



Kazakhstan Business Activity Index

January 2021



A black and white photograph of an industrial facility, likely a refinery or chemical plant. The image shows a complex network of large, horizontal and vertical pipes, some with insulation. In the lower-left corner, there is a large, round analog clock mounted on a wall. The overall scene is industrial and somewhat abstract due to the perspective and lighting.

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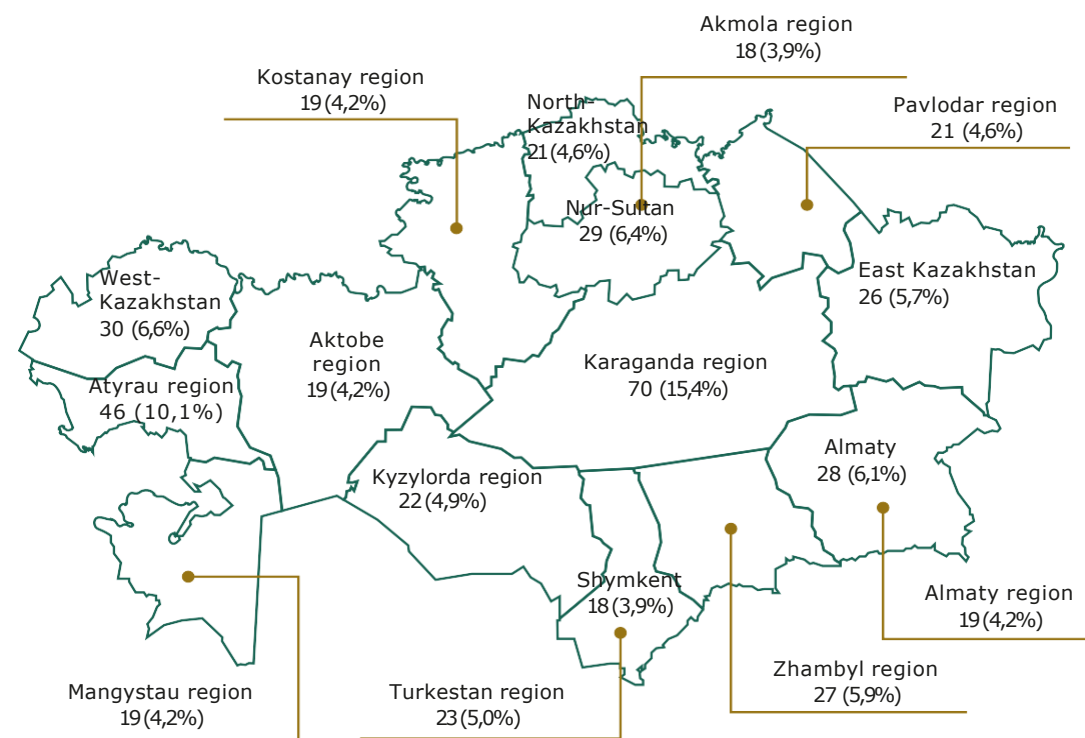
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Business Climate Index

01

SAMPLE INFORMATION

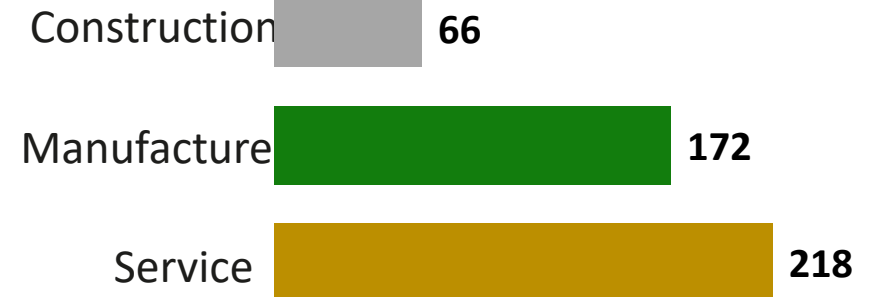
Number of respondents in January 2021 - 456 enterprises



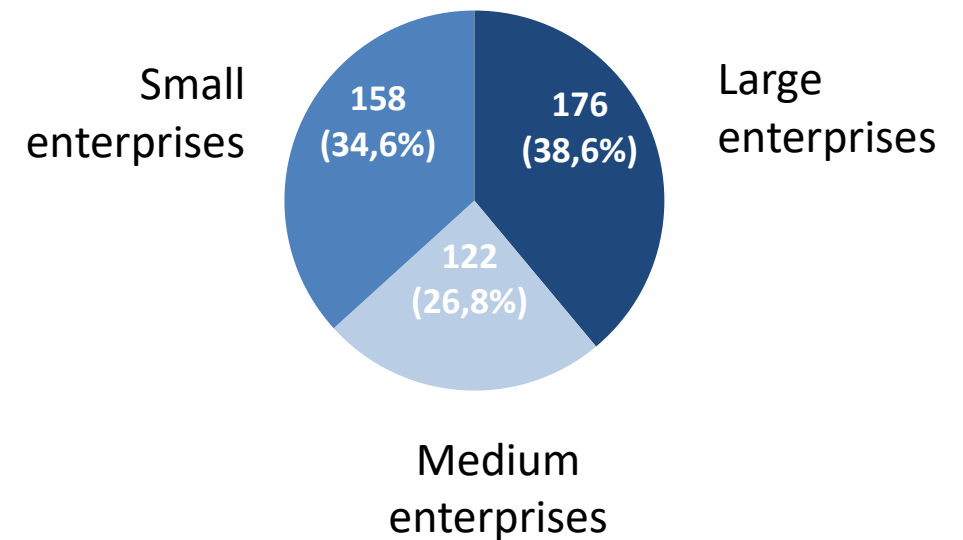
- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY INDUSTRY



ENTERPRISES-RESPONDENTS BY SIZE

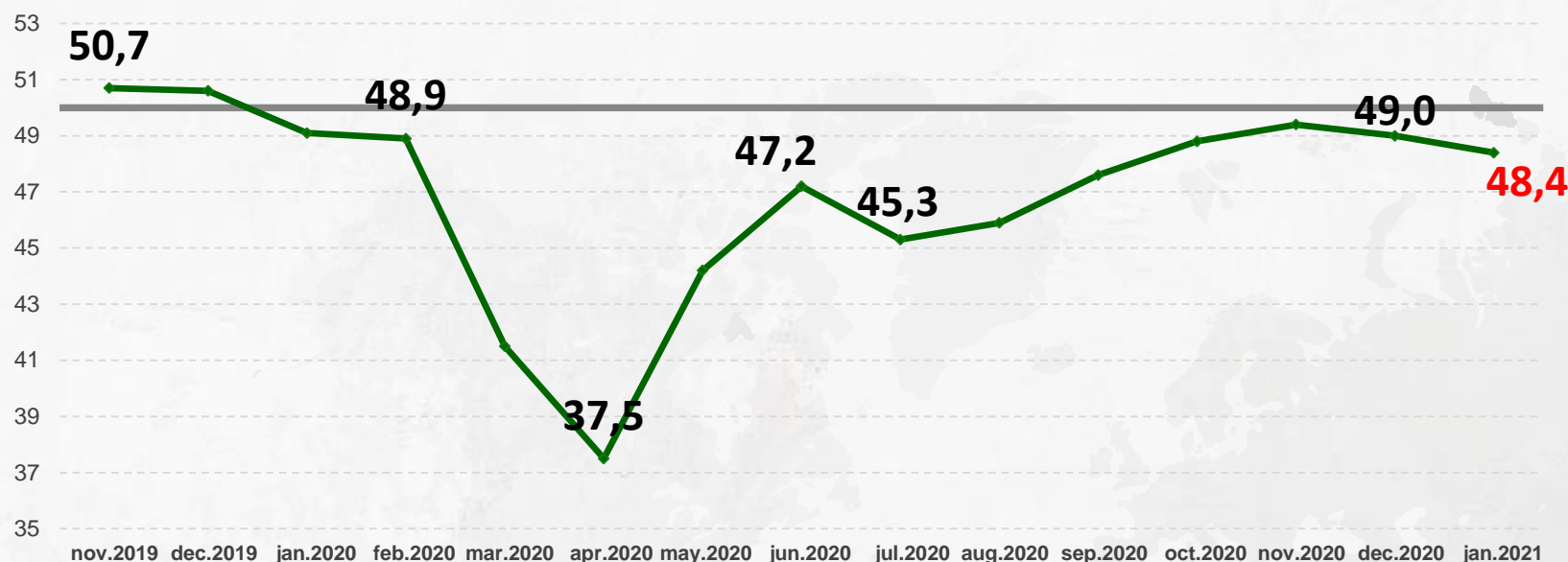




02

**CONSOLIDATED BUSINESS
ACTIVITY INDEX BY
ECONOMY**

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY



According to the results of a monthly survey of 456 enterprises in the real sector, in January 2021 the business activity index decreased by 0,6 points, and amounted to 48,4 (in December 2020 – 49,0).

In construction the index formed at 51,1, in manufacture – 49,4, in services – 47,4 (in December 2020 – 49,5, 50,3, 48,0, respectively).

* 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
48,4



BAI
in construction
51,1



BAI
in service
47,4



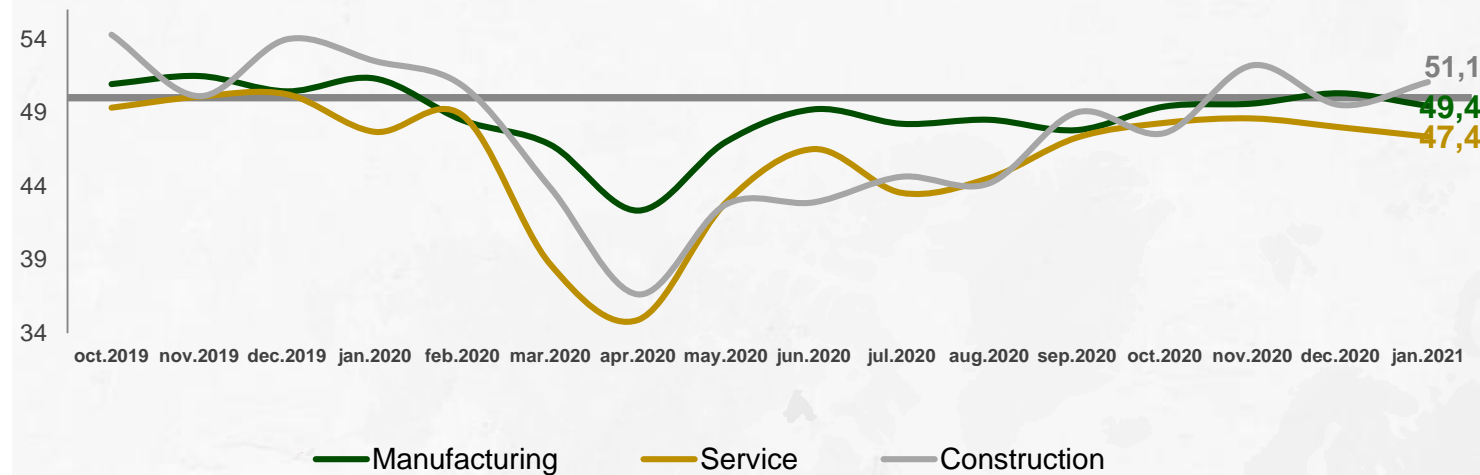
BAI
in manufacturing
49,4



03

BUSINESS ACTIVITY
INDEX BY SECTOR

BUSINESS ACTIVITY INDEX BY SECTOR



Among the surveyed sectors, an increase in business activity is observed only in construction, where the index rose by 1,6 points to 51,1.

However, in the service sector and manufacture, there is a deterioration in the situation with business activity. Due to a decrease in the volume of new orders, new products and inventories, the indicator in manufacture deteriorated by 0,9 points and moved into the area of decline, amounting to 49,4.

In the service sector, the index fell by 0,6 points and formed at 47,4.

** 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

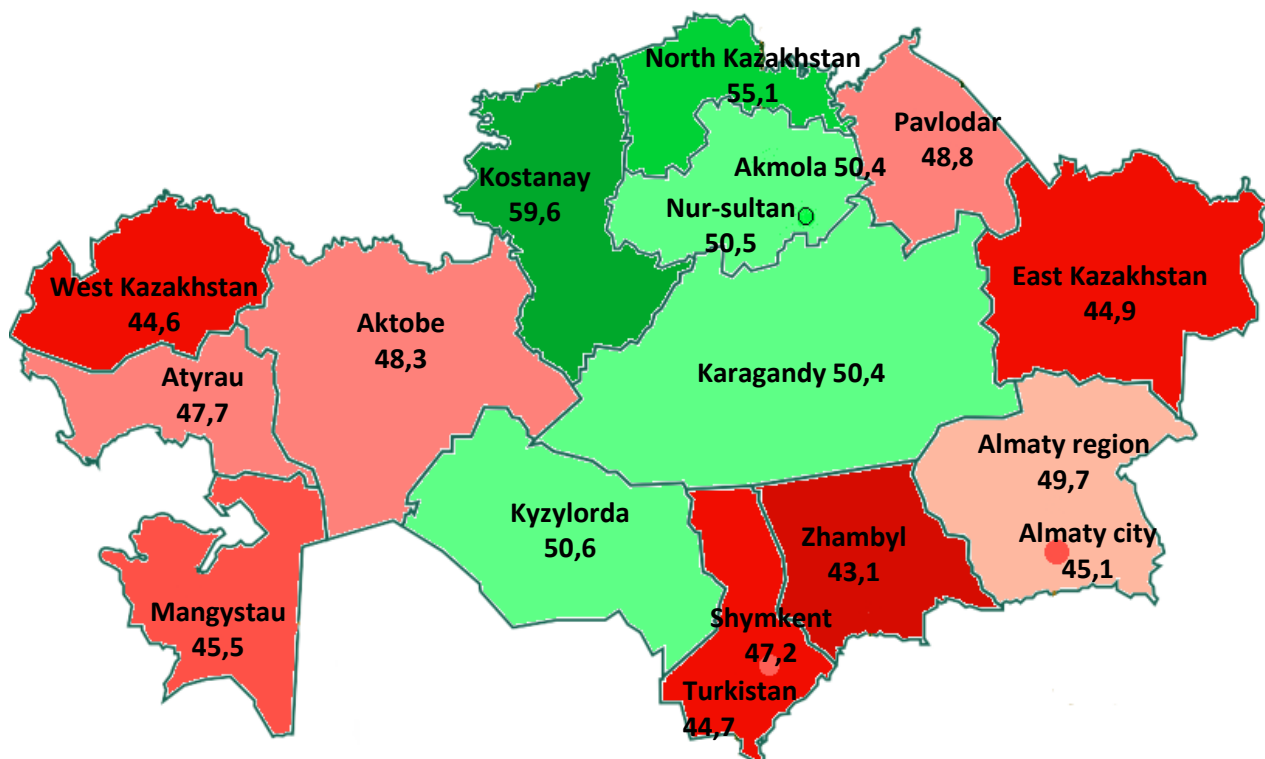
Business Activity Index in construction

Business Activity Index in Service

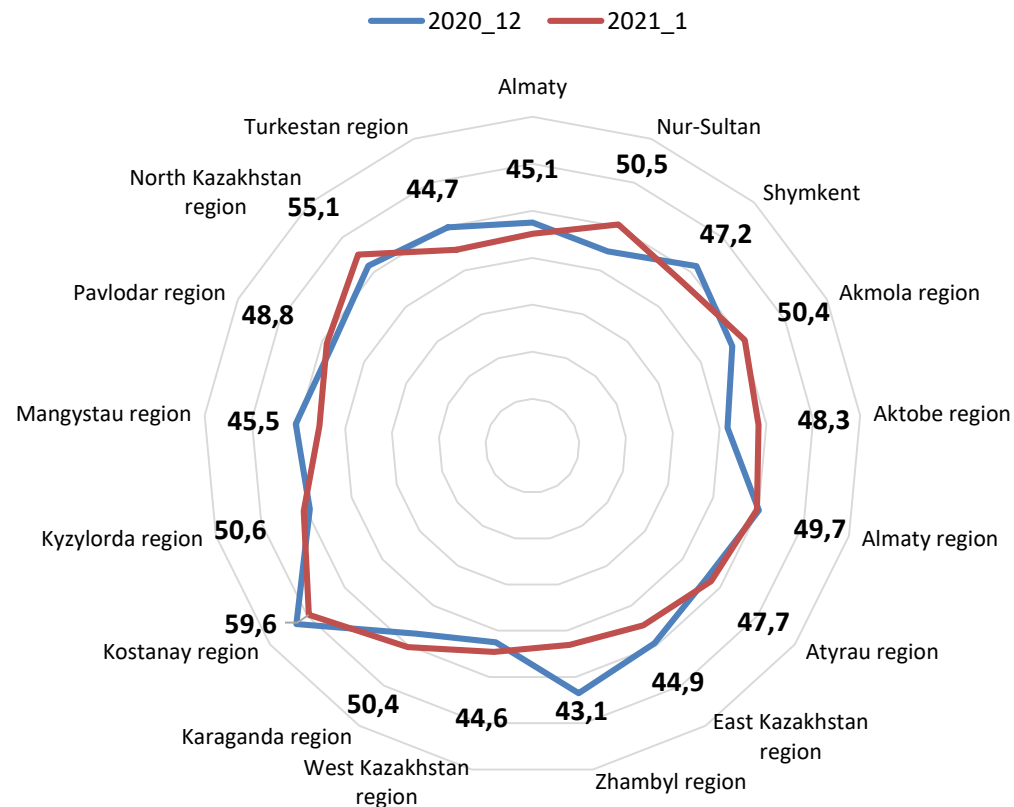
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BUSINESS ACTIVITY INDEX BY REGIONS

BAI in January 2021 by region



BAI dynamics for December 20 –January 2021



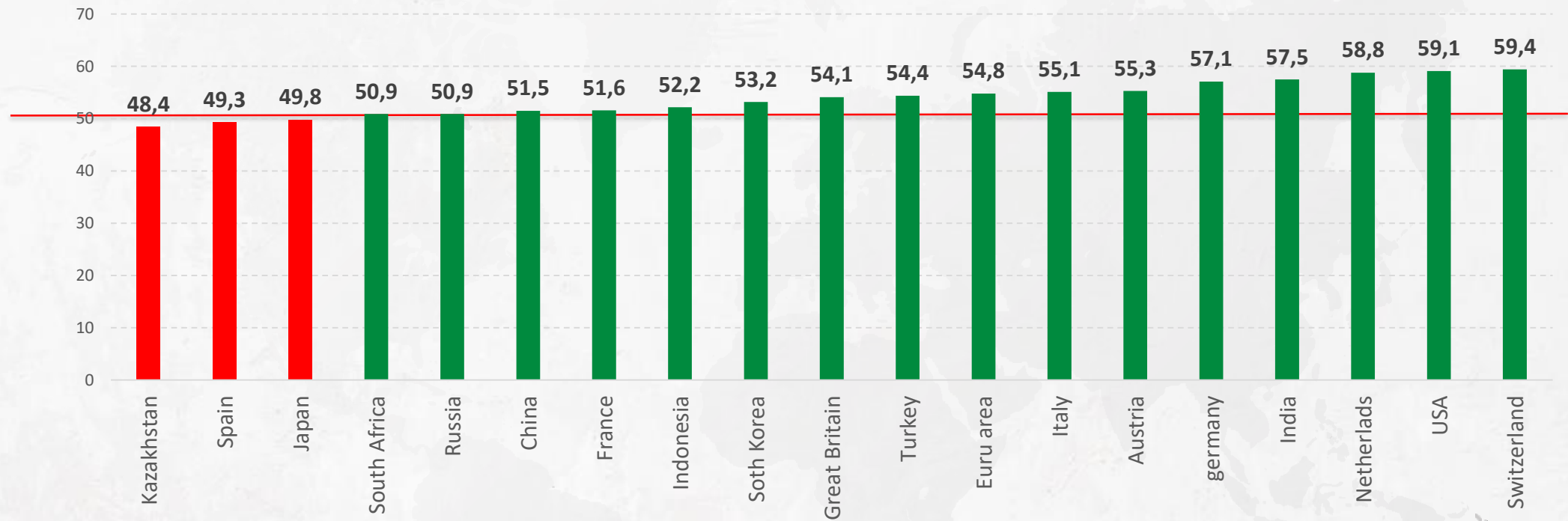
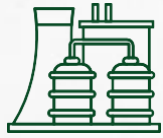
In the context of the regions of Kazakhstan, an improvement in the business activity of enterprises was noted in Kostanay (59,6), North Kazakhstan (55,1), Kyzylorda (50,6), Karaganda (50,4), Akmola (50,4) regions and in Nur-Sultan (50,5). The greatest deterioration is observed in Zhambyl by 10,5 points (up to 43,1), Turkistan by 5,1 points (up to 44,7) and Mangystau by 5,0 points (up to 45,5) regions.



05

PMI BY COUNTRY

PMI BY COUNTRY



Data as for 03.02.2021

Source: G20 Industrial PMI

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



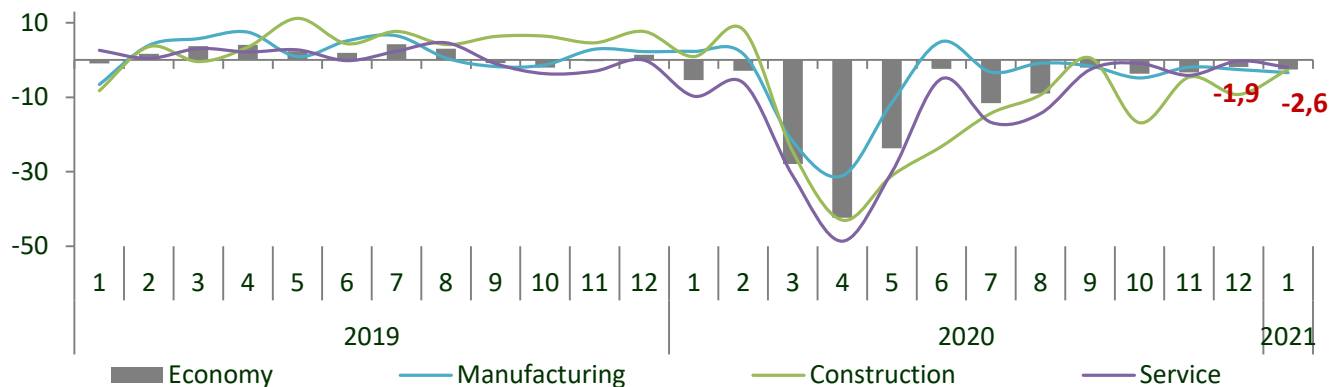
06

**BUSINESS CLIMATE
INDEX (BCI)**

BUSINESS CLIMATE INDEX (BCI)

Current situation assessment

Current situation assessment, balance of answers (BA)*



*Balance of answers (BA) is difference between positive and negative answers. Enterprises asked to assess the current business situation choosing one of the given answers «favorable», «unfavorable» and «neutral». Answers are weighted by respondents' size.
If index is above 0 improvement, if below 0 – worsening.

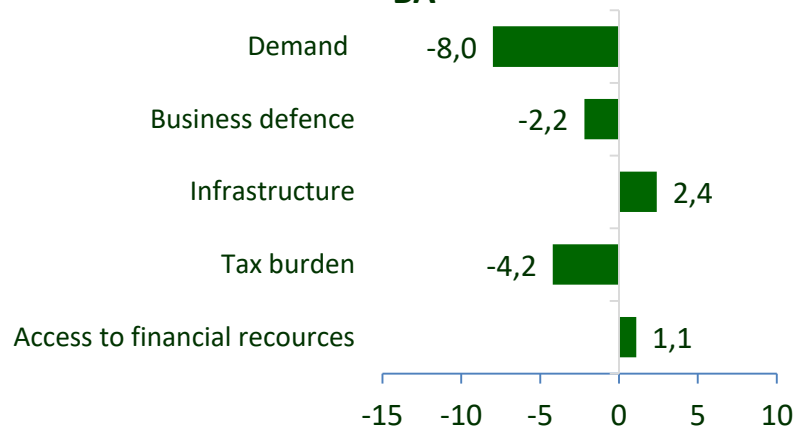
In January 2021, according to respondents, the current business conditions worsened slightly. The indicator decreased from **-1,9** to **-2,6**. There was an improvement in the assessment in construction (from **-9,2** to **-2,5**), but, nevertheless, the indicator for the economy decreased due to an increase in the negative assessment in the service and manufacture sectors.

Enterprises of all sectors reported a decline in demand. The balance of answers* in the economy was **-8,0** (in the service sector **(-)10,3**). Also, the assessment of the current situation was negatively affected by such factors as the tax burden **(-4,2)** and issues of business protection **(-2,2)**.

In general, the respondents assessed positively access to communications and finance/loans (**2,4** and **1,1**, respectively), however, manufacture enterprises believe that these factors have slightly worsened.

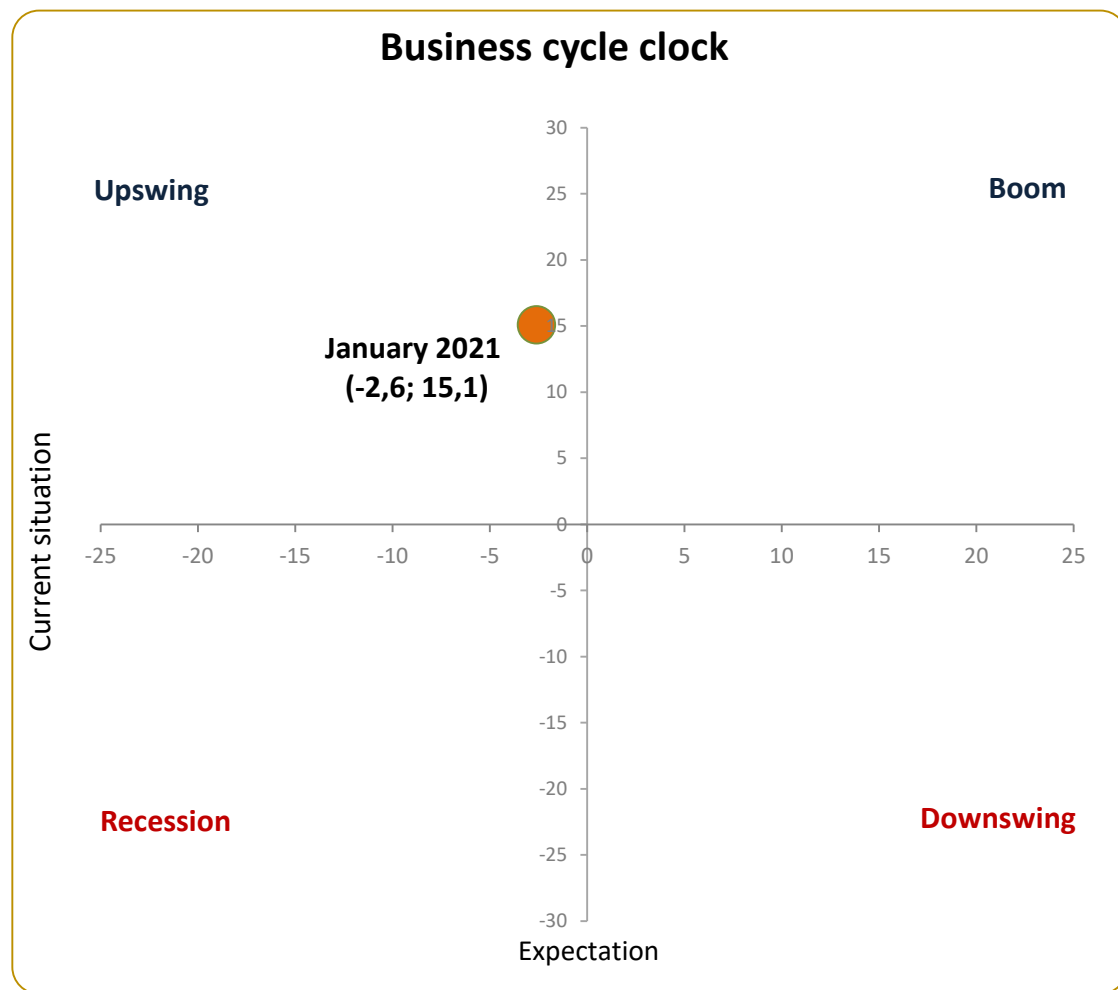
Factors of business climate assessment,

BA*



BUSINESS CLIMATE INDEX (BCI)

Business cycle clock



Economy

BCI

6,0



Construction

BCI

11,4



Service

BCI

4,5



Manufacturing

BCI

7,1

In January 2021, according to the respondents the current business environment estimation was at **-2,6**. Expectations for the next 6 months were significantly higher (**15,1**). Optimistic expectations with a negative assessment of the current situation corresponds to the area of the "Clock" **upswing** in the business cycle. That is, according to the results obtained on the basis of enterprise surveys, we can say that the economy is currently in a recovery phase after the recession caused by the coronavirus infection and quarantine measures that have negatively affected the economic activity of enterprises.

The business climate index, which is an average assessment of current and future business conditions, for the economy as a whole was in January 2021 **6,0**. In construction, the indicator is significantly higher (**11,4**), while in the service sector, the indicator turned out to be lower than in the economy (**4,5**). The BCI in the manufacture was **7,1**.



*BCI is geometrical mean of current situation assessment and expectation

Business Climate Index
(BCI)

Current situation (SIT)

Expectation (EXP)

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

where, BA – balance of answers

SIT – current economic condition

EXP – expected economic condition



METHODOLOGICAL COMMENT

- ✓ 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.
- ✓ The Business Climate Index and Business Cycle Clock are constructed using the methodology of Ifo institute, Germany.

Monetary Policy Department
NATIONAL BANK OF KAZAKHSTAN