Kazakhstan Business Activity Index

November 2020

CONTENT
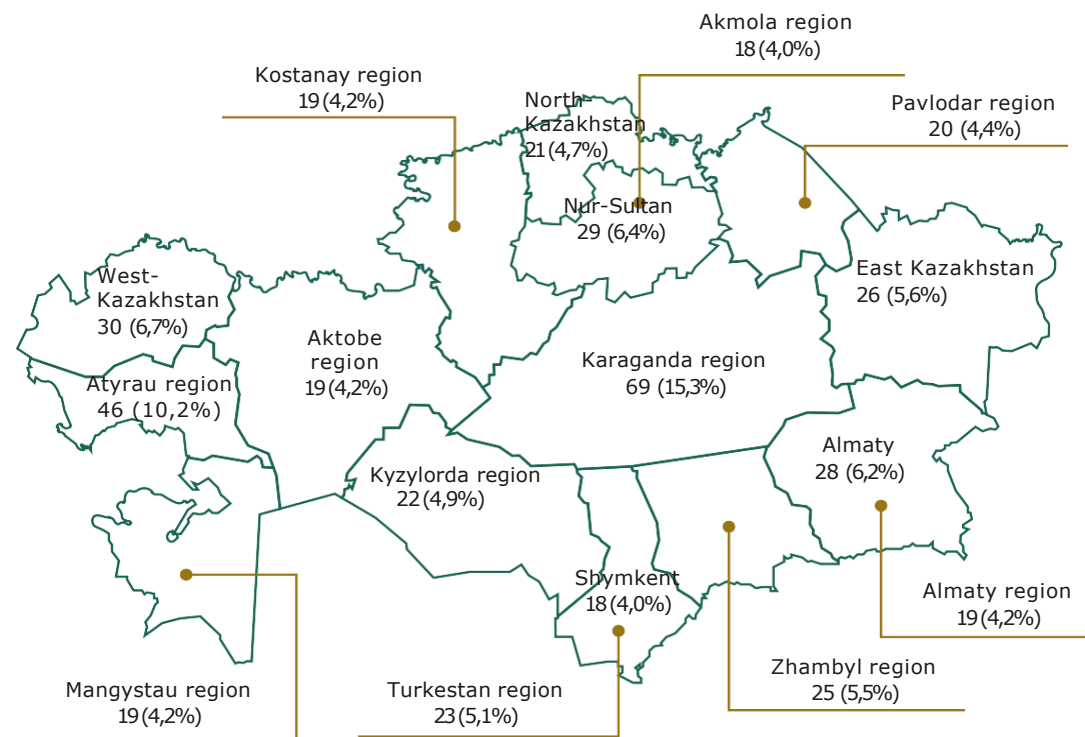
01
SAMPLE INFORMATION

Number of respondents in November 2020 - 451 enterprises

Akmola region 18 (4,0%)
Kostanay region 19 (4,2%)
North-Kazakhstan 21 (4,7%)
Pavlodar region 20 (4,4%)
Nur-Sultan 29 (6,4%)
West-Kazakhstan 30 (6,7%)
East Kazakhstan 26 (5,6%)
Aktobe region 19 (4,2%)
Karaganda region 69 (15,3%)
Atyrau region 46 (10,2%)
Almaty 28 (6,2%)
Kyzylorda region 22 (4,9%)
Shymkent 18 (4,0%)
Almaty region 19 (4,2%)
Mangystau region 19 (4,2%)
Turkestan region 23 (5,1%)
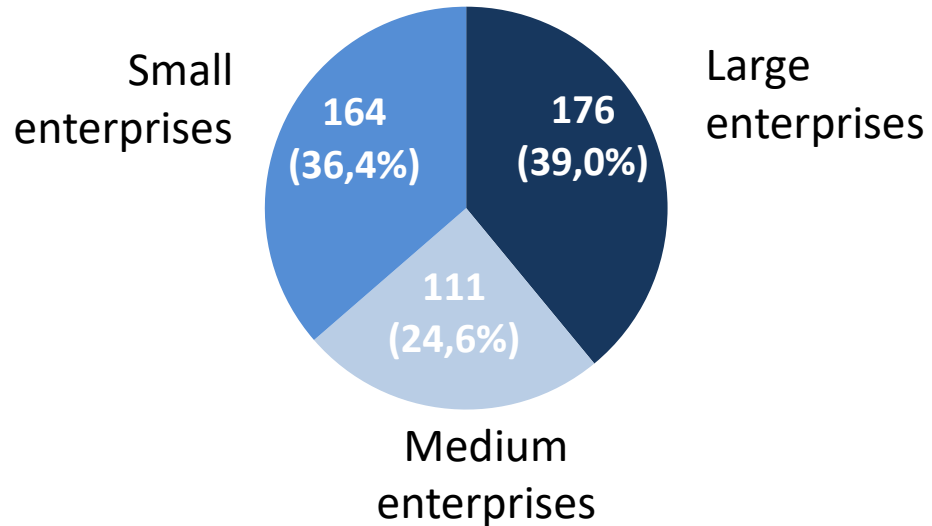Zhambyl region 25 (5,5%)

- *The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.*
- *The National Bank of Kazakhstan conducts a survey of enterprises participating in the monitoring of the real sector on a monthly basis*

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ENTERPRISES-RESPONDENTS BY INDUSTRY

Construction	64
Manufacture	169
Service	218

ENTERPRISES-RESPONDENTS BY SIZE

Small enterprises — 164 (36,4%)

Large enterprises — 176 (39,0%)
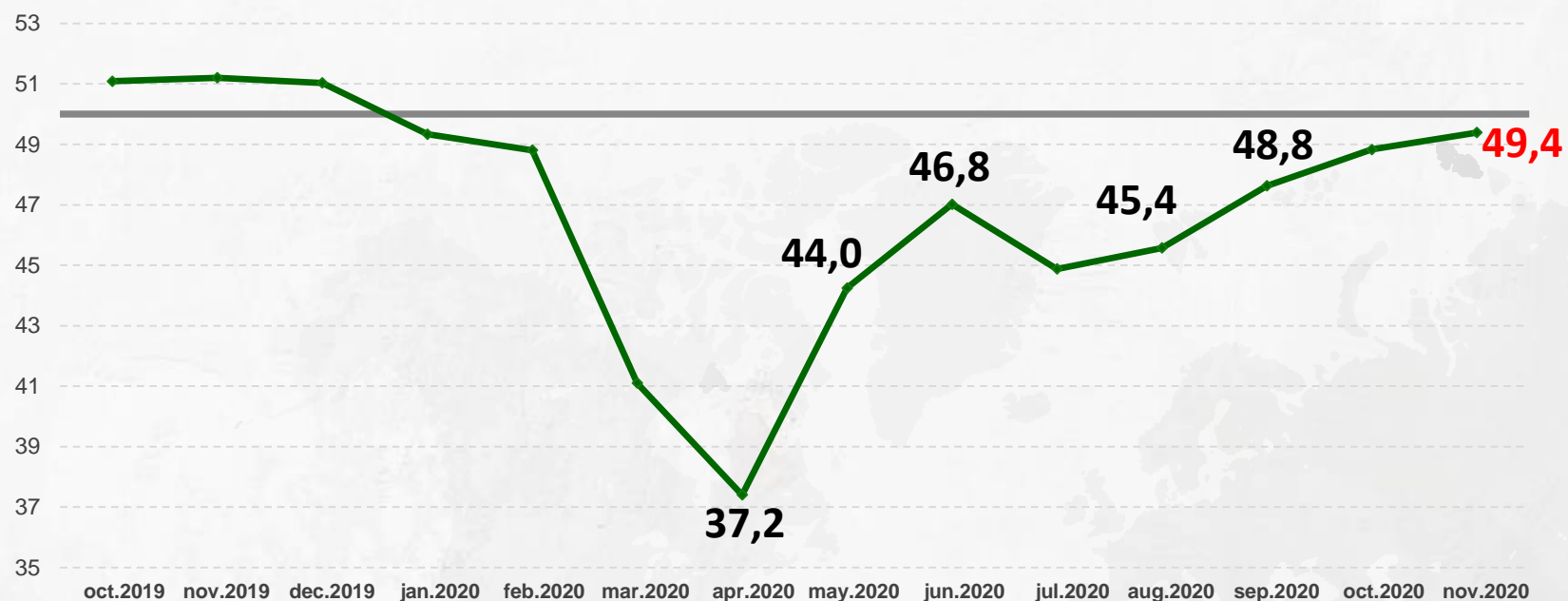
Medium enterprises — 111 (24,6%)

3
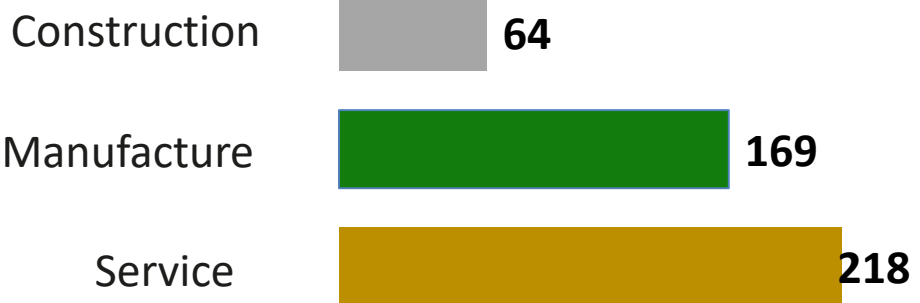
02

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY

According to surveys of 451 enterprises conducted in order to form sentiment indicators in the real sector of the economy of Kazakhstan, in November 2020, a gradual recovery in economic activity continued. Thus, the consolidated business activity index (BAI) rose by 0,6 points and amounted to **49,4** (in October – **48,8**).

In the construction sector, the index was at the level of **52,5**, in industry – **49,6**, in the service sector – **48,7** (in October this year – 47,6, 49,6 and 48,6, respectively).

Chart data points: 51,0 (oct.2019), 51,1 (nov.2019), 51,0 (dec.2019), 49,2 (jan.2020), 48,8 (feb.2020), 41,0 (mar.2020), **37,2** (apr.2020), **44,0** (may.2020), **46,8** (jun.2020), 44,9 (jul.2020), **45,4** (aug.2020), 46,5 (sep.2020), **48,8** (oct.2020), **49,4** (nov.2020)

* 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 consolidated business activity index by the economy is an aggregate index for three sectors of the economy, weighted by the contribution to GVA

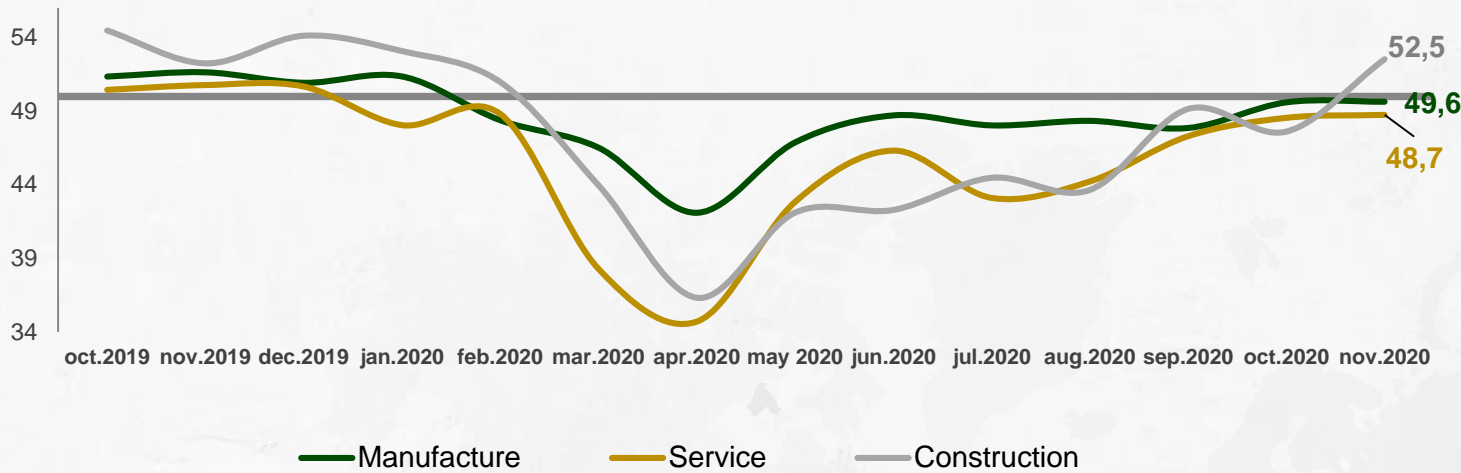| BAI by economy	BAI in construction	BAI in service	BAI in manufacture
49,4	52,5	48,7	49,6

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03

BUSINESS ACTIVITY

INDEX BY SECTOR

BUSINESS ACTIVITY INDEX BY SECTOR

oct.2019 nov.2019 dec.2019 jan.2020 feb.2020 mar.2020 apr.2020 may 2020 jun.2020 jul.2020 aug.2020 sep.2020 oct.2020 nov.2020

— Manufacture   — Service   — Construction

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

In turn, the November rise in the index is largely due to an increase of BAI in the **construction** sector, where index rose from 47,6 to **52,5** with a significant increase in the number of new orders and employment rate. The indicator for the first time, after falling in March, formed at a level above 50.

The **service** sector also grew to **48,7** on a marginal improvement across all of its components.

The business activity index in the **manufacture** remained at the level of the previous month (**49,6**), while the indicator for inventories worsened.

BAI by sector is calculated as an aggregated change in the following indicators of the enterprises

Business Activity Index in manufacture

- Inventories
- New products
- Delivery time
- Employment rate
- New orders
- Business activity

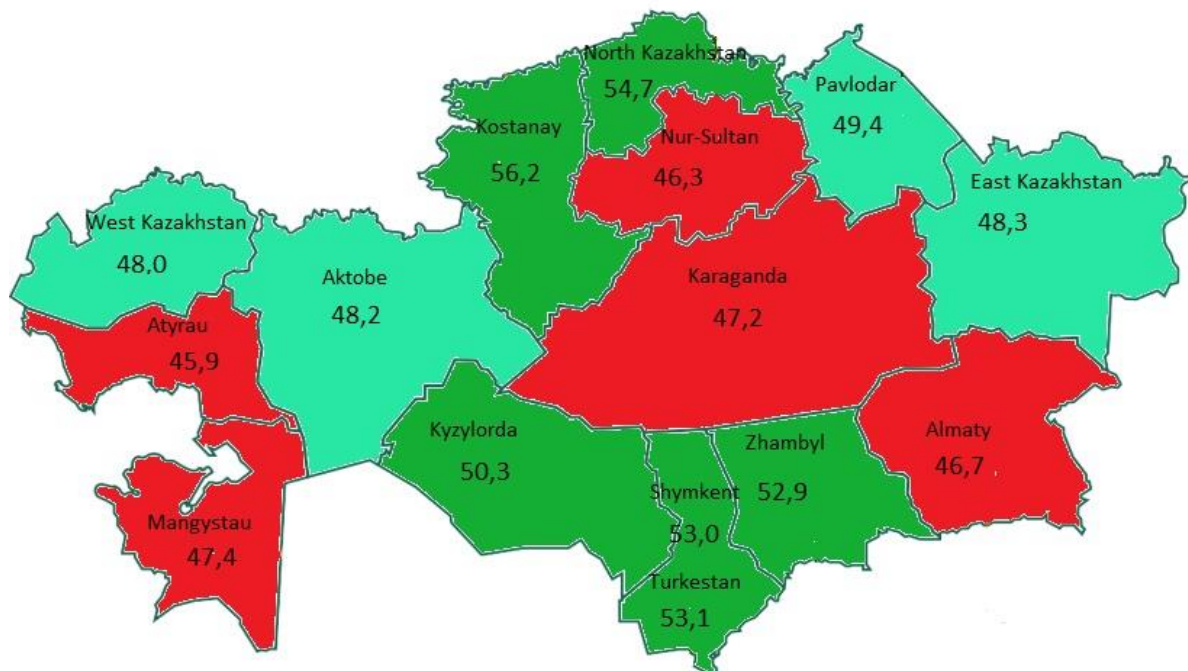Business Activity Index in construction
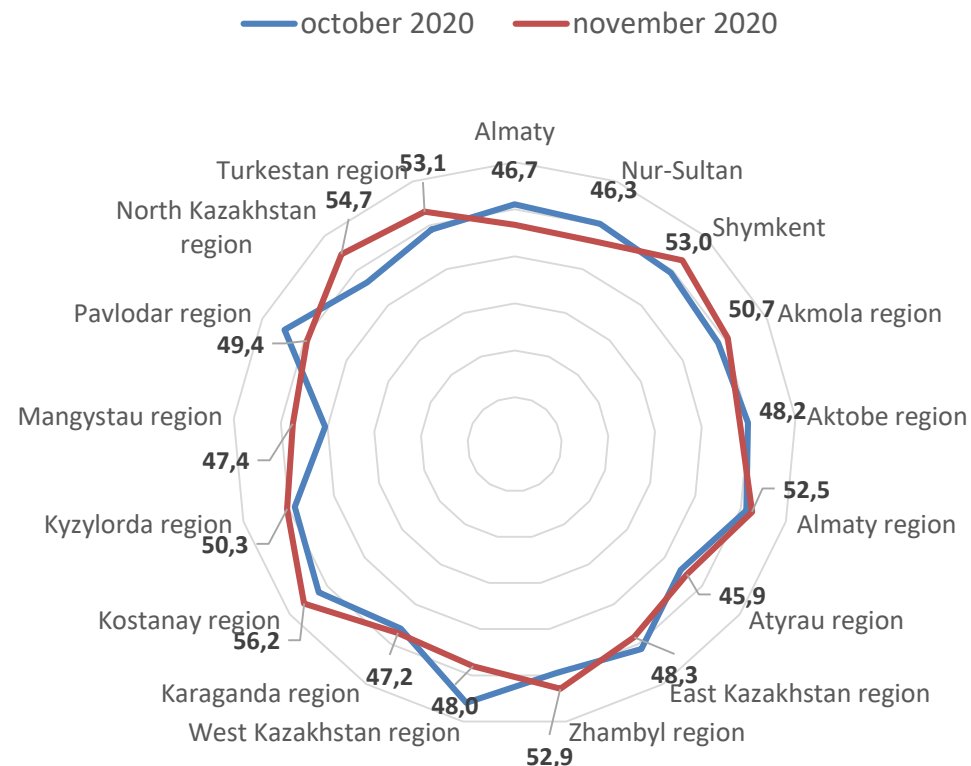
Business Activity Index in Service

BAI in November 2020 by region

North Kazakhstan 54,7
Pavlodar 49,4
Kostanay 56,2
Nur-Sultan 46,3
East Kazakhstan 48,3
West Kazakhstan 48,0
Aktobe 48,2
Karaganda 47,2
Atyrau 45,9
Kyzylorda 50,3
Zhambyl 52,9
Almaty 46,7
Mangystau 47,4
Shymkent 53,0
Turkestan 53,1

BAI dynamics for October-November 2020

— october 2020   — november 2020

Almaty 46,7
Nur-Sultan 46,3
Shymkent 53,0
Akmola region 50,7
Aktobe region 48,2
Almaty region 52,5
Atyrau region 45,9
East Kazakhstan region 48,3
Zhambyl region 52,9
West Kazakhstan region 48,0
Karaganda region 47,2
Kostanay region 56,2
Kyzylorda region 50,3
Mangystau region 47,4
Pavlodar region 49,4
North Kazakhstan region 54,7
Turkestan region 53,1

In the context of the regions of Kazakhstan, the improvement in business activity of enterprises is observed to a greater extent in North Kazakhstan by 8,1 points (**54,7**), Turkestan by 4,1 (**53,1**) regions and in Shymkent by 3,7 points (**53,0**). The deterioration of this indicator is noted mainly in West Kazakhstan by 7,9 points (**48,0**), Pavlodar by 5,3 points (**49,4**) regions and in Almaty by 4,4 points (**46,7**).

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PMI BY COUNTRY

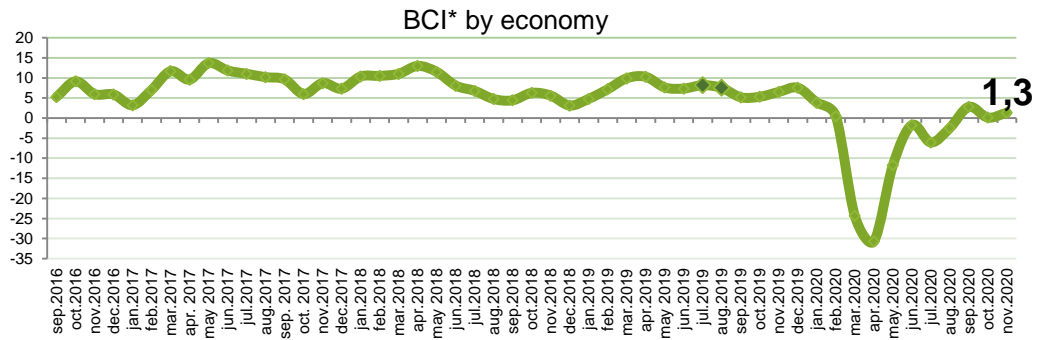# PMI BY COUNTRY
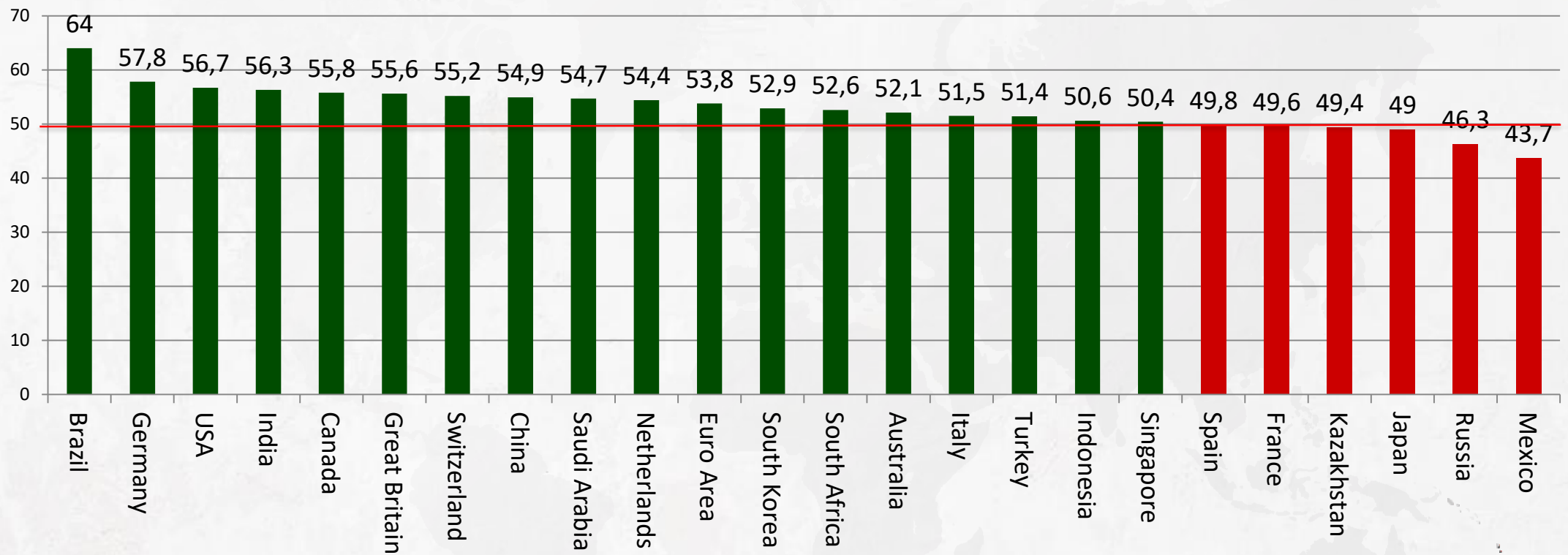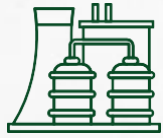
Data as for 08.12.2020
Source: G20 Industrial PMI
https://tradingeconomics.com/forecast/manufacturing-PMI?continent=g20, Kazakhstan –BAI by economy

06

BUSINESS CLIMATE INDEX (BCI)

BUSINESS CLIMATE INDEX (BCI)

BCI* by economy

1,3

BCI by industry

2,1

1,1

0,0

— Manufacture — Construction — Service

Assessment of current (CC) and future (FC) conditions

Future conditions

4,3

-2,5

Current conditions
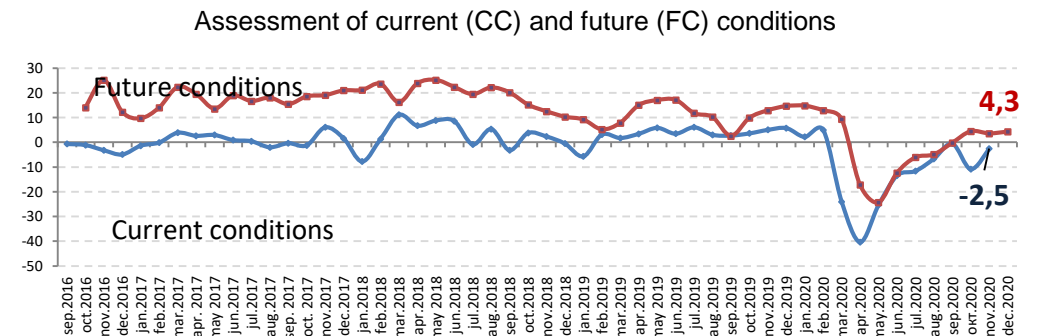
In November 2020, respondents of the real sector noted an improvement in the business environment, the business climate index (BCI) for the economy of Kazakhstan was **1,3**.
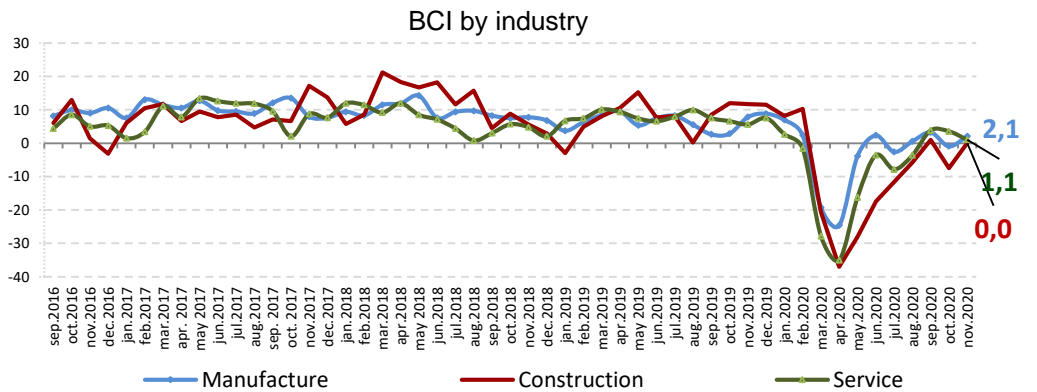
The BCI growth was driven by improvements in the construction and manufacture sectors, which turned out to be positive after the October decline. The BCI in the construction sector increased from negative values to **0,0**, in manufacture to **2,1**. However, in the service sector, there was a slight slowdown in the growth of the business climate index to **1,1**.

Enterprises of the studied sectors assessed the current business conditions in November 2020 more positively than in October, the negative value of the assessment decreased to the level of **(-)2,5**. Respondents also expect the business environment to improve in December, with an estimate of future conditions of **4,3**.

* Business Climate Index is calculated as the difference between positive and negative responses to questions about changing business conditions in the current month and expected changes in business conditions in the next month. Enterprises are assessed by the access to finance / loans, infrastructure, legal issues and business protection, tax burden, presence of inspections, fines, etc.

METHODOLOGICAL

COMMENTARY

✓ The information was prepared based on the results of monthly surveys of enterprises participating in the monitoring of the real sector.

✓ 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.

✓ The data on the diagram are presented with the elimination of the seasonality factor.

✓ To calculate the Business Climate Index, a balance of responses is used - the difference between positive and negative responses to questions about changes in business conditions in the current month and expected changes in business conditions in the next month:

$$BCI^* = \sqrt{(BA(CC) + 200) * (BA(FC) + 200)} - 200,$$

where, BA – balance of answers
CC – current economic conditions
FC – future economic conditions

* According to the methodology for assessing the business climate CESifo, Germany

Monetary Policy Department

NATIONAL BANK OF KAZAKHSTAN

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