



Kazakhstan Business Activity Index

June 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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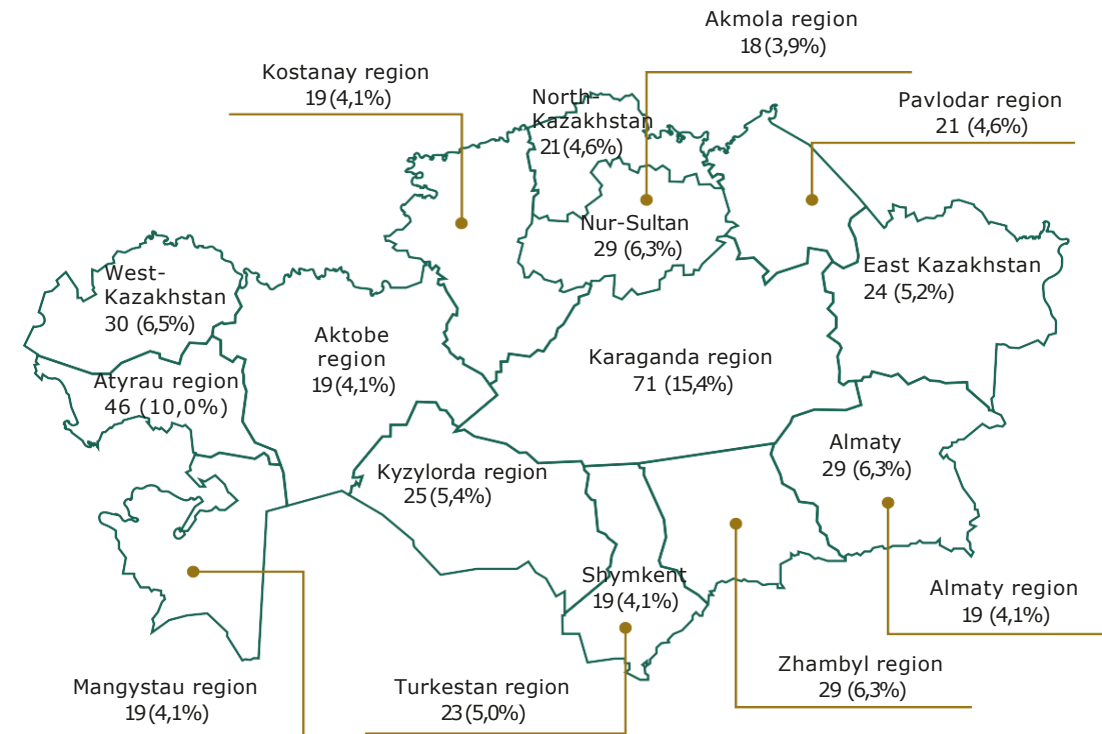
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01

SAMPLE INFORMATION

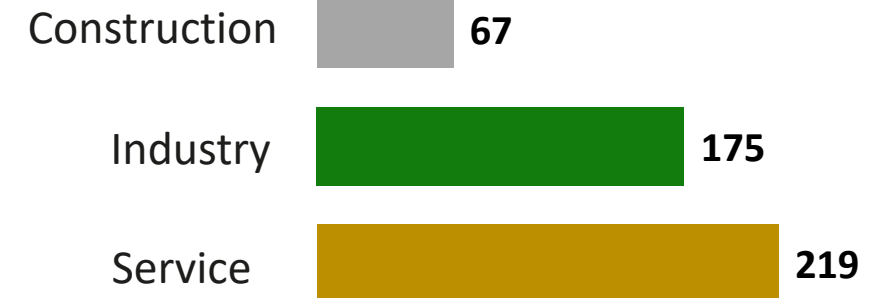
Number of respondents in June 2021 - 461 enterprises



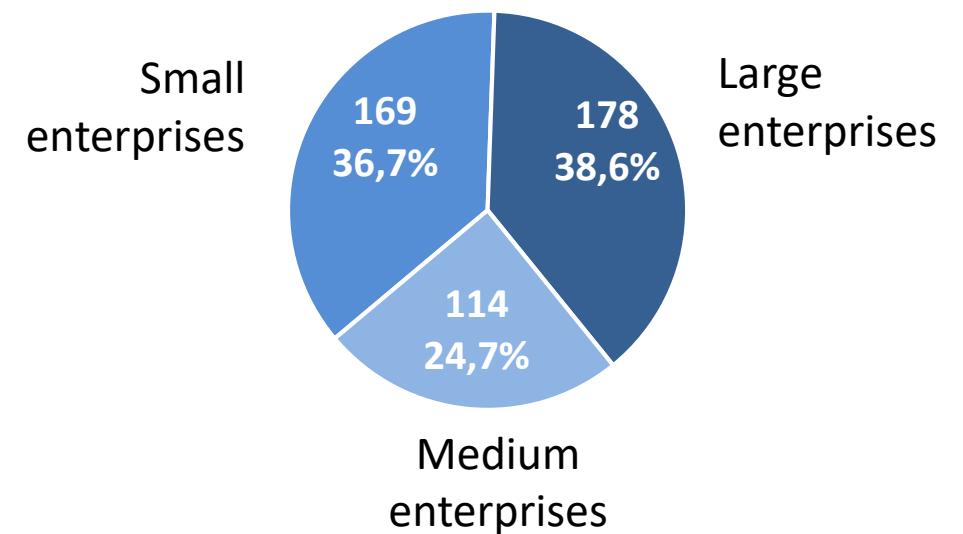
- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY SECTOR



ENTERPRISES-RESPONDENTS BY SIZE

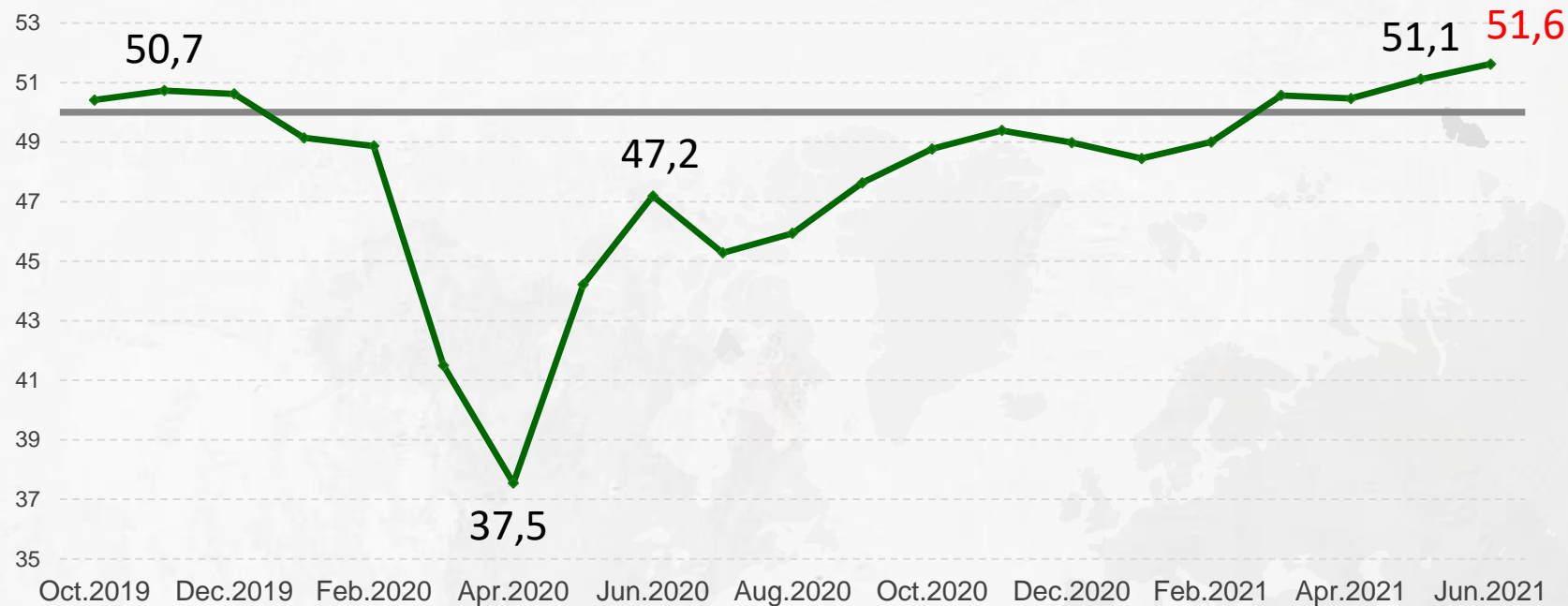




02

**CONSOLIDATED BUSINESS
ACTIVITY INDEX BY
ECONOMY**

CONSOLIDATED BUSINESS ACTIVITY INDEX (BAI) BY ECONOMY



According to the results of a monthly survey of 461 enterprises in the real sector in June 2021 the business activity index increased by 0,5 points, amounting to **51,6** (in May – 51,1).

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



BAI
in construction
47,6



BAI
in service
52,7



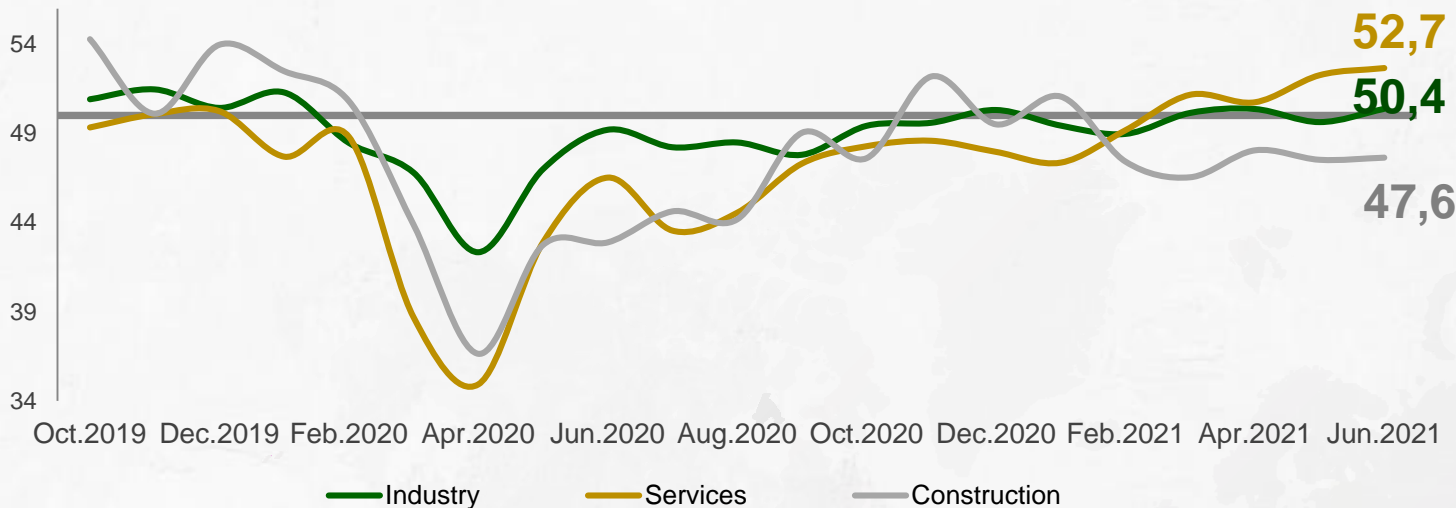
BAI
in industry
50,4



03

BUSINESS ACTIVITY INDEX BY SECTOR

BUSINESS ACTIVITY INDEX (BAI) BY SECTOR



The growth of business activity is observed in the **service sector** and **industry**, where the indices rose by 0,4 and 0,8 points, amounting to **52,7** and **50,4**, respectively. The improvement of the index in the service sector was influenced by shorter delivery time, and in the industry - by an increase in the volume of new products, new orders and employment rate.

In **construction** the index amounted to **47,6**, having increased by 0,1 points, due to shorter delivery time and an increase in the volume of new orders.

* 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

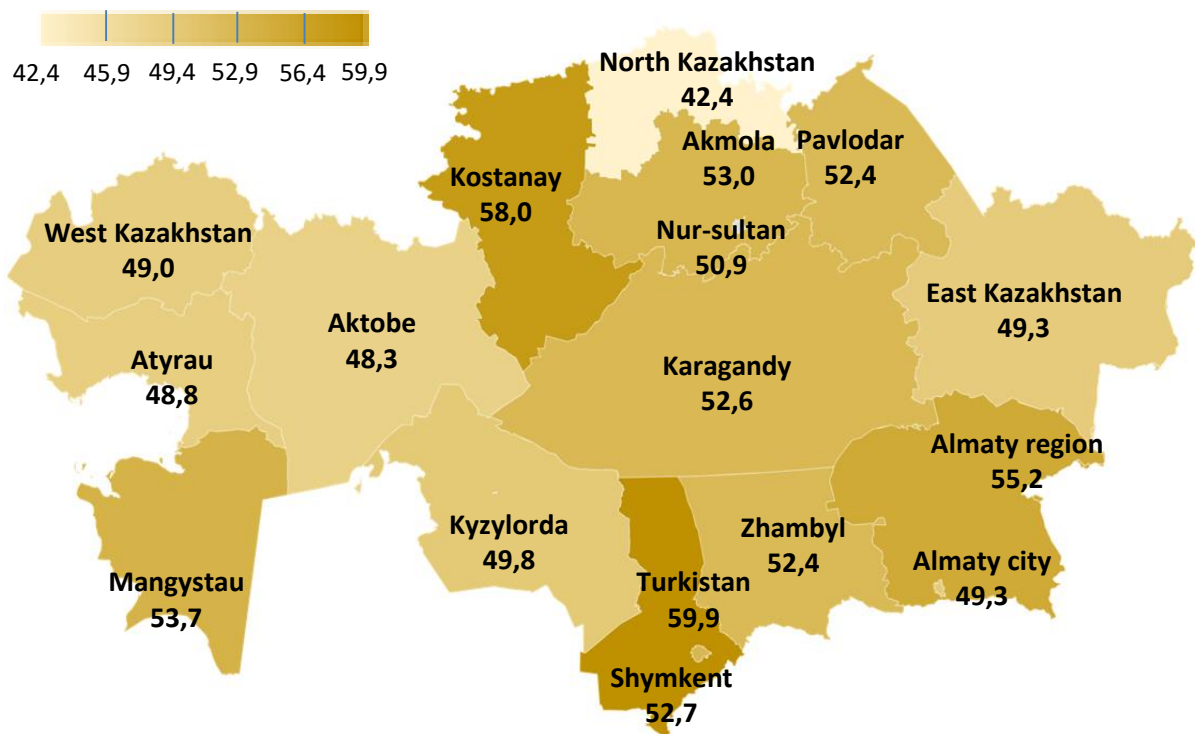
Business Activity Index in industry

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

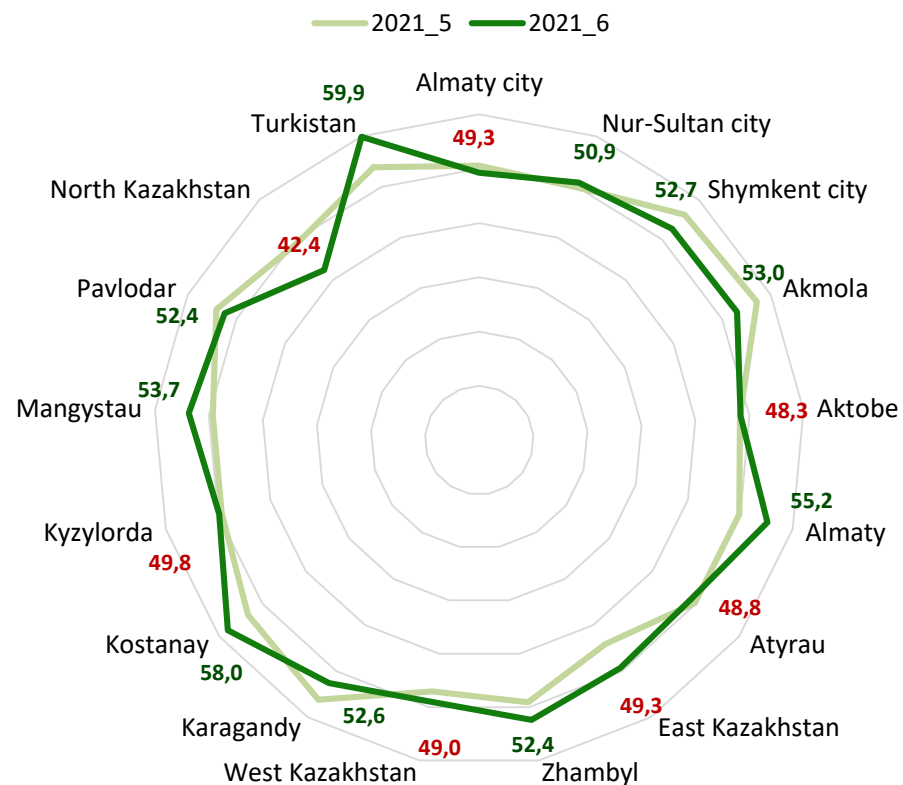
Business Activity Index in construction

Business Activity Index in Service

BAI in June 2021 by region



BAI dynamics for May – June 2021



In the context of the regions, an improvement in the business activity was observed in 10 regions of Kazakhstan: Turkistan (**59,9**), Kostanay (**58,0**), Almaty (**55,2**), Mangistau (**53,7**), Akmola (**53,0**) regions, Shymkent city (**52,7**), Karagandy (**52,6**), Pavlodar (**52,4**), Zhambyl (**52,4**) regions and Nur-Sultan city (**50,9**).

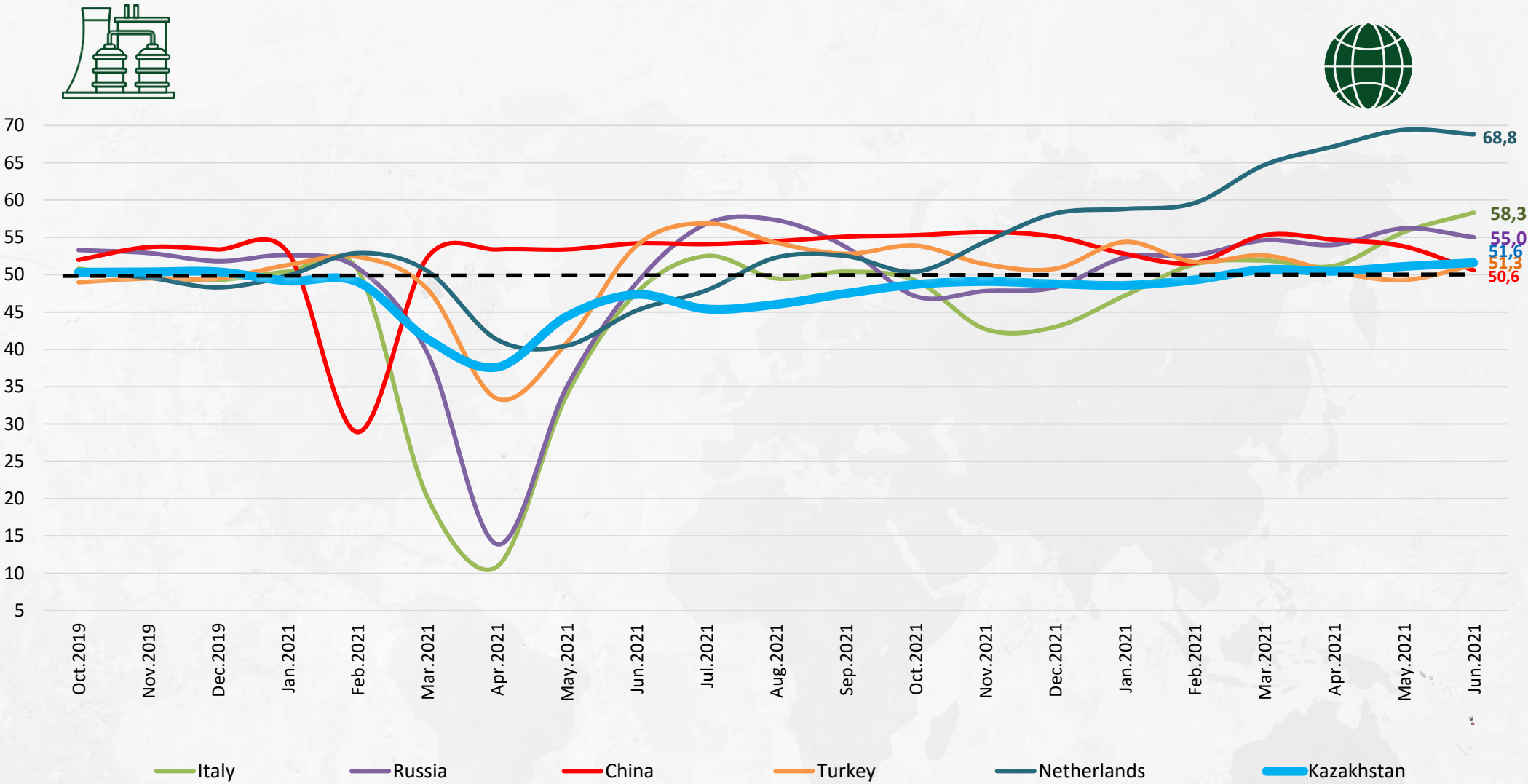
The deterioration of the business activity was observed in 7 regions of Kazakhstan: North Kazakhstan (**42,4**), Aktobe (**48,3**), Atyrau (**48,8**), West Kazakhstan (**49,0**) regions, Almaty city (**49,3**), East Kazakhstan (**49,3**) and Kyzylorda (**49,8**) regions.



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PMI BY COUNTRY

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



Data as for 08.07.2021
Sources: Thomson Reuters; <https://tradingeconomics.com>
Industry PMI for Turkey and the Netherlands



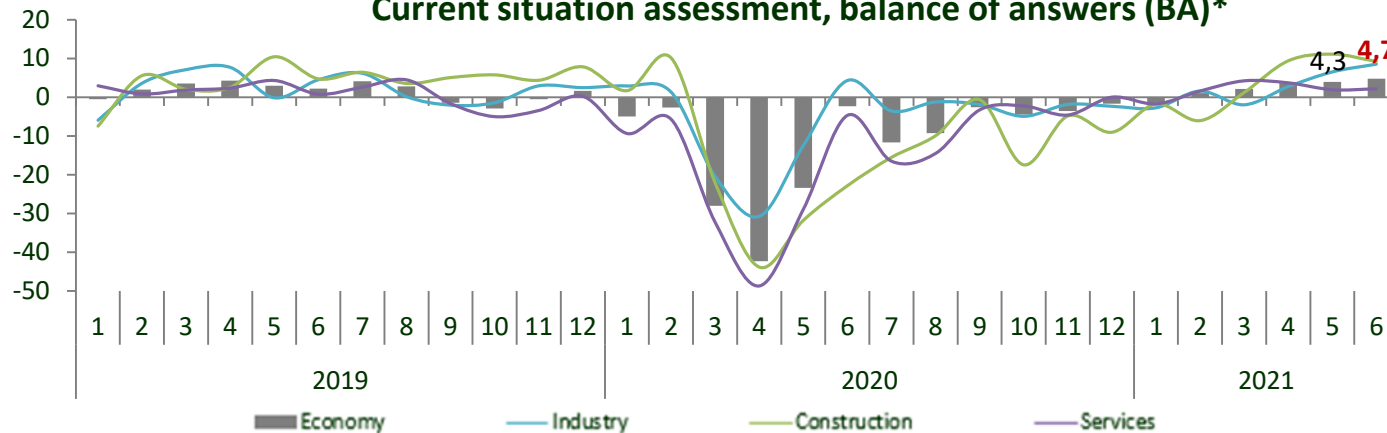
06

**BUSINESS CLIMATE
INDEX (BCI)**

BUSINESS CLIMATE INDEX (BCI)

Current situation assessment

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.

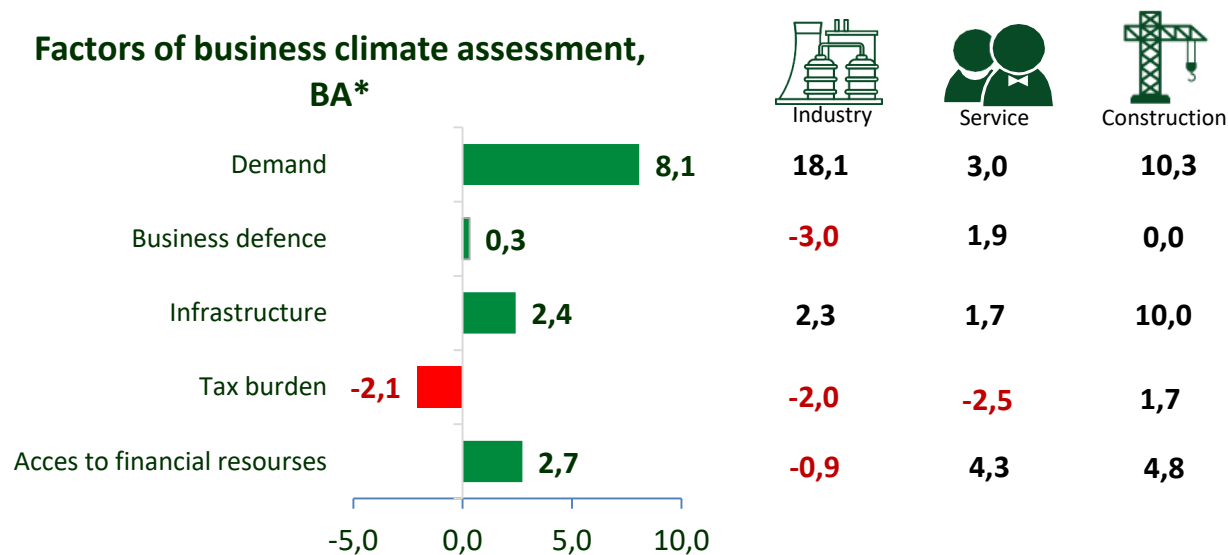
In June 2021 respondents estimated that **the current business conditions improved** compared to May. The balance of answers* increased from **4,3** to **4,7**.

The indicator in industry was 8,5, in construction – 9,2, in service sector – 2,1.

The respondents assessed positively the demand for products/services (**8,1**), access to finance/loans (**2,7**), access to communications (**2,4**) and business protection (**0,3**).

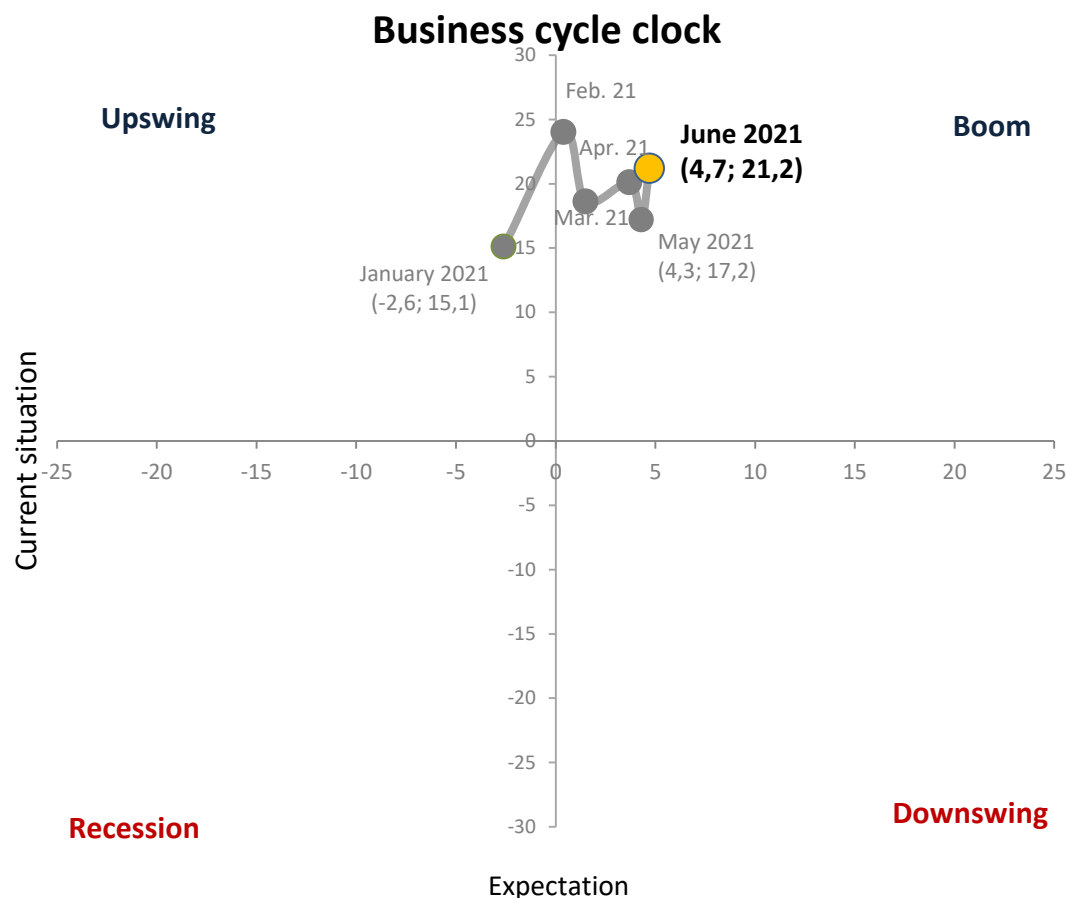
The assessment of the current business conditions was negatively affected by the tax burden (**-2,1**), which was negatively assessed by industrial and service sector enterprises.

Factors of business climate assessment, BA*



BUSINESS CLIMATE INDEX (BCI)

Business cycle clock



Economy
BCI
12,8



Construction
BCI
18,3



Service
BCI
11,9



Industry
BCI
13,5

In June 2021 according to the respondents the balance of answers of assessing the **current** business conditions was **4,7** (in May – 4,3). The balance of answers on **expectations** for the next **6 months** was **21,2** (in May – 17,2). Optimistic expectations with a positive assessment of the current situation corresponds 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 improved in the economy, amounting to 12,8 (in May – 10,7). The improvement in the BCI is associated with an increase in optimism in assessing the current (from 4,3 to 4,7) and future business conditions (from 17,2 to 21,2). In construction and industry BCI were 18,3 and 13,5, respectively. The indicator in service sector turned out to be lower than the indicator in the economy (12,8), amounting to 11,9.



*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