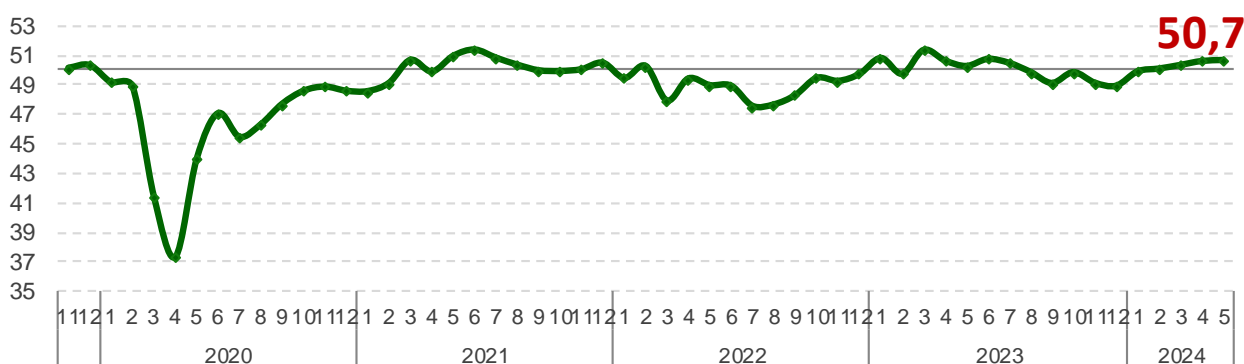# Business activity index

May 2024

In May 2024, a gradual improvement in business activity continued. The indicator is in the positive area for the fourth month in a row. The index improved due to an increase in the index in production and construction.

Graph 1. Dynamics of business activity index (BAI)*

50,7

* A value of the indicator above level 50 means a positive change, below level 50 - a negative. The further (higher or lower) the index value is from the 50 level, the higher the rate of change (increase or decrease) of the indicator.

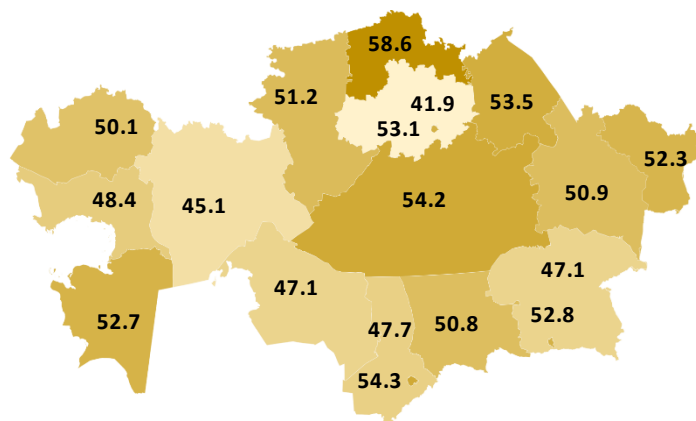**The business activity index improved to 50.7.**

The improvement was noted in production, service and construction. The business activity index in these sectors was in the growth area, amounting to **51.5**, **50.6**, and **52.0**, respectively (in April – 50.8, 51.4 and 48.8, respectively). The largest increase was observed in construction, where the index has moved into a positive area. All components have improved in construction.

In the mining industry, despite the increase to **49.0** (from 47.1 in April), the indicator remained in the negative area, where low employment levels restrain the improvement of business activity.

Graph 2. BAI in May 2024 by regions

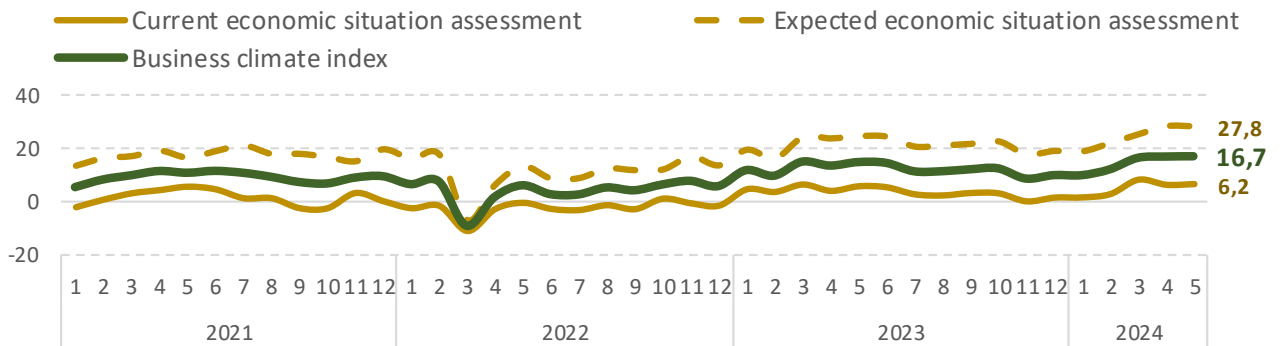**Business activity improved in 12 regions, worsened in 6 regions.**

The highest index value was observed in North Kazakhstan region (58.6), the lowest – in Akmola region (41.9).

Business climate index

In May the business climate index improved slightly. Both current and future business conditions are assessed positively. The assessment of current business conditions increased slightly.

Graph 3. Dynamics of business climate index (BCI)*

— Current economic situation assessment   - - - Expected economic situation assessment
— Business climate index

* To assess current and future business conditions, a balance of responses (BO) is used, which is calculated as the difference between the shares of positive and negative answers to questions about changes in business conditions. An index value above 0 indicates an improvement, below 0 indicates a deterioration of the situation.

According to enterpriser's estimates, demand continues to improve.
As before, businesses positively assessed access to finance/credit and infrastructure, negatively assessed the tax burden and business protection issues. At the same time, the assessment of the tax burden has slightly improved, and the assessment of access to communications has slightly decreased.
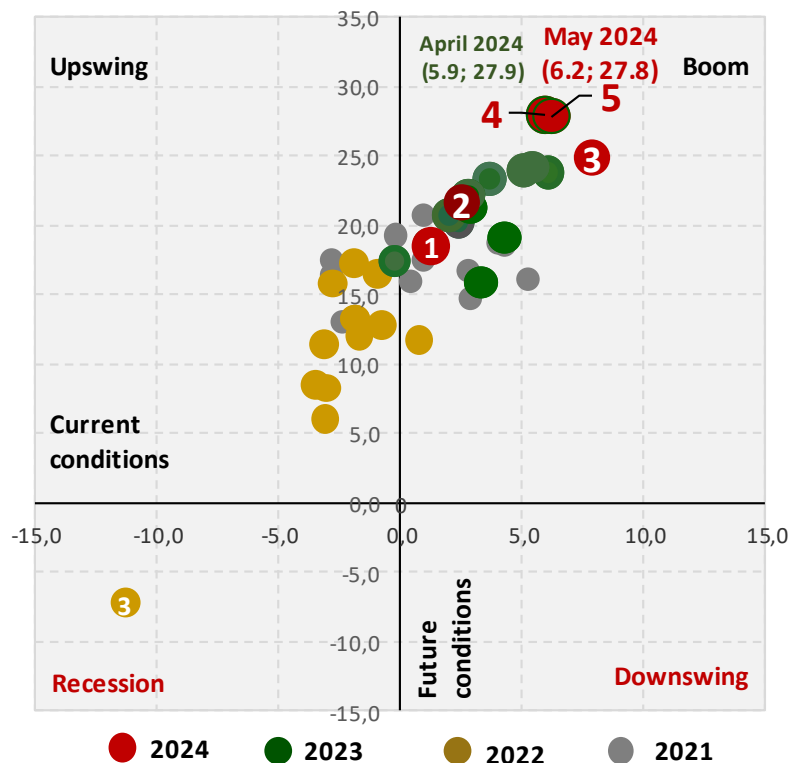
In May 2024, the business cycle clock indicator remained in the boom area

The current business conditions improved slightly, amounting to 6.2.

The assessment of future business conditions for the next 6 months kept almost unchanged, amounting to 27.8.

* Business cycle clock is developed by Ifo institute demonstrates in which phase of the cycle the economy was in a certain period. To construct it the series of current conditions (X axis) and future conditions (Y axis) assessments are used.

Graph 4. Business cycle clock

METHODOLOGICAL COMMENT

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[1] The information was prepared based on the results of monthly survey of enterprises participating in the monitoring of the real sector.

[2] The business activity index is calculated as an aggregated change in such indicators of enterprises as the volume of new orders, the level of employment, the volume of new products, the volume of inventories, delivery times.

[3] To calculate the Business Activity Index, the diffusion index (DI) is used, which is calculated as the sum of positive responses and half of the responses unchanged. This index is a generalized indicator characterizing the dynamics of changes in the indicator.

[4] To calculate the business climate index (BCI), according to the methodology of the Ifo Institute, a balance of answers (BA) on indicators of business conditions in the current month (SIT) and expected changes in business conditions in the next 6 months (EXP) is used:

$$BCI^* = \sqrt{(BA(SIT) + 200) * (BA(EXP) + 200)} - 200$$

<div align="center">

where, BA – balance of answers
SIT – current economic condition
EXP – expected economic condition

</div>

[5] The BA (balance of answers) is calculated as the difference between the shares of positive and negative responses to questions about changing business conditions. Enterprises choose one of the three suggested answers "improved", "have not changed" and "worsened". The response shares are calculated using weights.

[6] The business cycle clock, developed by the Ifo Research Institute, is a diagram (coordinate system) divided into four quadrants using the crosshair of two zero lines, which from the point of view of the business situation refer to the four stages of the economic cycle: upswing, expansion, downswing, recession. If the assessment of current conditions is negative and expectations are positive, the economy is in the upswing area, if both the assessment of current conditions and expectations are positive, then the economy is in the expansion phase, etc.

[7] The data in the diagrams are seasonally adjusted (except for the assessment of future conditions and the assessment of factors).

[8] Changes are possible in the previous months dynamics due to seasonal clearing and GVA adjustment.

[9] Detailed information by sector (information about the sample, the dynamics of indicators, the results of the distribution of responses) is presented in the dashboard.

[10] As the representativeness of the sample by region by sector is achieved, the calculation results will be presented in accordance with the new administrative-territorial structure.