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**Zh.S. Raimbekov[1], B.U. Syzdykbayeva[1],**
**E. Amirbekuly[2], B.A. Zhumatayeva[1], J.O. Ryskulova[1]**

[1] Eurasian national university of L.N. Gumilev, Astana, Kazakhstan;
[2] Kazakh University of Economics, Finance and International Trade, Astana
(e-mail: zh_raimbekov@mail.ru)

# MODELING AND ASSESSMENT OF THE IMPACT OF MONETARY POLICY INSTRUMENTS ON THE ECONOMIC GROWTH OF KAZAKHSTAN

**Abstract.**The article simulates and assesses the impact of monetary policy instruments on macroeconomic indicators of Kazakhstan's development. It has been established that there is almost complete agreement on the long-term relationships between money supply, inflation and GDP, exports and imports.

Based on the results of the research, we recommend in practice to use a monetary policy option, on the one hand, with a relatively strong reaction to inflation, ensuring price stability (limiting price growth), and, on the other hand, gradually easing monetary policy to expand monetary a proposal aimed at supporting economic growth and expanding production and stimulating the development of trade.

An econometric model for assessing the impact of monetary policy on economic growth and international trade has been developed, which makes it possible to forecast the development of economic growth, exports and imports through the regulation of monetary policy instruments.

**Keywords:** monetary policy, economic growth, real sector of the economy, econometric model

For many years, the implementation of the monetary policy (MP) was limited to providing price stability. But the growth of periodic crises and international experience in preventing its consequences. To achieve those goal, it is necessary to strengthen the participation of credit institutions in the development of individual economic entities through their long-term lending.

For this reason in order to carry out an effective monetary policy, it is necessary to apply instruments of influence on economic activity correctly and in time taking into account temporary lags.

There are many empirical studies of monetary policy of Kazakhstan in different periods that used different methods and approaches which received different and sometimes contradictory results [1-4].

Stable function of money demand forms the basis of monetary policy management and allows changes in the monetary aggregates for the predictable impact on production, interest rates and price level.

Tools used to assess the effect of monetary policy was created with the development of time-series econometrics, and as improvement of theoretical models. One of the main tasks of this work is to determine of shifts in monetary policy and their important role in economic fluctuations.

Significant progress in understanding the empirics of the impact of monetary policy on real economic activity was achieved using the vector autoregression (VAR) approach. Sims (1972, 1980) . The first who used the VAR to assess the impact of money on the economy.