



Kazakhstan Business Activity Index

December 2020





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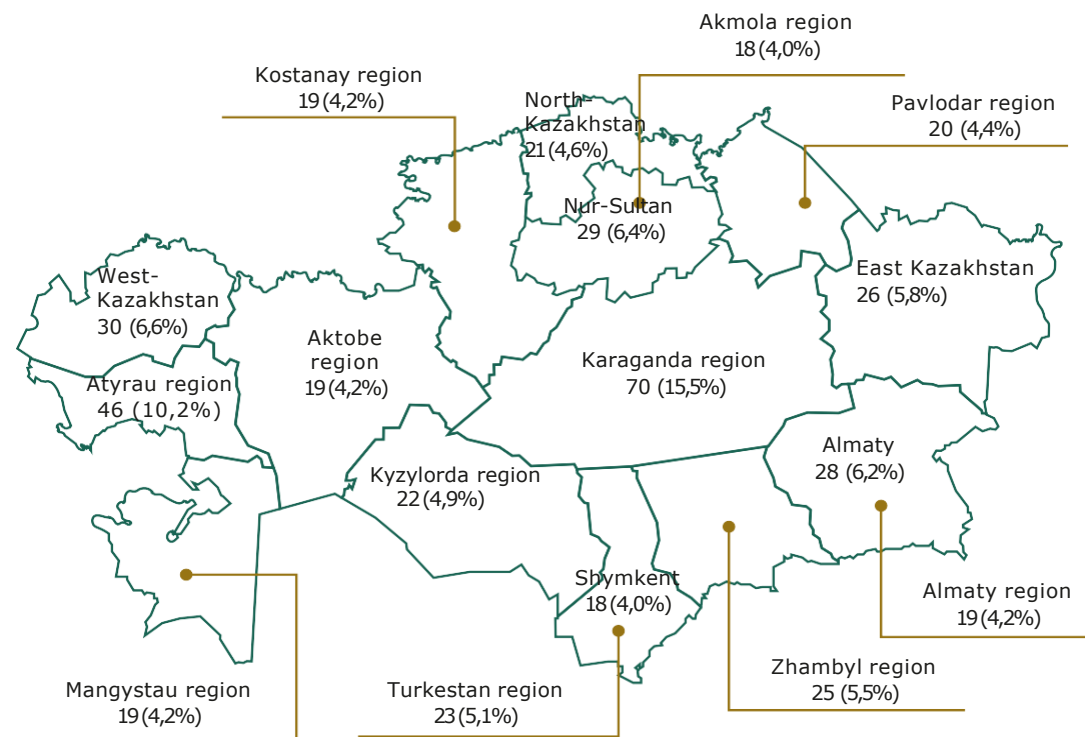
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01

SAMPLE INFORMATION

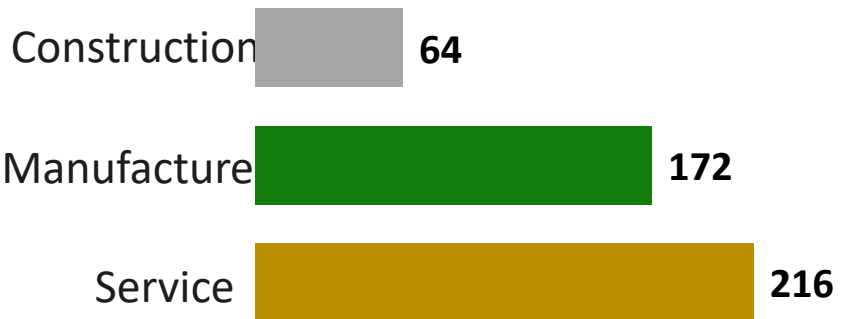
Number of respondents in December 2020 - 452 enterprises



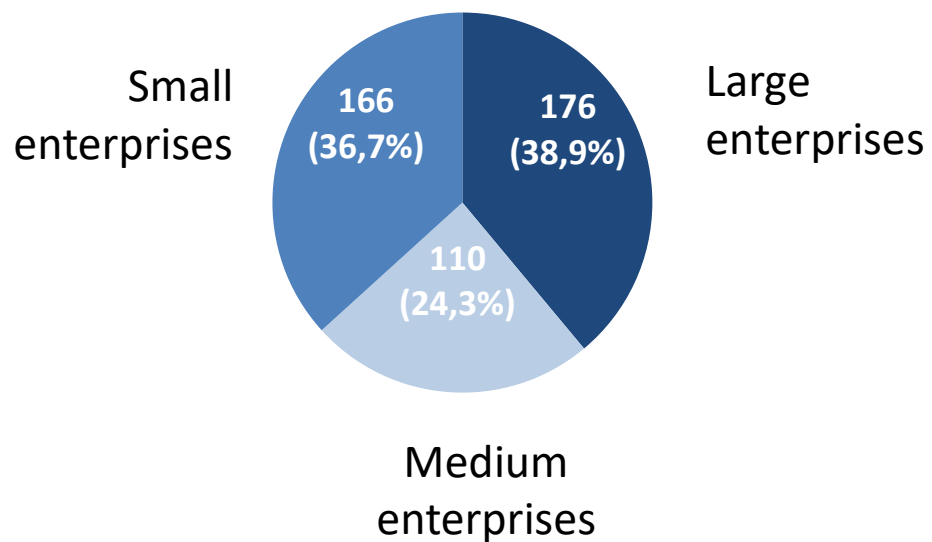
- *The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.*
- *The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY INDUSTRY



ENTERPRISES-RESPONDENTS BY SIZE

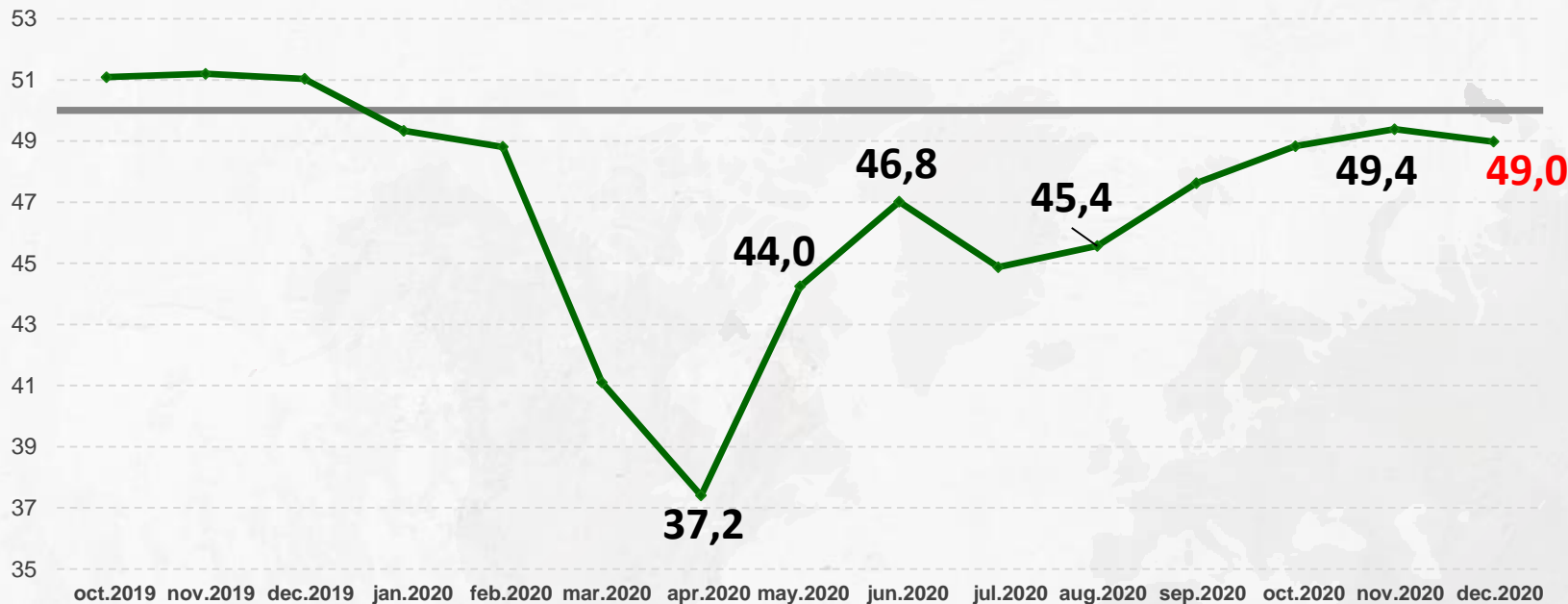




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CONSOLIDATED BUSINESS
ACTIVITY INDEX BY
ECONOMY

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY



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 dec.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.

According to the results of a monthly survey of 452 enterprises in the real sector in December 2020, the business activity index stopped growing to the 50 points mark and fell by 0,4 points to **49,0** (in November 2020 - **49,4**).

In the manufacture the index was at the level of **50,3**, in construction - **49,5**, in the service sector - **48,0** (in November this year - 49,6, 52,5, 48,7, respectively).



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
49,0



BAI
in construction
49,5



BAI
in service
48,0



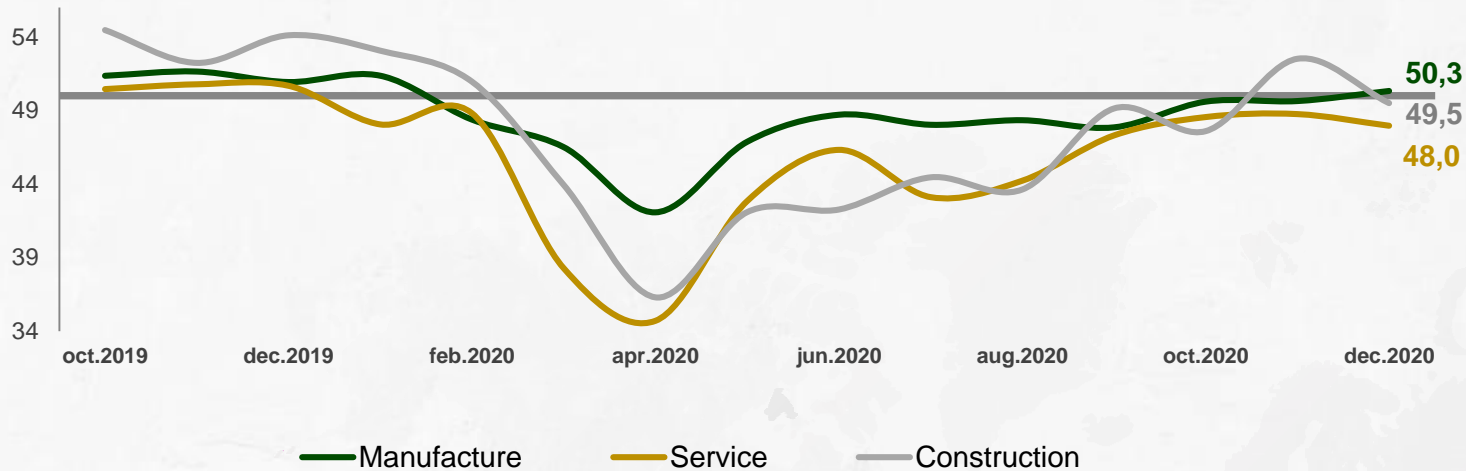
BAI
in manufacture
50,3



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BUSINESS ACTIVITY
INDEX BY SECTOR

BUSINESS ACTIVITY INDEX BY SECTOR



Among the sectors studied, an increase in business activity is observed only in the **manufacture**, where the index rose by 0,7 points to **50,3** due to the improvement of all components except the level of employment. For the first time since January 2020, the indicator exceeded 50 points.

However, in the field of construction and services, there is a deterioration in the business activity situation. Due to a decrease in the number of new orders and the level of employment, **construction** decreased by 3 points at once and amounted to **49,5** (in November - 52,5).

In the **service** sector, the index fell by 0,7 points and formed at the level of **48,0**, while delivery times were slightly reduced.

* 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.



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

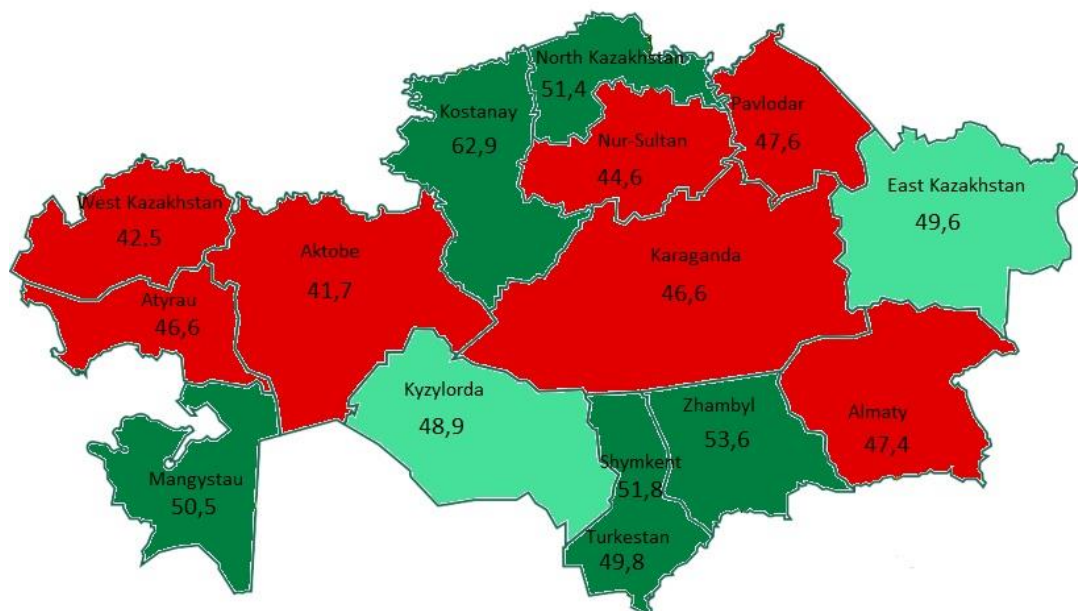
Business Activity Index in construction

Business Activity Index in Service

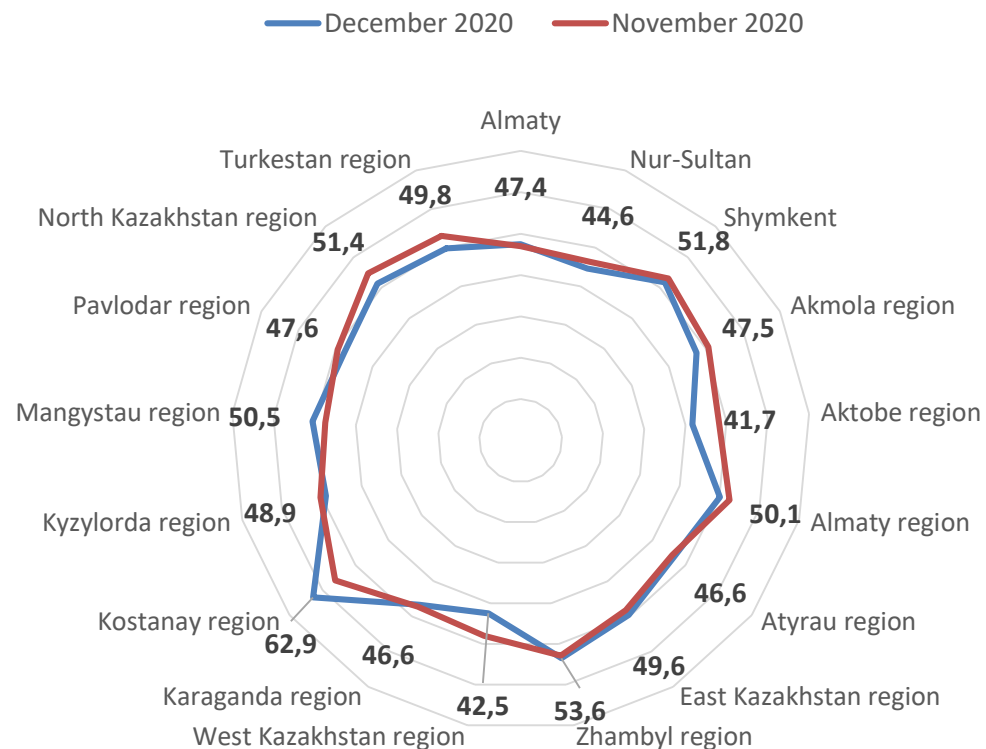
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BUSINESS ACTIVITY INDEX BY REGIONS

BAI in December 2020 by region



BAI dynamics for November - December 2020



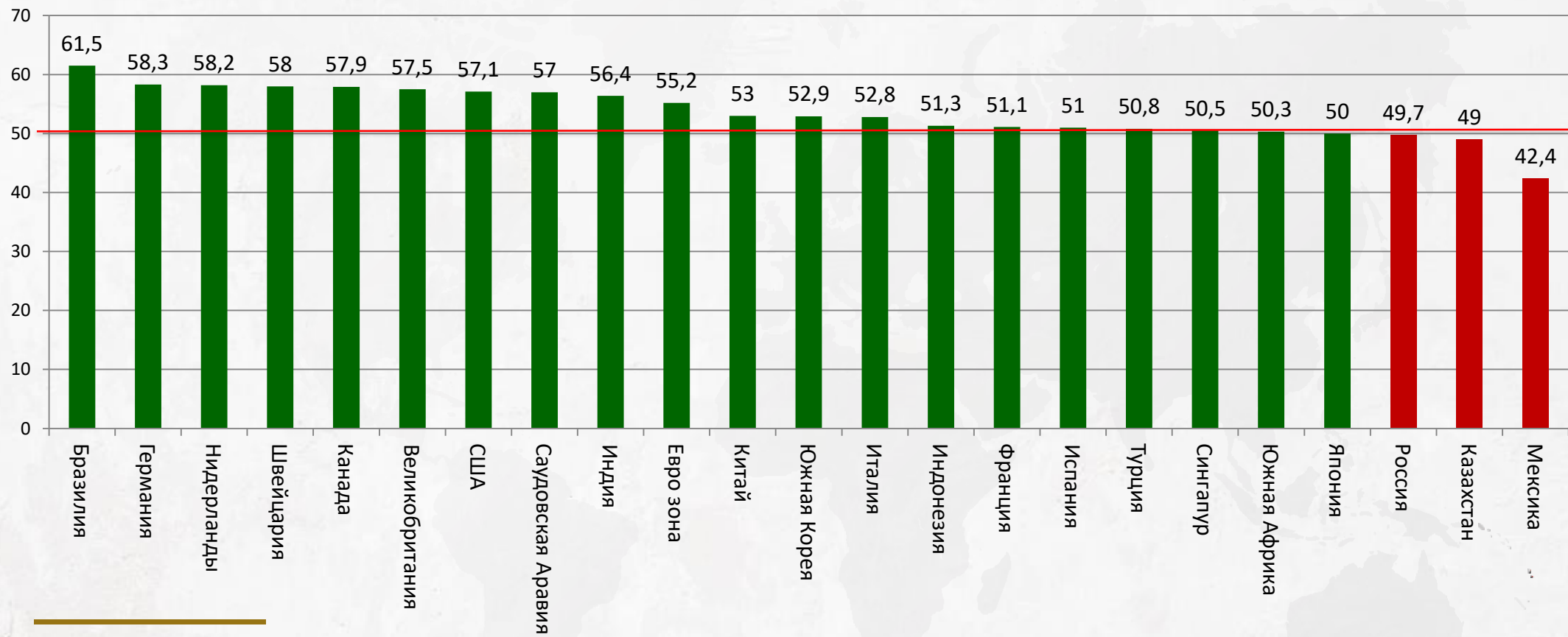
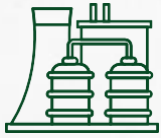
In the context of the regions of Kazakhstan, the improvement in business activity of enterprises is observed to a greater extent in Kostanay by 6,7 points (**62,9**), Mangystau by 3,1 points (**50,5**), and East Kazakhstan by 1,3 points (**49,6**) regions. Deterioration of business activity is mostly observed in Aktobe by 6,4 points (**41,7**), West Kazakhstan by 5,5 points (**42,5**), North Kazakhstan by 3,3 points (**51,4**) and Turkestan by 3,3 points (**49,8**) regions.



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PMI BY COUNTRY

PMI BY COUNTRY



Data as for 11.01.2021

Source: G20 Industrial PMI

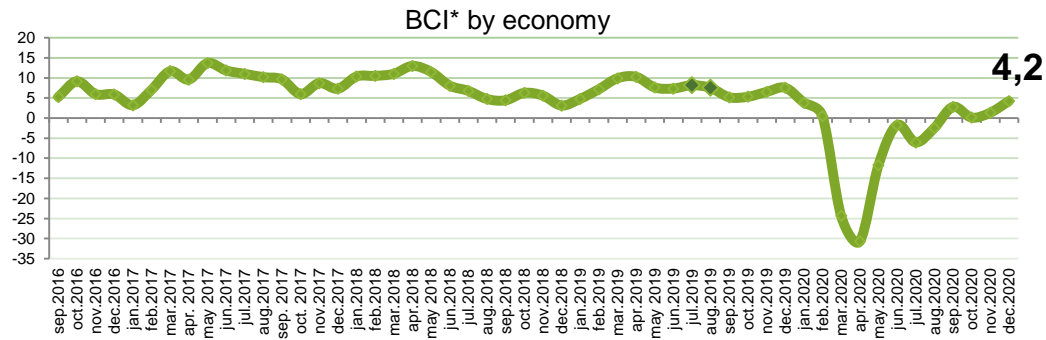
<https://tradingeconomics.com/forecast/manufacturing-PMI?continent=g20>, Kazakhstan – BAI by economy



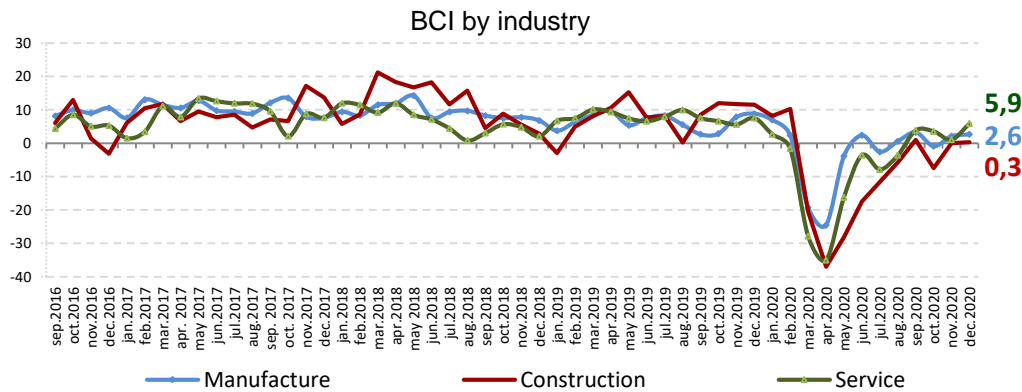
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**BUSINESS CLIMATE
INDEX (BCI)**

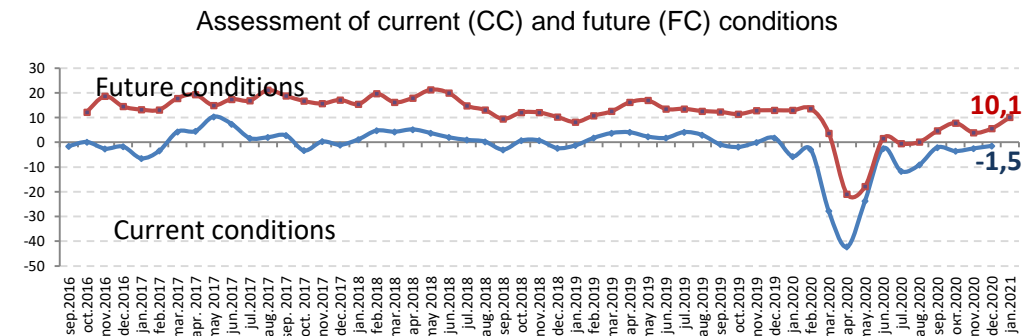
BUSINESS CLIMATE INDEX (BCI)



The obtained results of enterprises surveys indicate the continuation of improvements in the business environment, the business climate index (BCI) for the economy of Kazakhstan increased by 2,9 points to **4,2**.



The BCI positive dynamics is caused by the improvement of the indicator in all industries under consideration. The largest increase is observed in the service sector, where the BCI rose by 4,8 points to **5,9**. In the manufacture the BCI was formed at the level of **2,6**, in construction – **0,3**.



Enterprises of the studied sectors evaluated the current business conditions in December 2020 more positively than in November, the negative value of the assessment decreased to the level of **(-)1,5**. This happened due to an increase in the number of positive assessments of enterprises in the service sector in the first place.

Business expectations of enterprises in the real sector for January 2021 increased significantly and amounted to **10,1**.

* 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.
- ✓ Changes are possible in the previous months dynamics due to seasonal clearing and GDP adjustment.
- ✓ 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