



Kazakhstan Business Activity Index

May 2021



A black and white photograph of an industrial facility, likely a refinery or chemical plant. The image shows a complex network of large, polished metal pipes and vessels. In the lower-left corner, a round analog clock is visible on a wall. The overall scene conveys a sense of industrial scale and precision.

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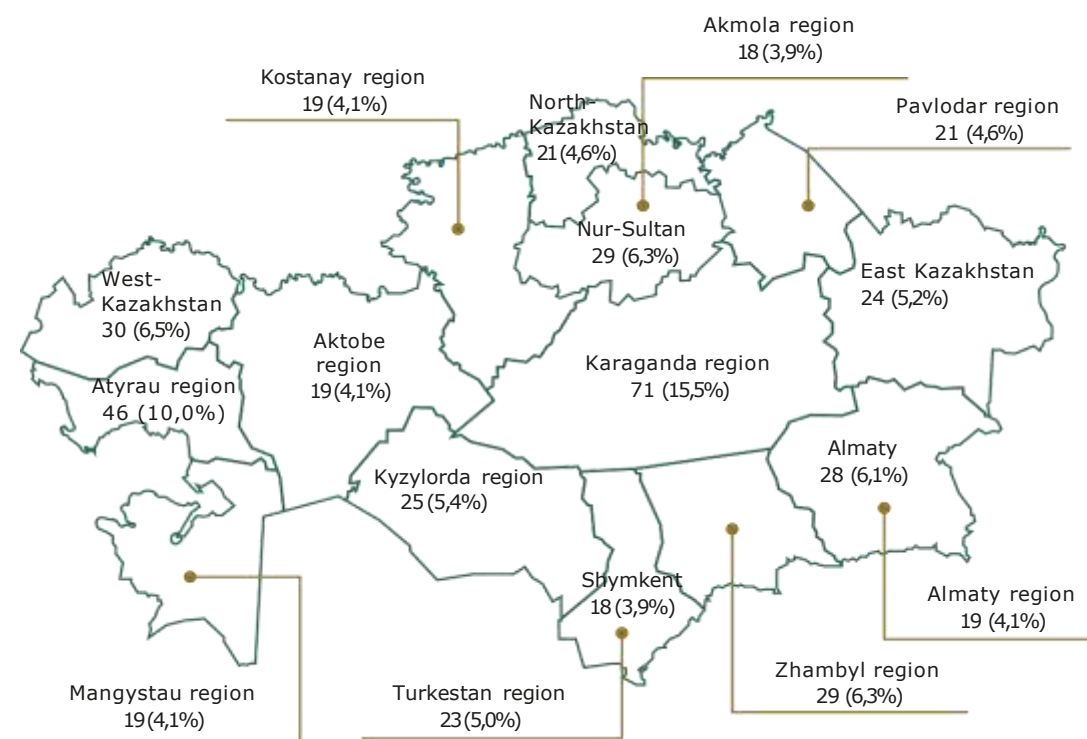
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Business Climate Index

01

SAMPLE INFORMATION

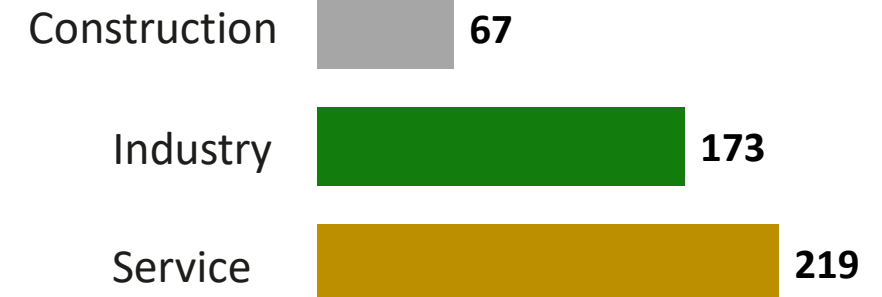
Number of respondents in May 2021 - 459 enterprises



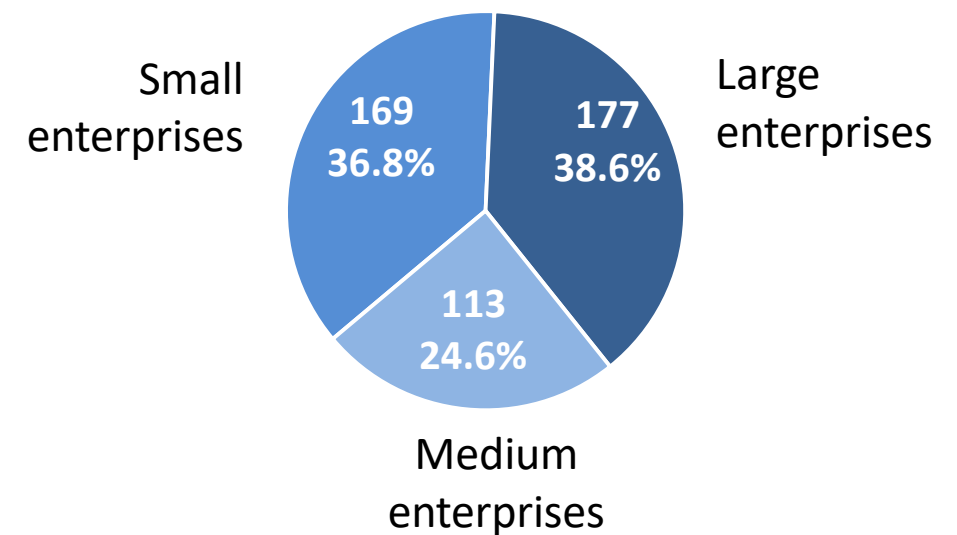
- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY SECTOR



ENTERPRISES-RESPONDENTS BY SIZE

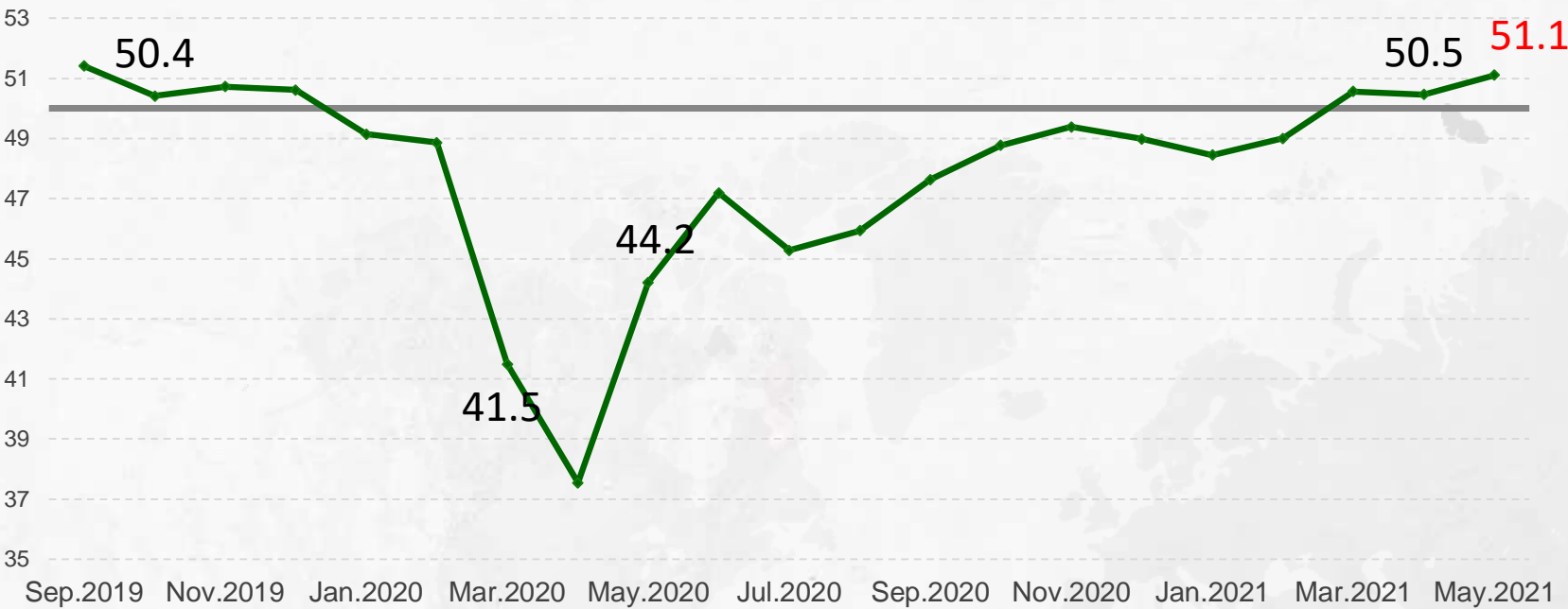




02

**CONSOLIDATED BUSINESS
ACTIVITY INDEX BY
ECONOMY**

CONSOLIDATED BUSINESS ACTIVITY INDEX (BAI) BY ECONOMY



According to the results of a monthly survey of 459 enterprises in the real sector in May 2021 the business activity index slightly increased by 0,6 points, amounting to **51,1** (in April – 50,5).

In the service sector the index formed at **52,3**, in industry – **49,6**, in construction – **47,5** (in April – 50,7, 50,4, 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
51,1



BAI
in construction
47,5



BAI
in service
52,3



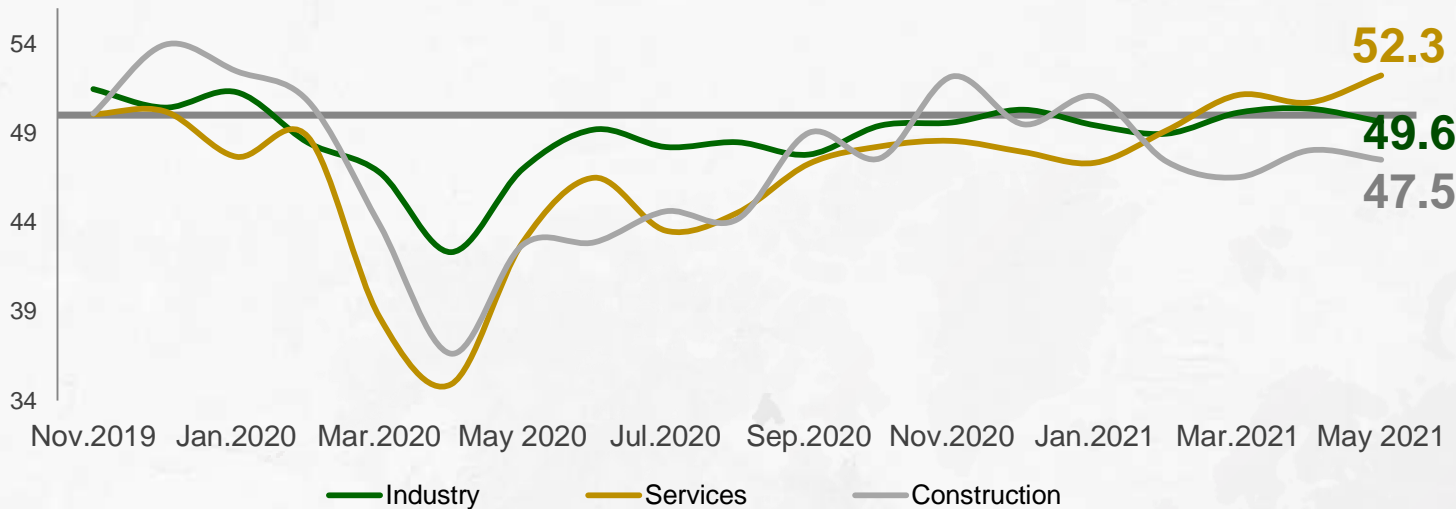
BAI
in industry
49,6



03

BUSINESS ACTIVITY
INDEX BY SECTOR

BUSINESS ACTIVITY INDEX (BAI) BY SECTOR



An increase in business activity is observed only in the **service sector**, where the index rose by 1,6 points to **52,3**, due to an increase in employment, business activity and new orders.

The indicator in the **industry** deteriorated by 0,8 points and moved into the area of decline, amounting to **49,6**, due to a reduction in new orders, employment and new product output.

In **construction** the decline in business activity continued, the index was **47,5**, falling by 0,5 points.

*** 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

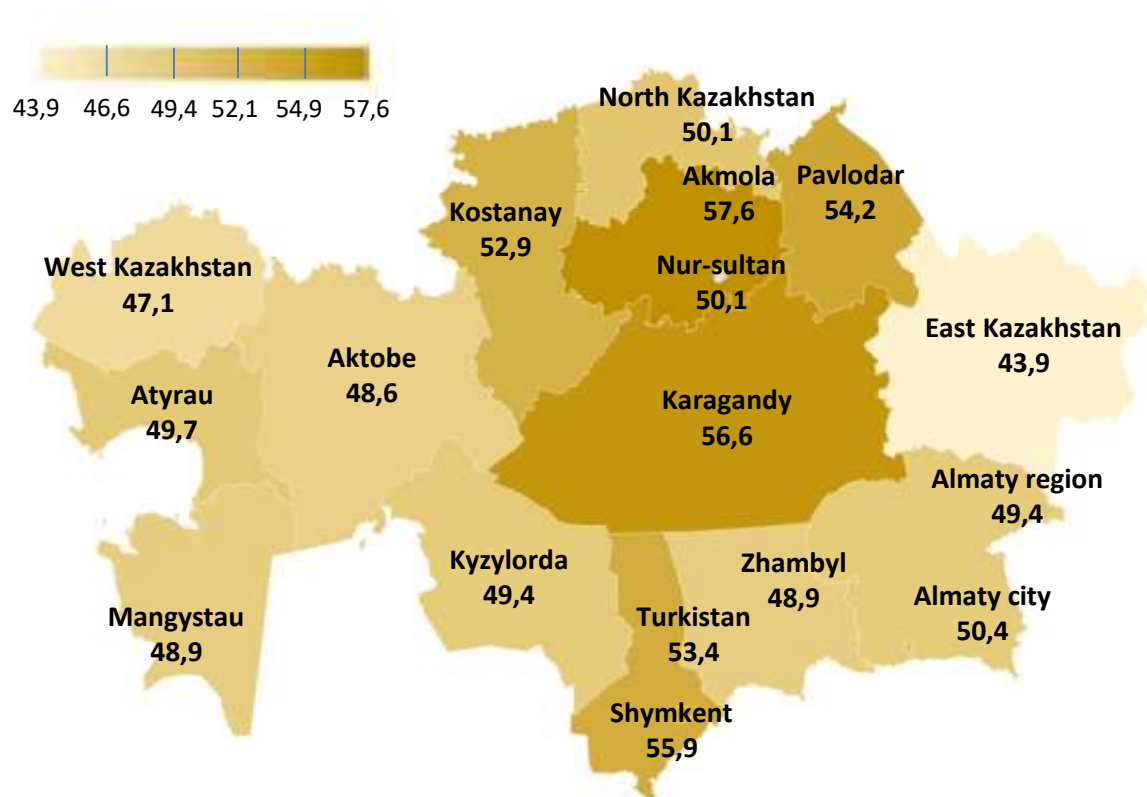
Business Activity Index in industry

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

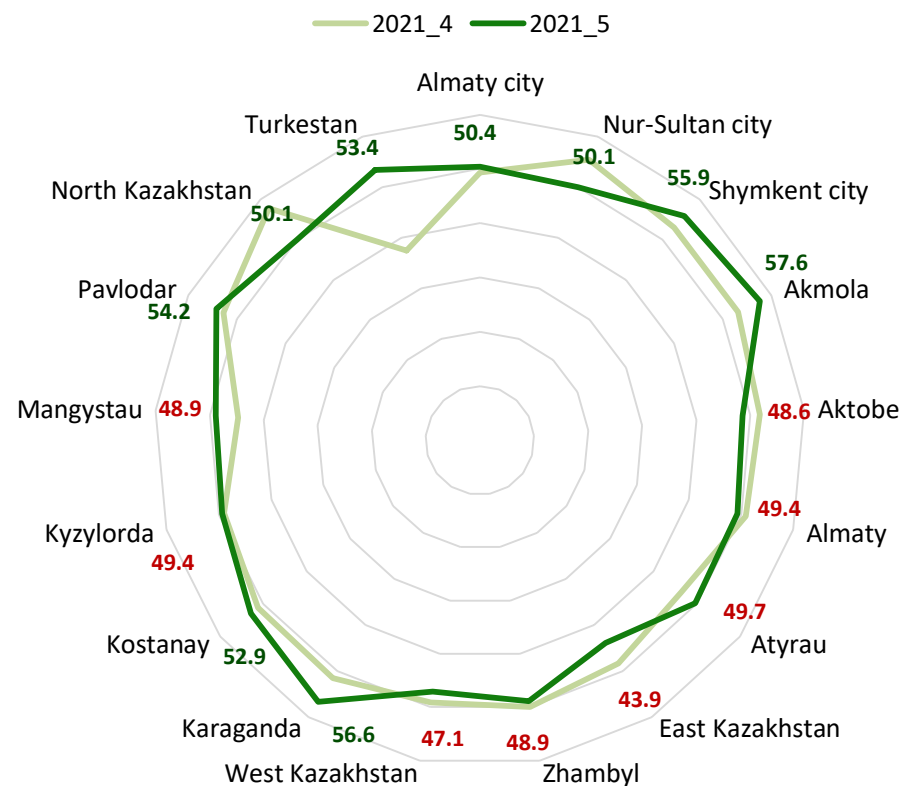
Business Activity Index in construction

Business Activity Index in Service

BAI in May 2021 by region



BAI dynamics for April - May 2021



In the context of the regions, an improvement in the business activity was observed in 9 regions of Kazakhstan: Akmola (**57,6**), Karaganda (**56,6**) regions, Shymkent city (**55,9**), Pavlodar (**54,2**), Turkistan (**53,4**), Kostanay (**52,9**) regions, Almaty (**50,4**) and Nur-Sultan (**50,1**) cities, as well as North Kazakhstan region (**50,1**).

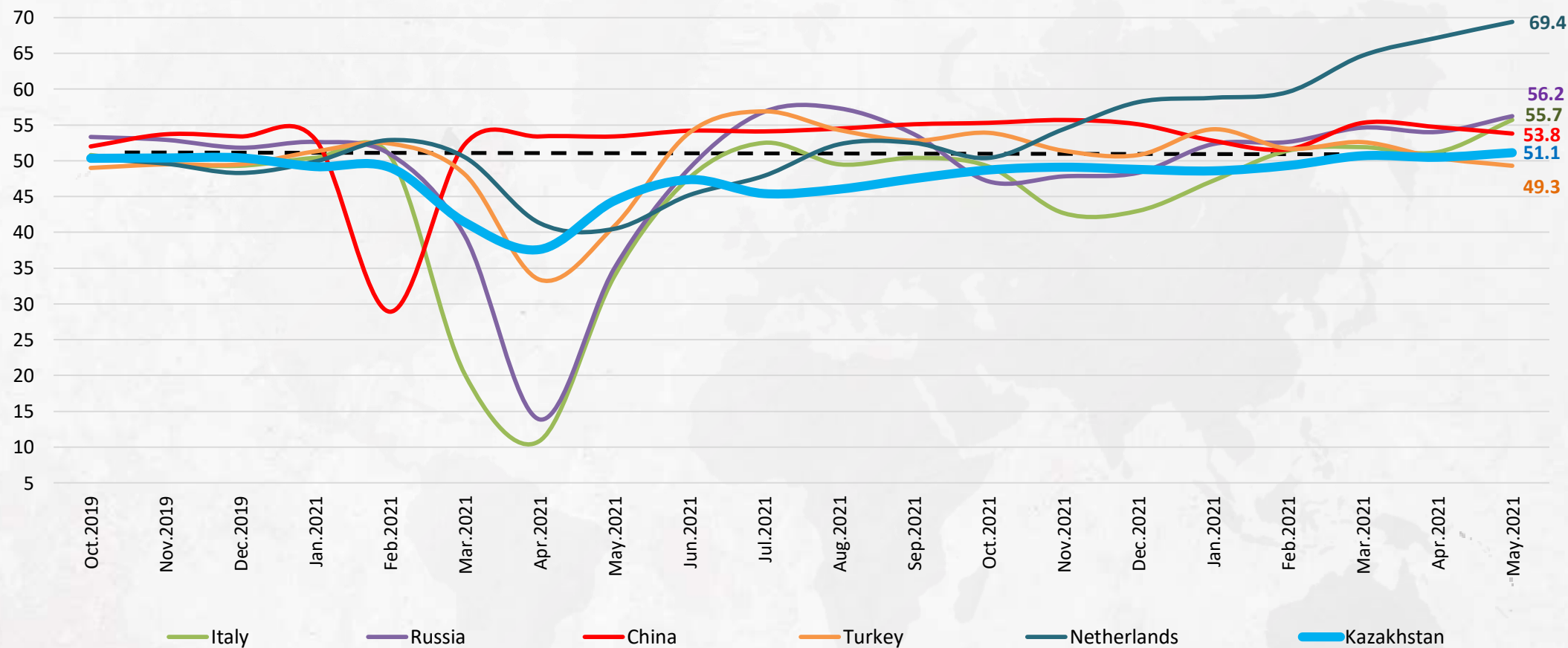
The deterioration of the business activity was observed in 8 regions of Kazakhstan: East Kazakhstan (**43,9**), West Kazakhstan (**47,1**), Aktobe (**48,6**), Mangistau (**48,9**), Zhambyl (**48,9**), Kyzylorda (**49,4**), Almaty (**49,4**) and Atyrau (**49,7**) regions.



05

PMI BY COUNTRY

DYNAMICS OF COMPOSITE PMI BY COUNTRIES, MAJOR TRADING PARTNERS OF KAZAKHSTAN



Data as for 08.06.2021

Sources: Thomson Reuters; <https://tradingeconomics.com>

Industry PMI for Turkey and the Netherlands

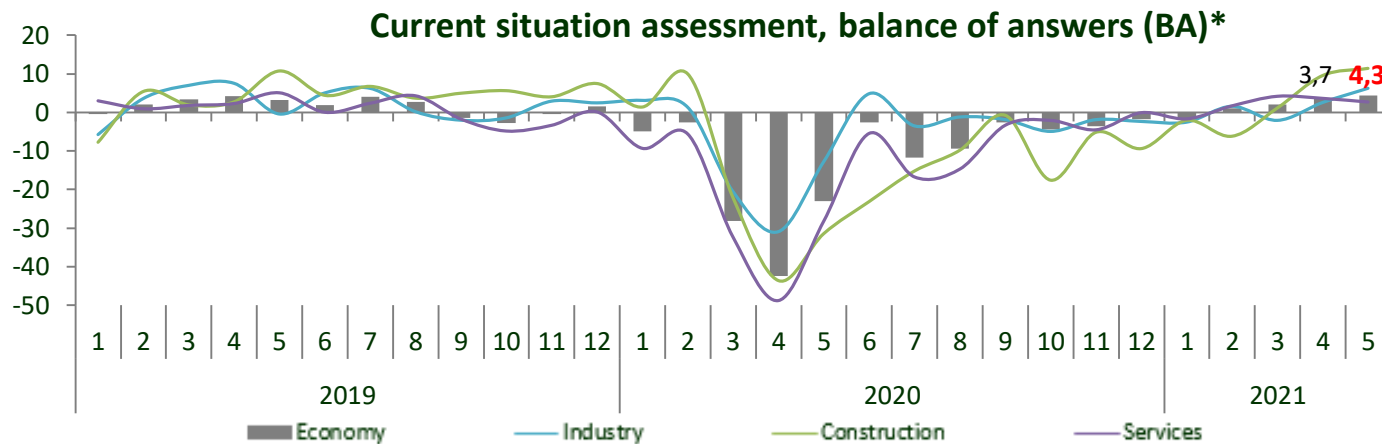


06

**BUSINESS CLIMATE
INDEX (BCI)**

BUSINESS CLIMATE INDEX (BCI)

Current situation assessment



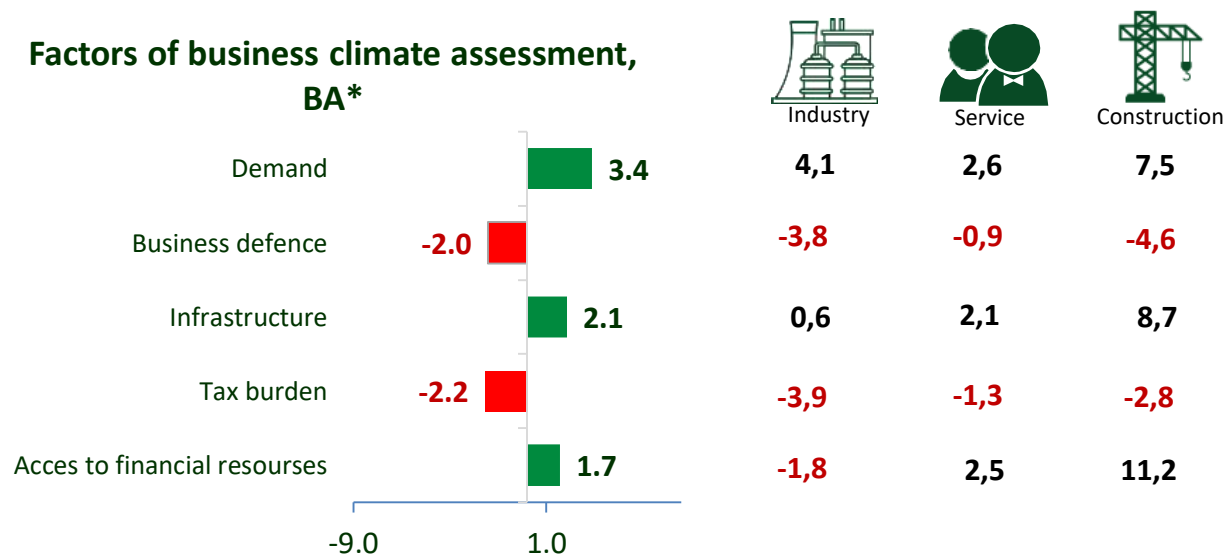
*Balance of answers (BA) is difference between positive and negative answers. Enterprises asked to assess the current business situation choosing one of the given answers «favorable», «unfavorable» and «neutral». Answers are weighted by respondents' size.
If index is above 0 improvement, if below 0 –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

In May 2021 respondents estimated that the current business conditions improved compared to April. The balance of answers* increased from **3,7** to **4,3**.

The respondents rated positively the change in demand (**3,4**), infrastructure (**2,1**) and access to finance/credit (**1,7**). At the same time, industrial enterprises note a deterioration in access to finance/loans (**-1,8**).

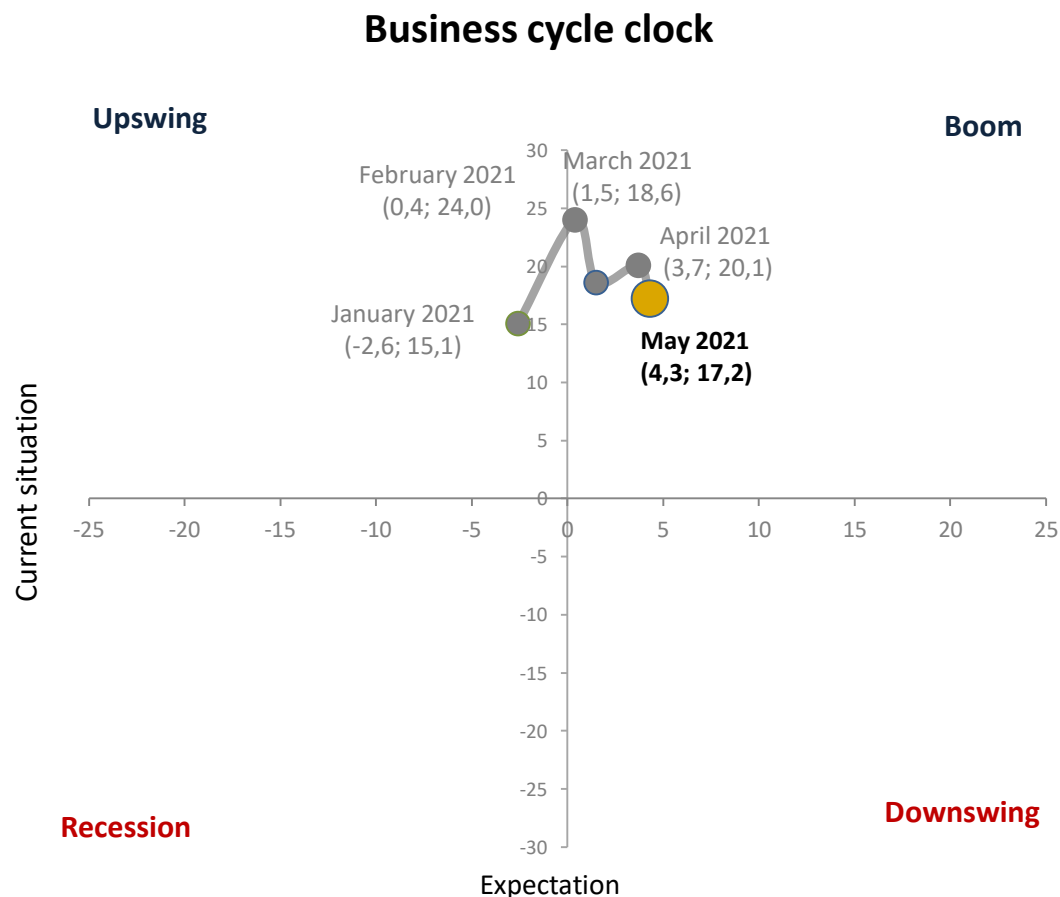
The assessment of the current situation of enterprises in all sectors was negatively affected by the tax burden (**-2,2**) and issues of business protection (**-2,0**).

Factors of business climate assessment, BA*



BUSINESS CLIMATE INDEX (BCI)

Business cycle clock



Economy
BCI
10,7



Construction
BCI
19,0



Service
BCI
10,4



Industry
BCI
10,0

In May 2021 according to the respondents the balance of answers on the current business conditions evaluation was **4,3** (in April – 3,7). The balance of answers on expectations for the next **6 months** was **17,2** (in April – 20,1). Optimistic expectations with a positive assessment of the current situation correspond to the area of **boom** of the business cycle “clock”.

The business climate index, which is an average assessment of current and future business conditions, has slightly deteriorated in the economy as a whole, amounting to 10,7 (in April – 11,8). The decrease in the BCI is associated with a decrease in optimism in assessing future business conditions (from 20,1 to 17,2). In construction, the BCI was 19,0. The indicators in the service sector and industry were lower than the values for the economy (10,7), amounting to 10,4 and 10,0, respectively.



*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 GVA 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