12	Transport and warehousing	121,2	18,9%
13	Information and communication	103,9	1,1%
14	Other services (10 sectors)	101,0	5,0%
15	Gross value added	106,4	94,3%
16	Net taxes on products and imports	105,0	5,7%

Source: Bureau of National Statistics data and Government report, analysis by BCC Invest

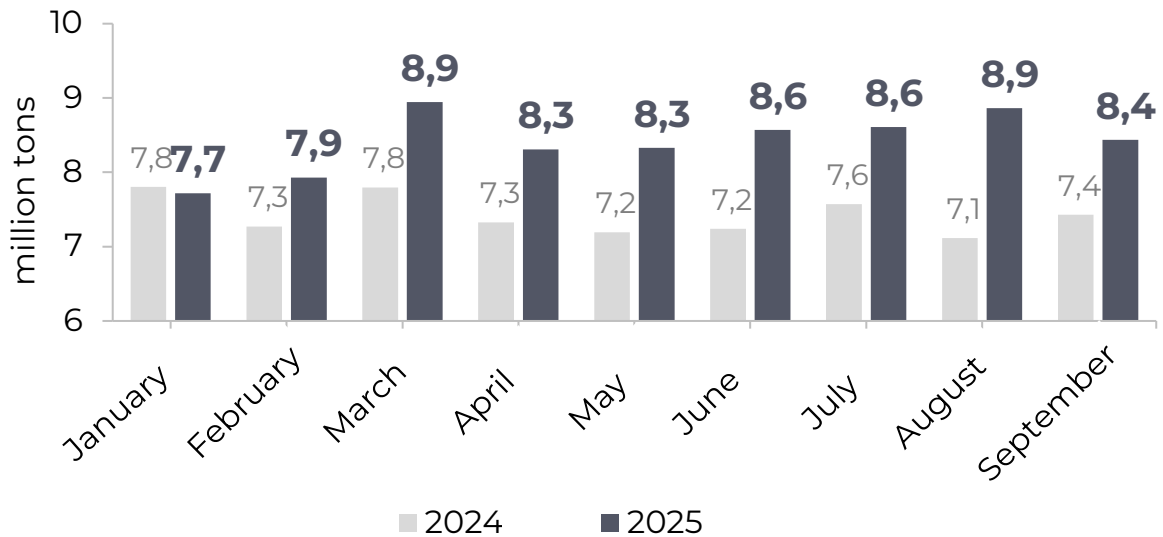
The main contribution to economic growth came primarily from the **services sector** (3,0 p.p.) and the **goods-producing** segment (2,9 p.p.), supported by net taxes (0,4 p.p.). In the structure of contributions, this means approximately 47.6% of growth from services and 46.8% from goods, whereas in the previous eight-month period, the share of goods was **higher** (49,2%) and that of services **lower** (44,4%). In other words, a “service” component was added, while the growth profile for goods remained strong.

Mining and quarrying industry (real growth 9,3%, contribution 1,2 p.p.). The dynamics were driven by increased oil production at major fields and high utilization of export logistics. As of the first nine months of 2025, **75.7 million tons of oil** were extracted — an **increase** of **9.0 million tons**, or **13.4%**, compared to the same period last year. A favorable **external non-price environment** and the **stable operation of main transport infrastructure** served as **supportive factors**, ensuring the largest contribution among the goods-producing sectors of the economy.

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Chart. Dynamics of Oil Production Volume in Kazakhstan



Source: Bureau of National Statistics data and Government report, analysis by BCC Invest

Manufacturing Industry (real growth 6,2%; contribution 0,7 p.p.). Growth was driven by mechanical **engineering** (+14,0%) and **metal processing** (+15,2%), the production of petroleum (+7,5%) and chemical products (+9,6%). Export orders and partial import substitution in the domestic market played an important role, while exchange rate factors enhanced the price competitiveness of certain subsectors.

Construction (real growth 14,9%; contribution 0,8 p.p.). High growth rates were supported by the implementation of **infrastructure and housing projects**, as well as the seasonal peak of project completions toward the end of the third quarter. Expansion in transport and social infrastructure complements demand from private real estate development. The **leaders** in growth were Astana (+41,8%), Almaty (+37,7%) and the North Kazakhstan region (+27,3%). While Atyrau region, Shymkent, and Abai region showed **negative dynamics**.

Agriculture, Forestry, and Fisheries (real growth 4,4%; contribution 0,2 p.p.). **Positive contribution** came from **strong yields of staple crops** and **improved agricultural technologies**. Additional effects were provided by increased processing and the advancement of the new harvest through the logistics chain. The volume index of crop production reached **105.2**, and that of livestock production – **103.4**.

Wholesale and Retail Trade (real growth 8,8%; contribution 1,4 p.p.). Turnover was supported by **stable employment**, the **inertia of consumer lending** from previous months, and the recovery of inventory levels among importers and distributors. Nominal turnover growth, under moderate price pressure, translated into a notable real contribution.

Transport and Storage (real growth 21,2%; contribution 1,2 p.p.). The segment benefited from an **increase in transit** and **export shipments of raw materials**, as well as from expanding domestic logistics for the construction and consumer markets. Significant growth was recorded in pipeline (+18,6%) and rail transport (+22,3%), supported by road transport (+24,7%) and warehouse logistics (+24,2%).

Information and Communication (real growth 3,3%; contribution 0,1 p.p.). Moderate growth was associated with the **expansion of data services** and **mobile traffic consumption** on a high base from previous years; its contribution to overall growth remains limited.

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Other Service Sectors (real growth 1,0%; contribution 0,3 p.p.). The contribution was driven by the **stabilization of market services** after the summer season and the steady expansion in the social sphere. No significant imbalances were observed across sub-sectors.

Taxes on Products and Imports (real growth 5,0%; contribution 0,4 p.p.). Revenues remain a supporting factor for overall growth amid the normalization of import flows. At the same time, the impact of the tax component on prices and business costs is taken into account in the **medium-term assessment**.

However, referring to macroeconomic theory, one recalls the quantity equation of money, which illustrates the relationship between economic growth and inflation in a country.

$$M * V = Y * P$$

Where

M – money supply,

V – velocity of money circulation,

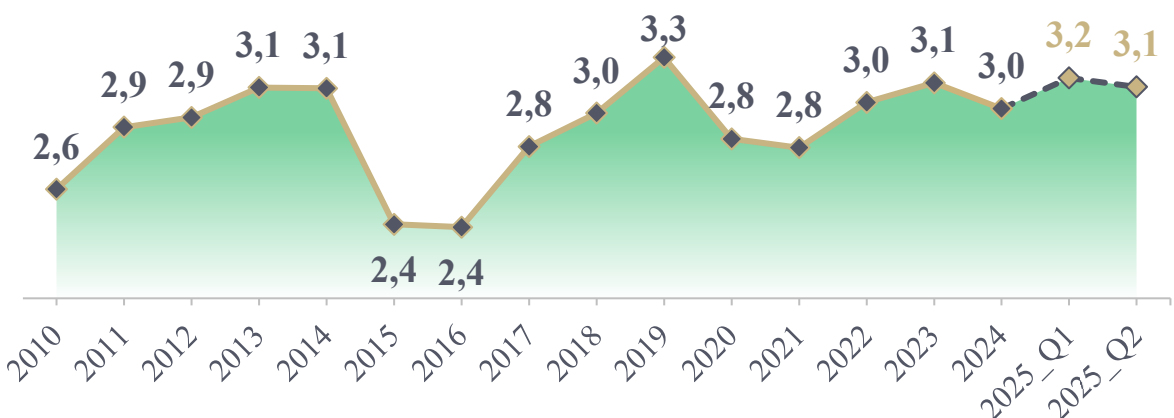
Y – real output growth,

P – change in prices.

According to data from the National Bank, the money supply increased by **18.2%** year-on-year as of the end of September, while the economy grew by **6.3%** over the same period.

Our assessment shows that the **average velocity** of money circulation in the economy **over the past ten years** has been around **3.0**, while in the first half of 2025 it stood at **3.1**. Assuming that the **velocity of money circulation remained** at **3.1** over the first nine months, it becomes evident that the **left side of the equation significantly outweighed the right side**.

Chart. Dynamics of Money Circulation Velocity in the Economy



As a result, the **sharp increase in the money supply** led to an **imbalance** in the left side of the quantity theory of money equation, where even the country's record-high economic growth was **insufficient** to **restore equilibrium**. This, in turn, created additional **pressure on prices in the economy**, which as of September showed an annual increase of **12.9%**.

The expansion of the money supply was primarily driven by the **growth of other deposits in tenge and transferable deposits in foreign currency held by households and non-bank legal entities**, which as of August had increased by **24.6%**. At the same time, **transferable deposits in tenge of households and non-bank legal entities** showed a **negative growth** of **5.6%**.

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As the regulator itself noted in its press release, **pro-inflationary risks are primarily driven by domestic factors, stemming mainly from persistently strong internal demand, secondary effects associated with the implementation of tariff reforms and liberalization of the fuel market, as well as the pro-inflationary impact of the tax reform, including VAT adjustments.**

The record growth of real GDP **boosts business activity and transaction volumes**, contributing to a higher velocity of money circulation. When monetary aggregates expand simultaneously, their combined effect begins to **outpace real economic growth**, and part of the “excess” nominal demand is absorbed by **rising prices**. In other words, when the right side of the equation grows steadily, the left side seeks balance by increasing accordingly.

Therefore, **rapid economic growth is beneficial for employment and income**, but without firm anchoring of monetary aggregates and inflation expectations, it becomes **fuel for inflation**. The further movement of interest rates will be shaped by the Fisher effect and the modified Taylor rule. To bring inflation back to target, the **regulator raises the policy rate**, thereby dampening the credit multiplier and stabilizing the velocity of money. Conversely, if overheating is ignored, expectations deteriorate, the exchange rate and production costs push prices upward, and ultimately, rates will still have to be raised – only to a much higher level and at the cost of a sharper economic slowdown.

As analysts from BCC Invest have previously stated in their publications, this scenario had been anticipated, and government authorities were warned about the **potential risks** we are now witnessing. The current high base rate is therefore **not an unexpected move by the regulator but a necessary measure resulting from the interplay of the above factors** (*economic overheating, negative inflation expectations, significant depreciation of the USD/KZT exchange rate, and tariff reforms*).

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