

Kazakhstan Pre-Empts Speculators With 19% Currency Devaluation

By [The Moscow Times](#)

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Kazakhstan devalued its tenge currency by 19 percent to about 185 per dollar Tuesday, taking the wind out of the sails of speculators and adjusting to the freer ruble float of its main trading partner Russia.

Kazakhstan's tightly managed float was undermined by Russia allowing the ruble to slide in a broader investor retreat from emerging market currencies sparked by the scaling back of U.S. monetary stimulus.

Analysts were surprised by the size of the move, which was far larger than the ruble's 5 percent decline this year, and reflected a desire to put a floor under the currency of the Central Asian nation, a big exporter of energy and commodities.

"From a qualitative perspective it makes sense. The quantity ... is way too much," said Ivan Tchakarov, a Moscow-based economist at Citi who covers Russia and the Commonwealth

of Independent States.

The Central Bank said it had targeted an exchange rate of 145 to 155 tenge to the dollar in the last few years, with a mid-point of 150. The shift of the mid point to 185 tenge to the dollar represents a 19 percent devaluation.

"Potential for speculative and inflationary expectations has now been exhausted," Central Bank governor Kairat Kelimbetov told a hastily called news conference in Almaty, the country's financial hub.

Northern neighbor Russia remains Kazakhstan's main trade partner, and the bank said its move had also been prompted by "the uncertainty of the exchange rate of the ruble."

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