



Kazakhstan Business Activity Index

July 2021





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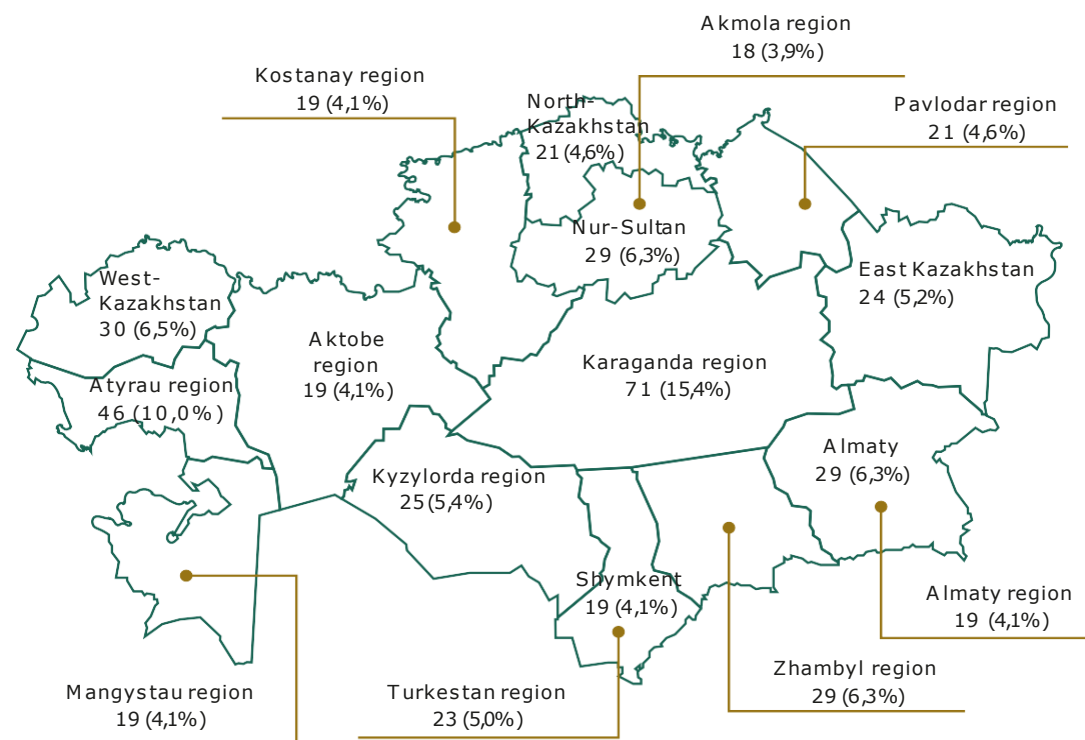
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01

SAMPLE INFORMATION

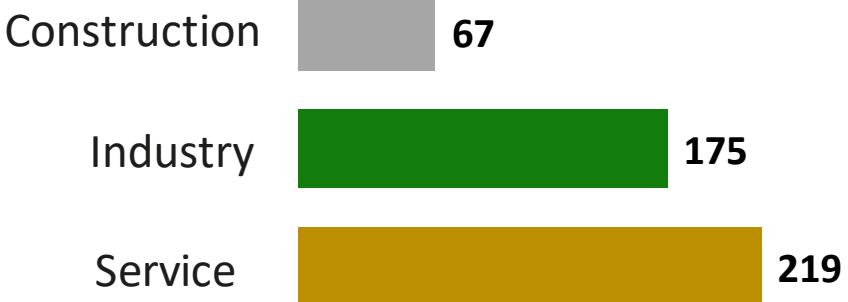
Number of respondents in July 2021 - 461 enterprises



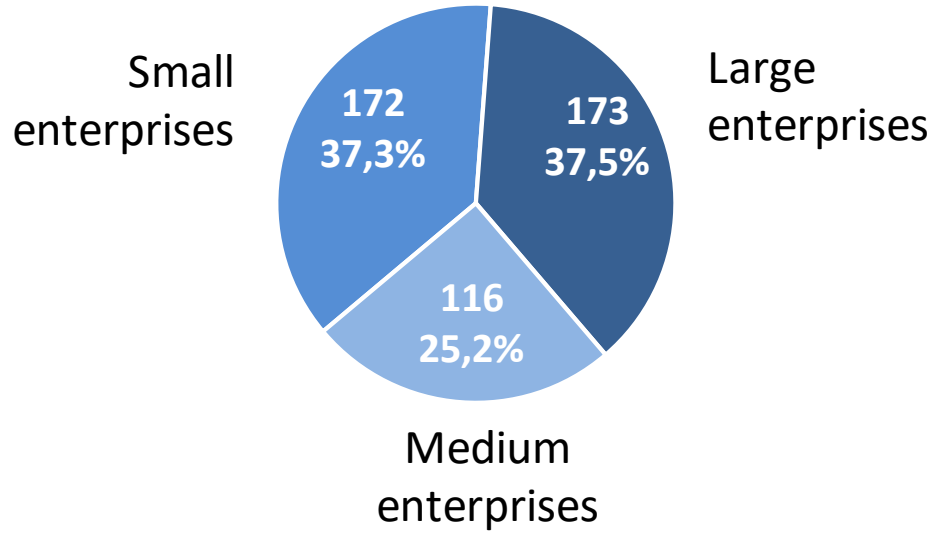
- *The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.*
- *The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY SECTOR



ENTERPRISES-RESPONDENTS BY SIZE

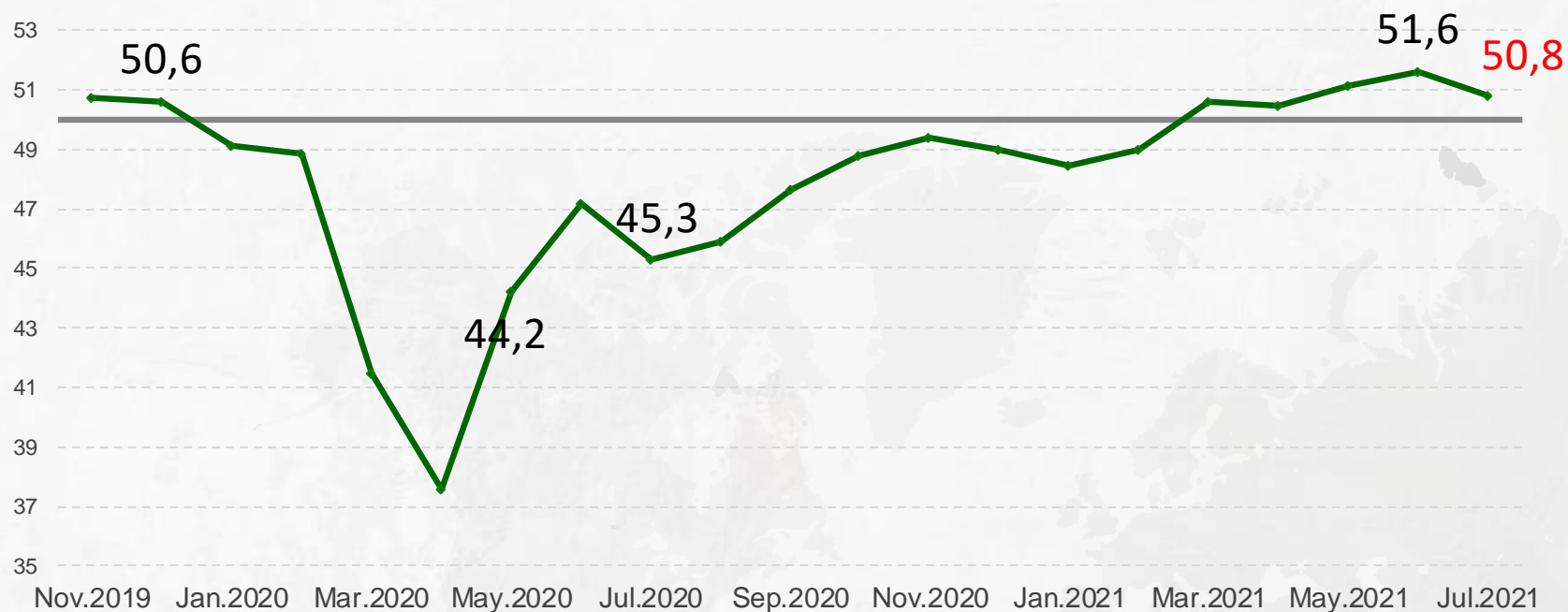




02

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 July 2021 the business activity index decreased by 0,8 points, amounting to **50,8** (in June - 51,6).

In the service sector the index formed at **51,1**, in industry - **50,5**, in construction - **50,1** (in June - 52,7, 50,4, 47,6, 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
50,8



BAI
in construction
50,1



BAI
in service
51,1



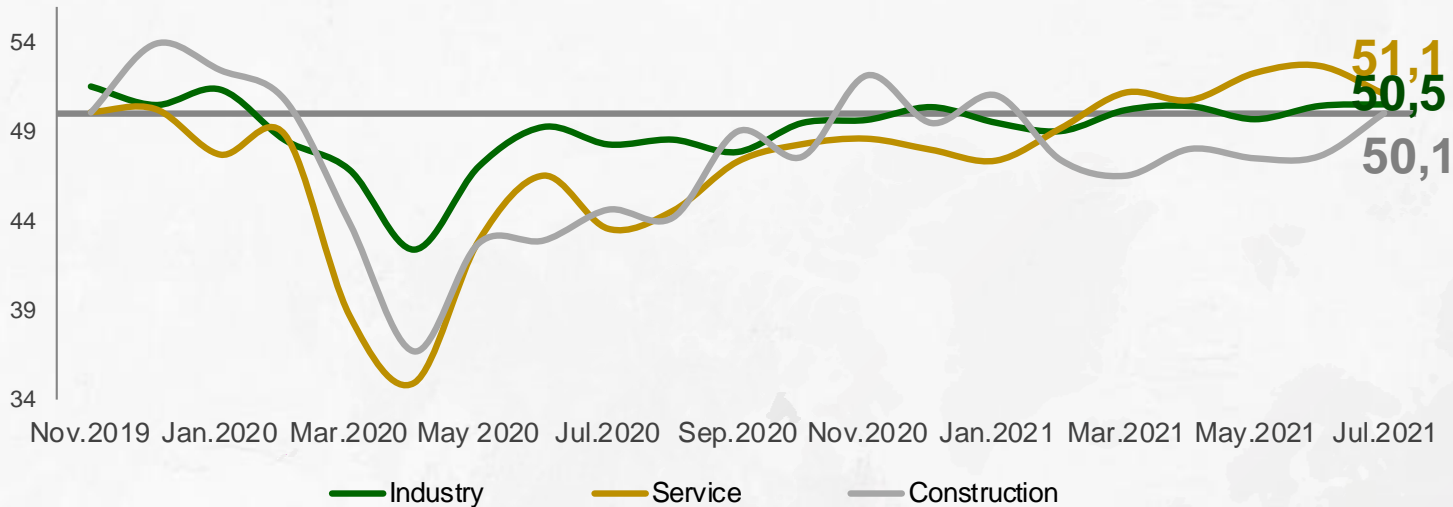
BAI
in industry
50,5



03

BUSINESS ACTIVITY
INDEX BY SECTOR

BUSINESS ACTIVITY INDEX (BAI) BY SECTOR



The growth of business activity is observed in **industry** and **construction**, where the indices increased by 0,1 and 2,5 points, amounting to **50,5** and **50,1**, respectively. The improvement of the index in industry was influenced by a reduction in delivery times, and in construction – by an increase in new orders, business activity and employment rate.

The index in **service sector** formed at **51,1** falling down by 1,6 points due to a decrease in business activity, the number of new orders, and an increase in delivery times.

* 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

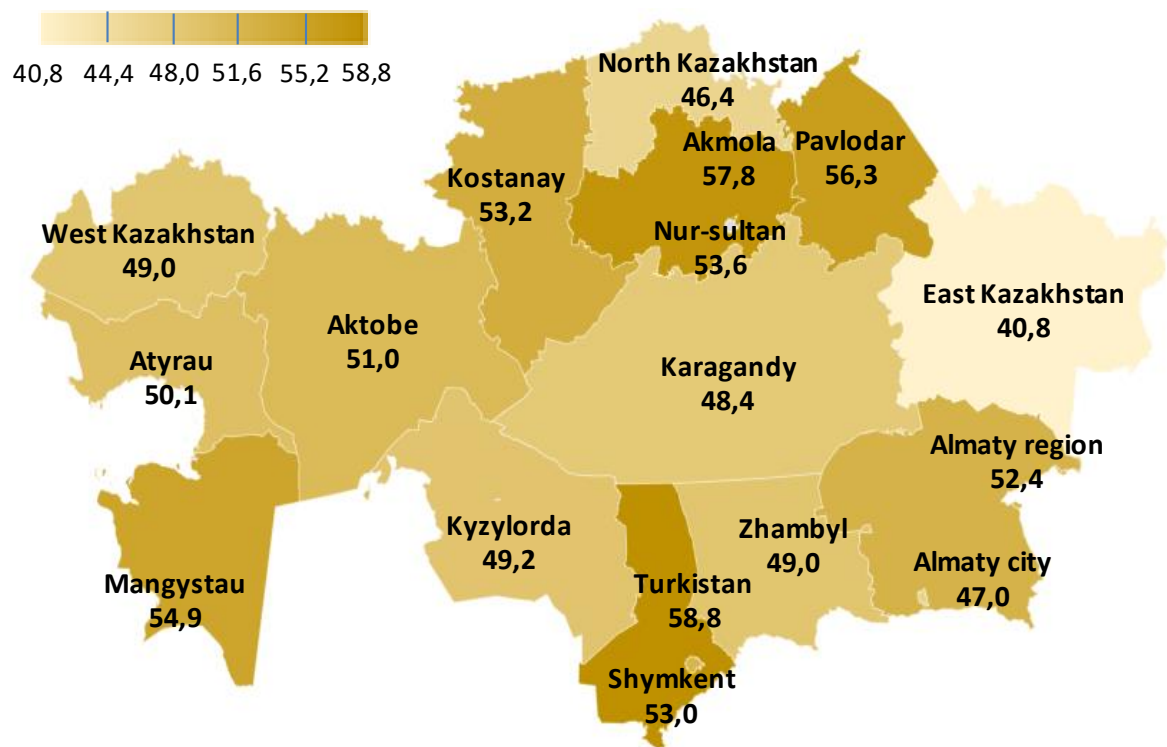
Business Activity Index in construction

Business Activity Index in Service

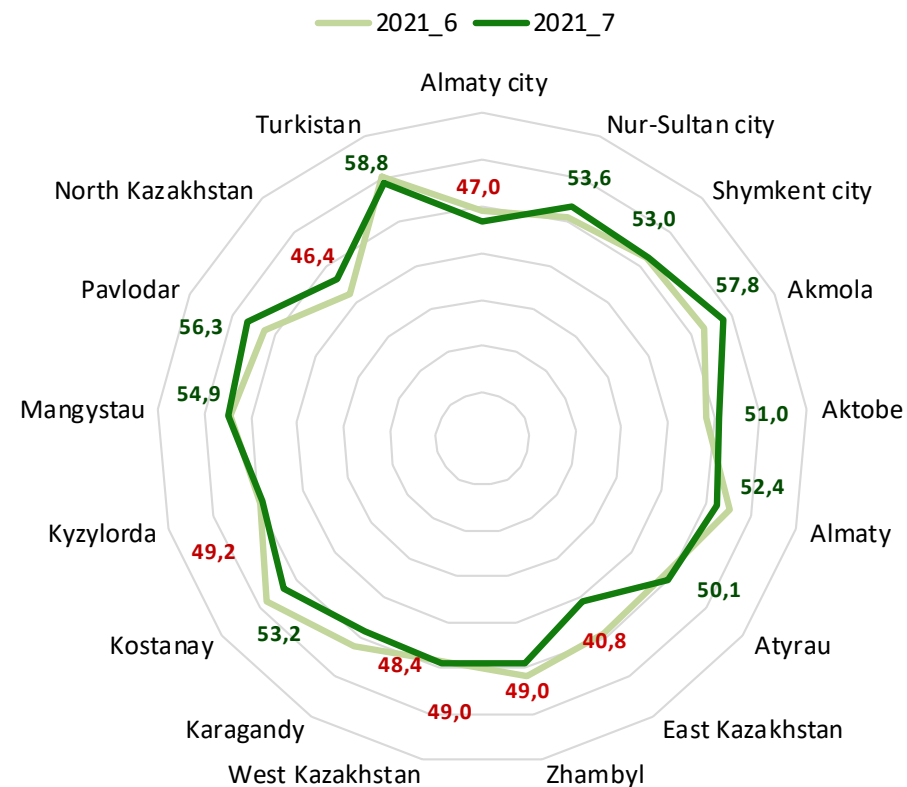
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BUSINESS ACTIVITY INDEX BY REGIONS

BAI in July 2021 by region



BAI dynamics for June - July 2021



In the context of the regions, an improvement in the business activity was observed in 10 regions of Kazakhstan: Turkistan (**58,8**), Akmola (**57,8**), Pavlodar (**56,3**), Mangystau (**54,9**) regions, Nur-Sultan city (**53,6**), Kostanay region (**53,2**), Shymkent city (**53,0**), Almaty (**52,4**), Aktobe (**51,0**) and Atyrau (**50,1**) regions.

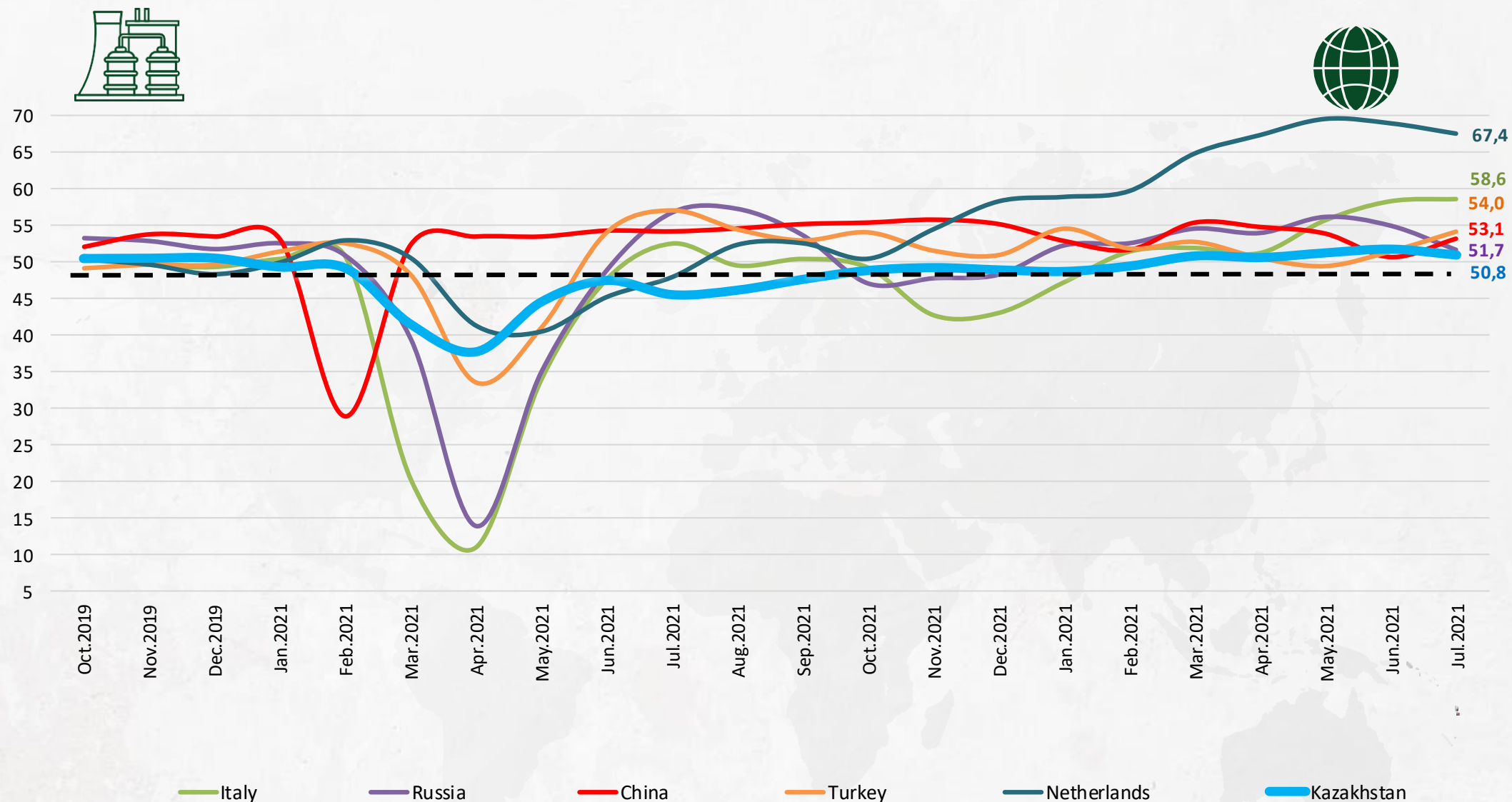
The deterioration of the business activity was observed in 7 regions of Kazakhstan: East Kazakhstan (**40,8**), North Kazakhstan (**46,4**) regions, Almaty city (**47,0**), Karaganda (**48,4**), West Kazakhstan (**49,0**), Zhambyl (**49,0**) and Kyzylorda (**49,2**) regions.



05

PMI BY COUNTRY

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



Data as for 05.08.2021

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

Industry PMI for Turkey and the Netherlands

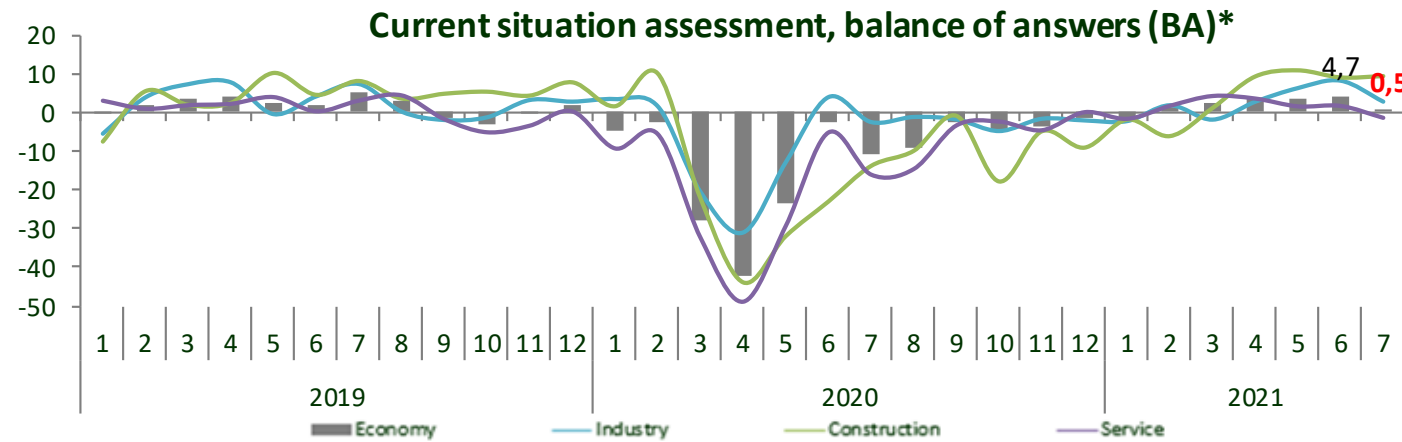


06

**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.

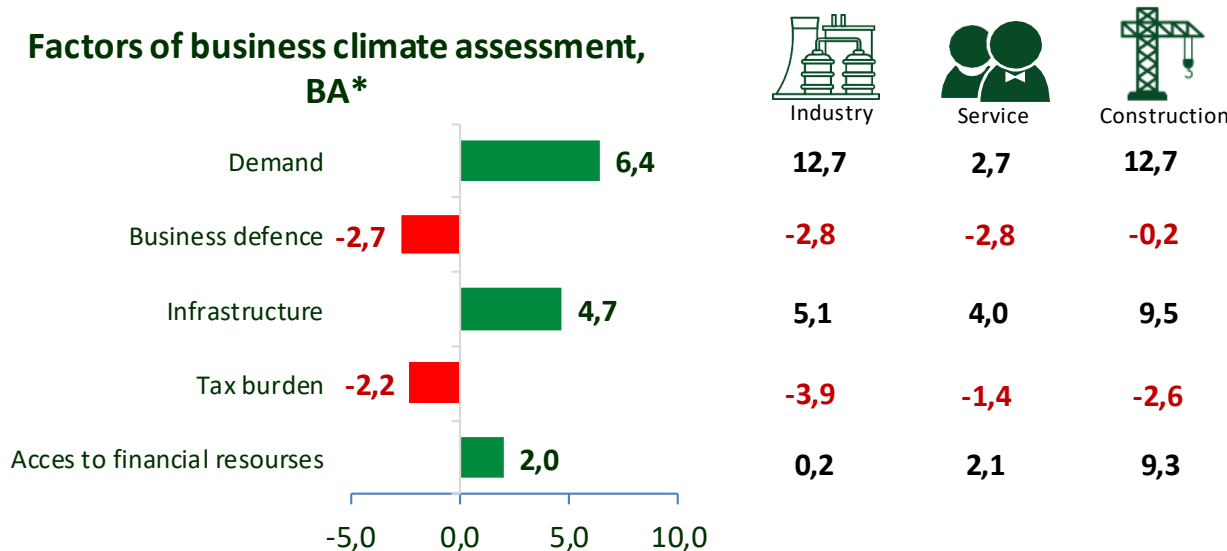
According to respondents, in July 2021 the **current business conditions worsened** compared to June. The balance of answers* decreased from **4,7** to **0,5** due to the resumption of restrictive measures against the increasing number of infected with COVID-19 in the whole country.

The indicator in industry was 2,6, in construction - 9,4, in service sector - (-1,4).

Respondents positively assessed the demand for products/services (**6,4**), access to communications (**4,7**) and access to finance/loans (**2,0**).

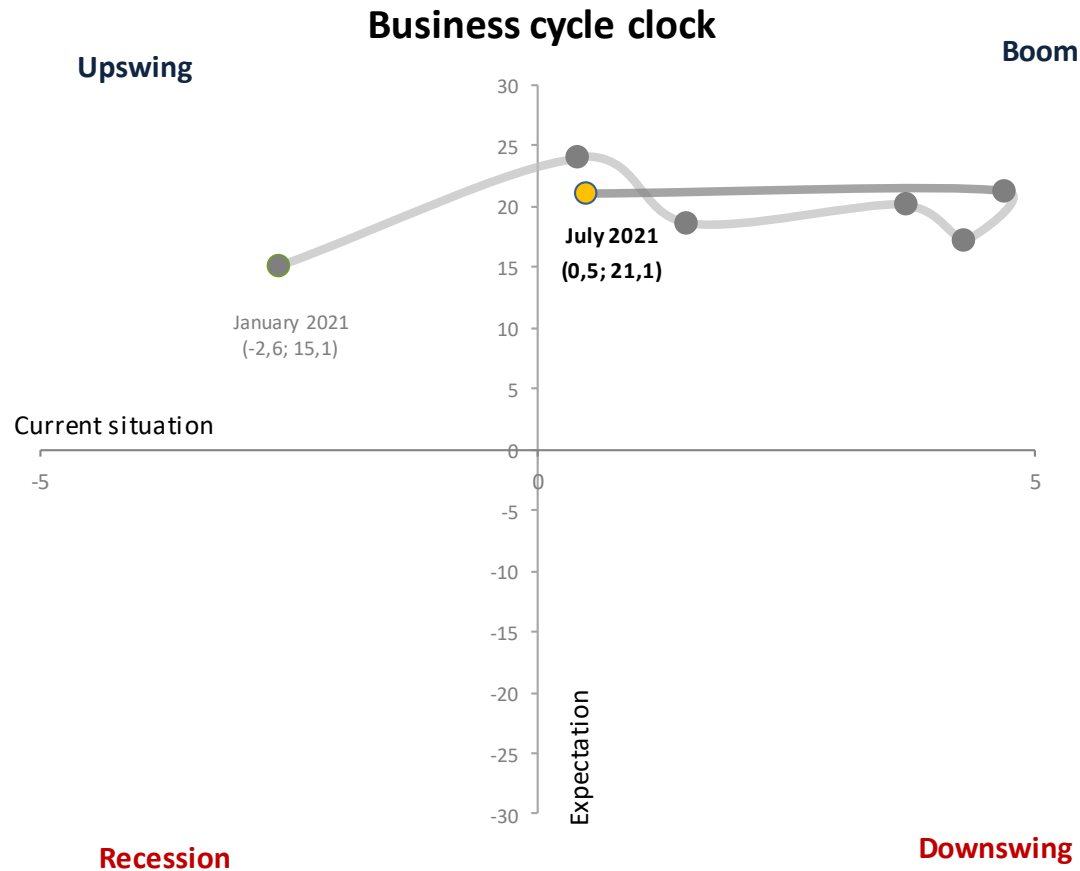
The assessment of the current business conditions was negatively affected by business protection issues (**-2,7**) and tax burden (**-2,2**), which was negatively assessed by enterprises in all sectors.

Factors of business climate assessment, BA*



BUSINESS CLIMATE INDEX (BCI)

Business cycle clock



Economy
BCI
10,5



Construction
BCI
20,8



Service
BCI
9,4



Industry
BCI
11,1

In July 2021 according to the respondents the balance of answers of assessing the **current** business conditions was **0,5** (in June - 4,7). The balance of answers on **expectations** for the next **6 months** was **21,1** (in June - 21,2). High optimistic expectations with a weak positive assessment of the current situation still allow to remain in the area of boom of the business cycle clock.

The **business climate index** which is an average assessment of current and future business conditions worsened in the economy, amounting to 10,5 (in June - 12,8). The decrease in the BCI is associated with a decrease in optimism in the assessment of current business conditions (from 4,7 to 0,5). In construction and industry BCIs were 20,8 and 11,1, respectively. The indicator in service sector was lower than the value for the economy (10,5), amounting to 9,4.



*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 9



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