

**Comment of Director of NBK Monetary Policy Department Zhandos
Shaimardanov Concerning Results of Monitoring Enterprises
in Quarter II 2021**

Findings of a monitoring of enterprises have revealed a gradual recovery of economic activity in the real sector. The recovery is attributed to an increased loading of production capacities, production volume, accelerating turnover of assets and working capital, as well as a declining negative impact of the exchange rate.

In the second quarter of 2021, employment of production capacities of enterprises rose, weighted average level of utilization made **53.5%** (52.1% in the first quarter). As a result, production volumes increased. Diffusion index (DI) grew from 40.5 to **53.8**, moving into a growth area.

Along with that, indicator of demand for finished products in the real sector slightly dropped from 51.1 to **50.2**. The index fell in the sector of production of goods (from 52.1 to **51.3**), services (from 50.1 to **49.1**), mining (from 52.6 to **51.8**) and manufacturing (from 52.5 to **51.1**).

In the second quarter of 2021, growth rate of prices for finished products of enterprises as a whole in the economy increased from 59.2 to **61.5**. In manufacturing and mining industries, CI rose to **65.3** and **61.8** respectively. In the third quarter of 2021, enterprises expect a slowdown in growth of prices for raw materials and supplies.

In the second quarter of 2021, **17.5%** of the surveyed enterprises applied to the bank for a loan, **16.7%** of enterprises raised a loan (or **95.4%** of those which requested a loan). The overwhelming majority (**84.6%**) raised a loan to finance working capital (purchase of materials, raw materials, semi-finished products, etc.).

According to results of surveys in the second quarter of 2021, **34.1%** of enterprises view the economic condition in Kazakhstan as an obstacle to doing business (in the first quarter, the share of such enterprises was **33.9%**). Other main obstacles are market competition (**28.9%**), search for buyers (**22.8%**), level of tax burden (**22.4%**), lack of qualified personnel (**18.1%**), difficulty of recovering receivables (**12.2%**). Access to finance ranked number **8** in terms of importance (**11.9%**).

Dynamics of composite leading indicator (CLI), which is an aggregated assessment of surveys of enterprises in the real sector, demonstrates signs of recovery in the economic activity in the real sector, CLI rose to **100.1**. In the third quarter of 2021, continued growth in economic activity is expected (CLI is expected to be **100.2**).