Kazakhstan Business Activity Index

January 2022

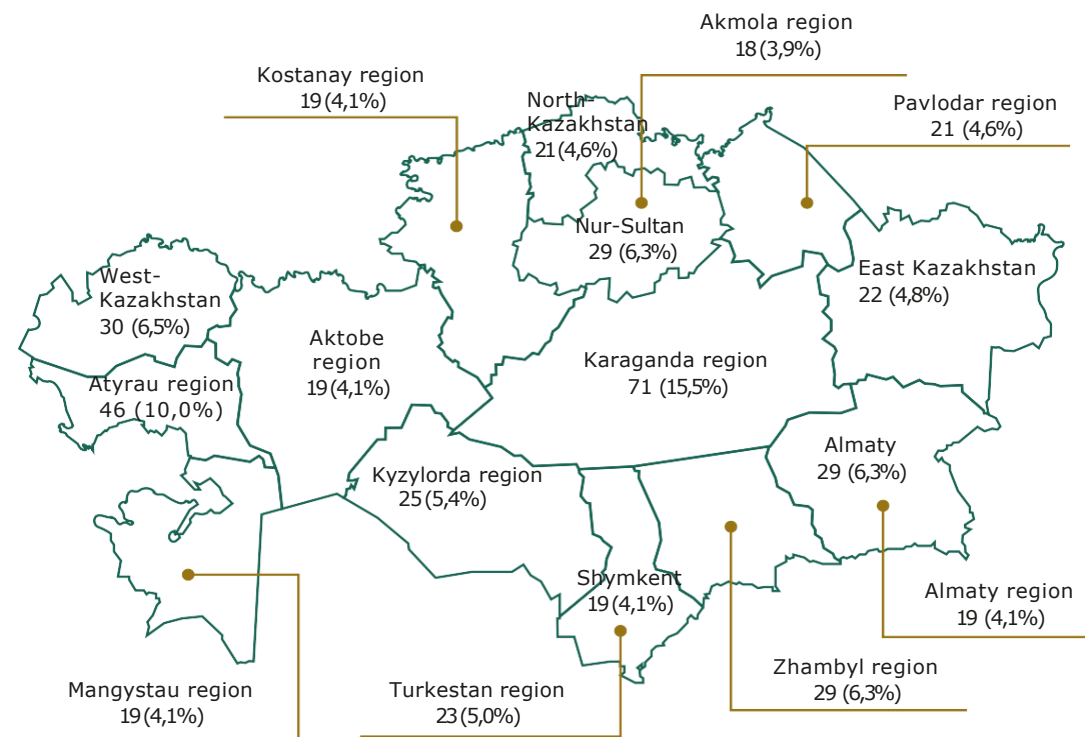## CONTENT

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01
SAMPLE INFORMATION

Number of respondents in January 2022 - 459 enterprises

Akmola region 18 (3,9%)

Kostanay region 19 (4,1%)

North-Kazakhstan 21 (4,6%)

Pavlodar region 21 (4,6%)

Nur-Sultan 29 (6,3%)

East Kazakhstan 22 (4,8%)

West-Kazakhstan 30 (6,5%)

Aktobe region 19 (4,1%)

Karaganda region 71 (15,5%)

Atyrau region 46 (10,0%)

Almaty 29 (6,3%)

Kyzylorda region 25 (5,4%)

Shymkent 19 (4,1%)

Almaty region 19 (4,1%)

Mangystau region 19 (4,1%)

Turkestan region 23 (5,0%)

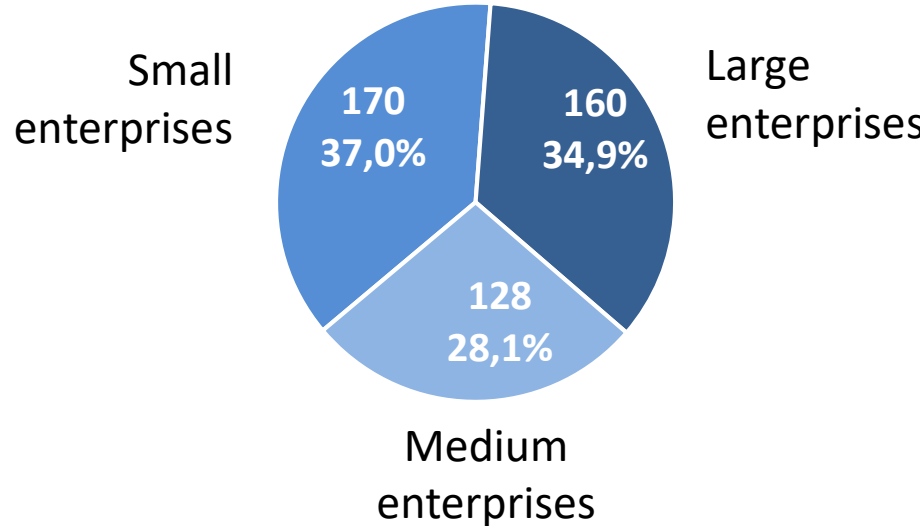Zhambyl region 29 (6,3%)

- *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*

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ENTERPRISES-RESPONDENTS BY SECTOR

Sector	Value
Construction	67
Industry	175
Service	217

ENTERPRISES-RESPONDENTS BY SIZE

Small enterprises: 170 — 37,0%

Large enterprises: 160 — 34,9%

Medium enterprises: 128 — 28,1%

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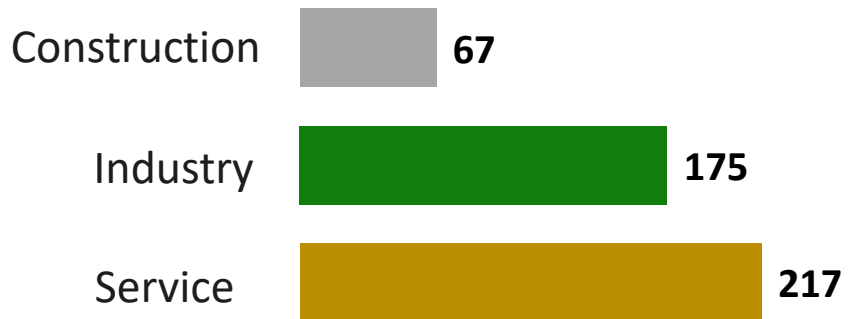
02

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY

CONSOLIDATED BUSINESS ACTIVITY INDEX (BAI) BY ECONOMY

50,7 ... **37,5** ... **44,2** ... **47,2** ... **51,1** ... **50,6** ... **49,9** ... **50,0**

Nov.2019 Jan.2020 Mar.2020 May.2020 Jul.2020 Sep.2020 Nov.2020 Jan.2021 Mar.2021 May.2021 Jul.2021 Sep.2021 Nov.2021 Jan.2022

❋ *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.*

According to the results of a monthly survey of 459 enterprises in the real sector in January 2022 the business activity index decreased, making **50,0** (in December 2021 – 50,6).

In the construction the index formed at **45,7**, in the service sector – **49,4**, in industry – **51,8** (in December 2021 – 51,3, 50,4 and 50,7, respectively).

The consolidated business activity index by the economy is an aggregate index for three sectors of the economy, weighted by the contribution to GVA
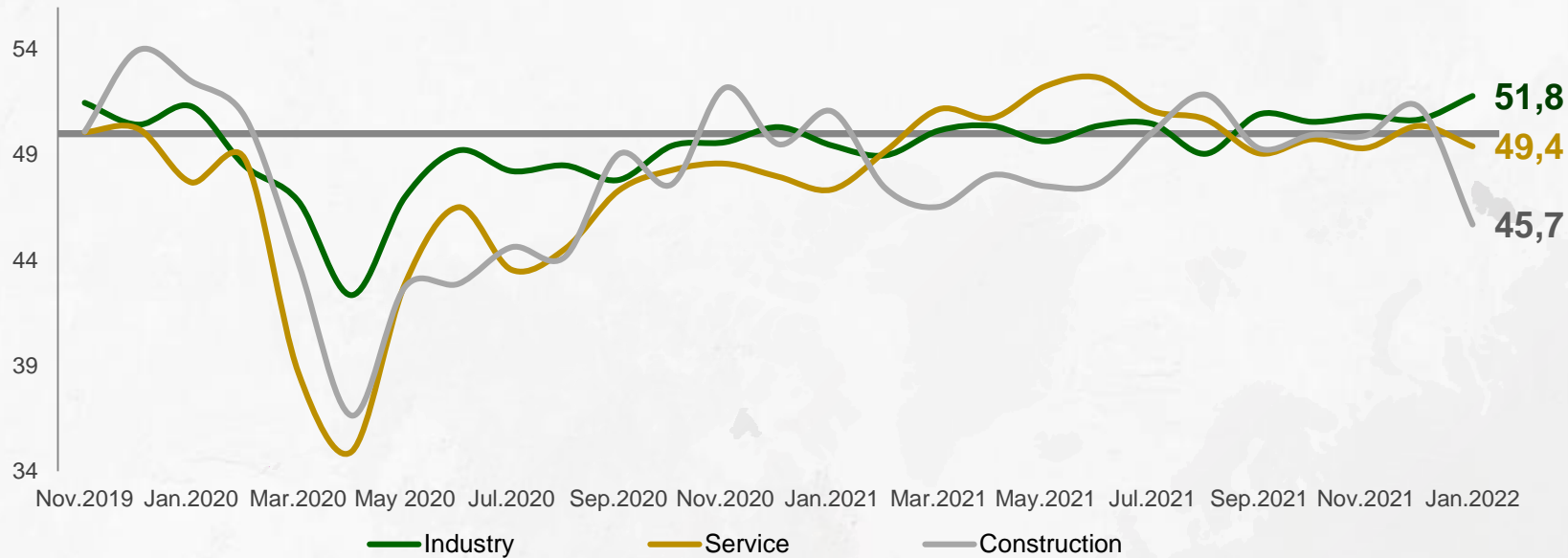
BAI by economy	BAI in construction	BAI in service	BAI in industry
50,0	45,7	49,4	51,8

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03

BUSINESS ACTIVITY

INDEX BY SECTOR

BUSINESS ACTIVITY INDEX (BAI) BY SECTOR

51,8
49,4
45,7

Nov.2019 Jan.2020 Mar.2020 May 2020 Jul.2020 Sep.2020 Nov.2020 Jan.2021 Mar.2021 May.2021 Jul.2021 Sep.2021 Nov.2021 Jan.2022

—— Industry   —— Service   —— Construction

*** 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.*

Business activity improved only in industry, the value of index increased to **51,8** due to the improvement in the volume of new orders and new products.

In construction and service sectors the index moved back to the negative area, and amounted to **45,7** and **49,4**, respectively. The decrease in the volume of new orders and employment was observed in these sectors.

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
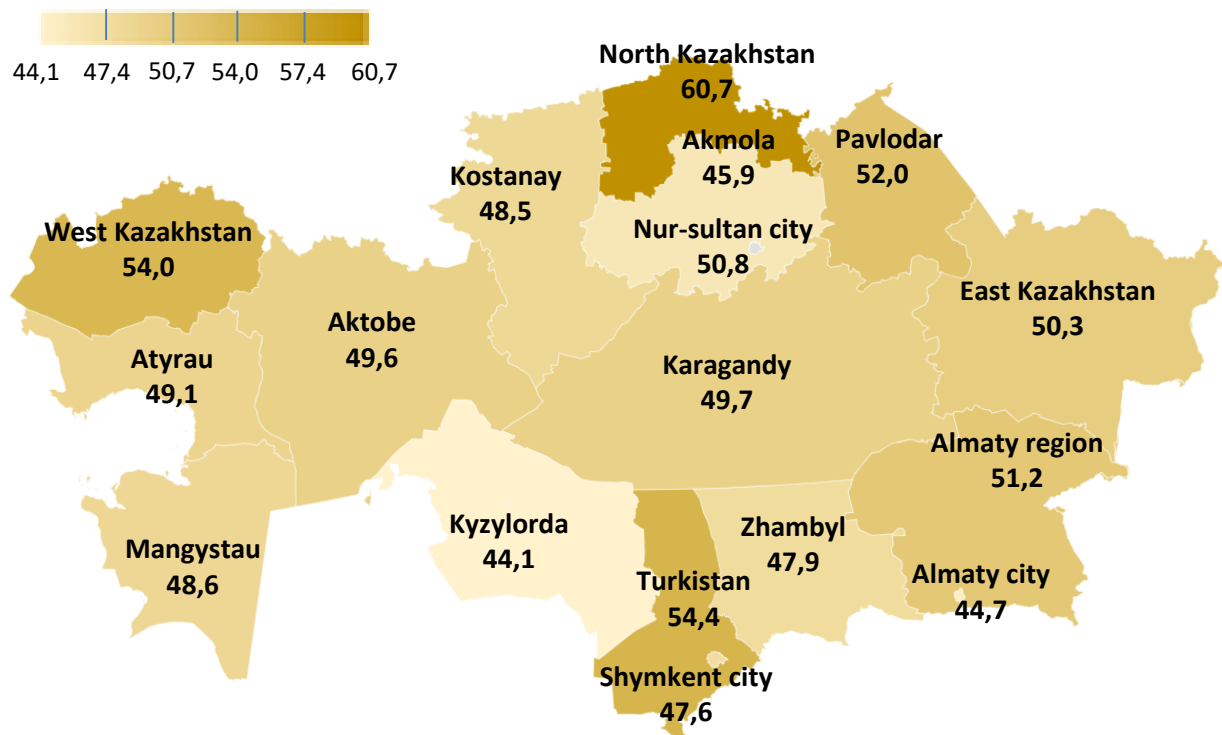- Employment rate
- New orders
- Business activity

Business Activity Index in construction

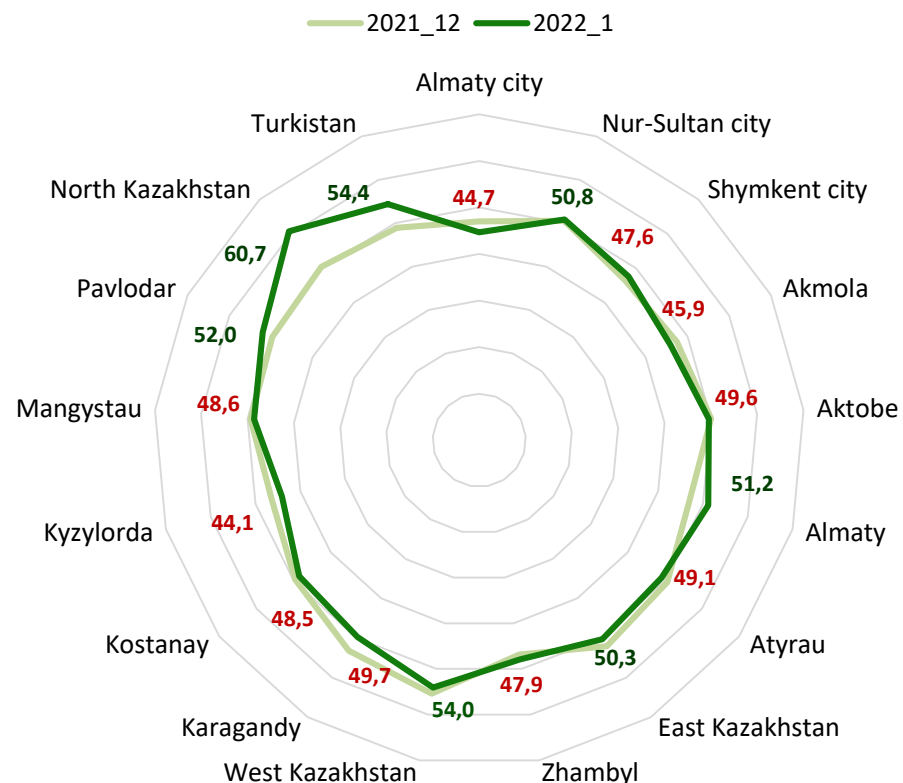Business Activity Index in Service

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BAI in January 2022 by region

44,1 47,4 50,7 54,0 57,4 60,7

North Kazakhstan 60,7
Akmola 45,9
Pavlodar 52,0
Kostanay 48,5
Nur-sultan city 50,8
West Kazakhstan 54,0
Aktobe 49,6
Atyrau 49,1
East Kazakhstan 50,3
Karagandy 49,7
Almaty region 51,2
Kyzylorda 44,1
Zhambyl 47,9
Turkistan 54,4
Almaty city 44,7
Mangystau 48,6
Shymkent city 47,6

BAI dynamics for December 2021 – January 2022

— 2021_12   — 2022_1

Almaty city 44,7
Turkistan 54,4
Nur-Sultan city 50,8
North Kazakhstan 60,7
Shymkent city 47,6
Pavlodar 52,0
Akmola 45,9
Mangystau 48,6
Aktobe 49,6
Kyzylorda 44,1
Almaty 51,2
Kostanay 48,5
Atyrau 49,1
Karagandy 49,7
East Kazakhstan 50,3
West Kazakhstan 54,0
Zhambyl 47,9

In the context of the regions, an improvement in the business activity was observed in 7 regions of Kazakhstan: North Kazakhstan (**60,7**), Turkistan (**54,4**), West Kazakhstan (**54,0**), Pavlodar (**52,0**), Almaty (**51,2**), East Kazakhstan (**50,3**) regions and Nur-Sultan city (**50,8**).

The deterioration of the business activity was observed in 10 regions of Kazakhstan: Almaty city (**44,7**), Kyzylorda (**44,1**), Akmola (**45,9**) regions, Shymkent city (**47,6**), Zhambyl (**47,9**), Kostanay (**48,5**), Mangystau (**48,6**), Aktobe (**49,6**), Atyrau (**49,1**) and Karagandy (**49,7**) regions.

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PMI BY COUNTRY

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

Legend: Italy, Russia, China, Turkey, Netherlands, Kazakhstan

Values: 60,1 · 50,5 · 50,3 · 50,1 · 50,0
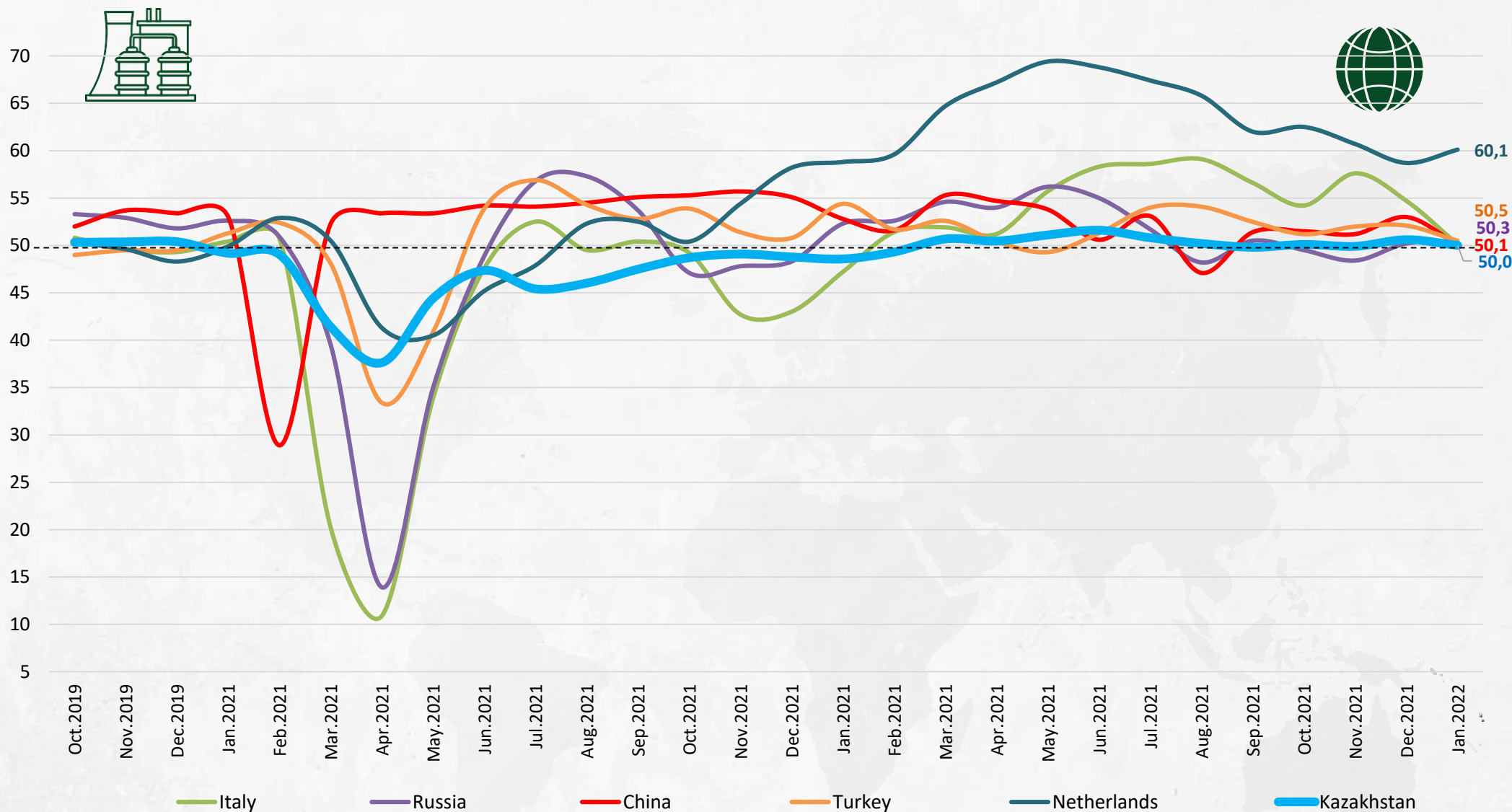
Data as for 9.02.2022

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

Industry PMI for Turkey and the Netherlands

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BUSINESS CLIMATE INDEX (BCI)

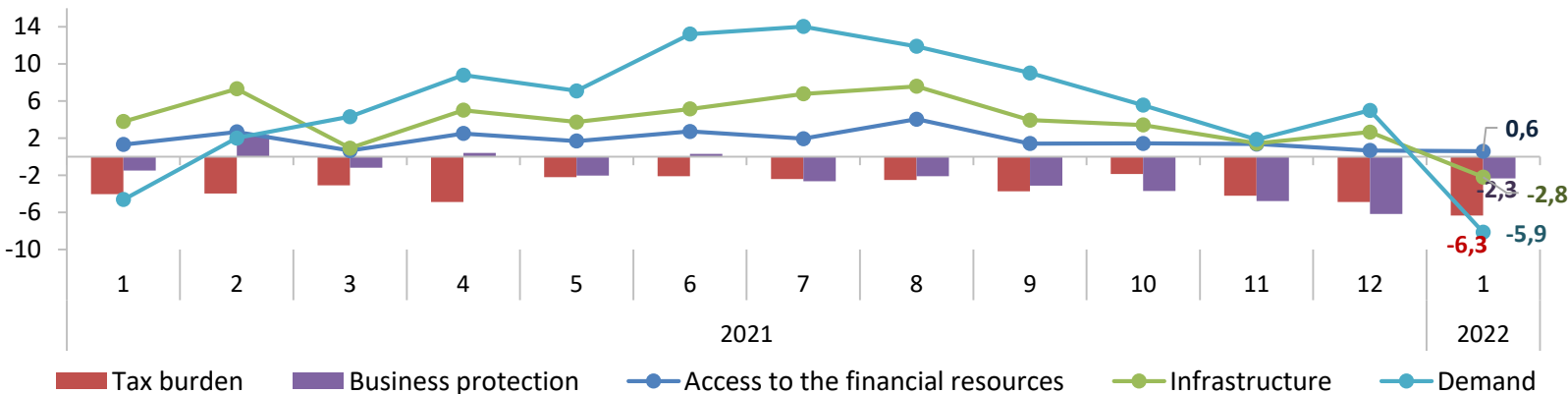### Current situation assessment, balance of answers (BA)*
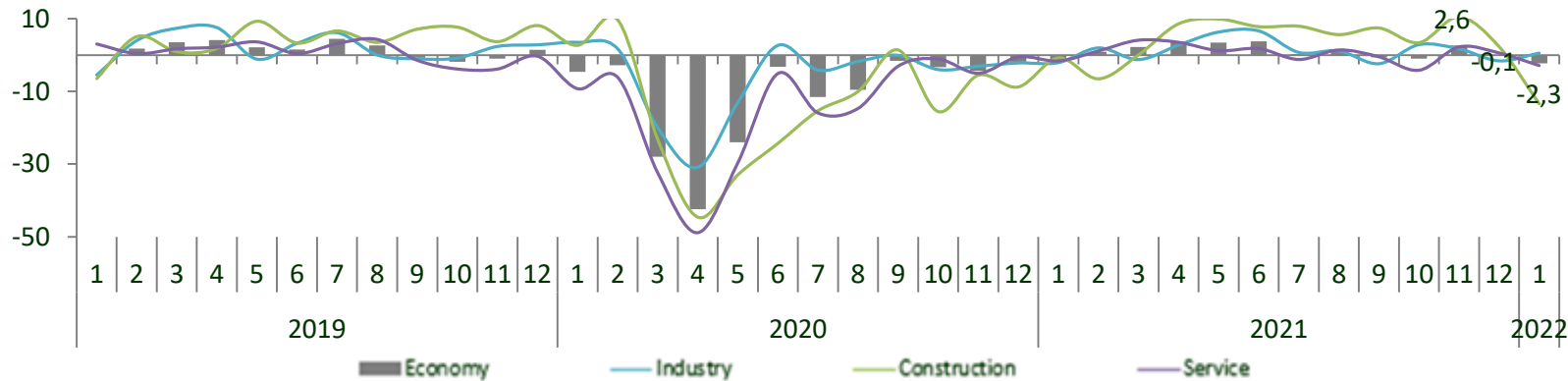
Balance of answers (BA) is difference between positive and negative answers. Enterprises asked to assess the current business situation choosing one of the given answers «favorable», «unfavorable» and «neutral». Answers are weighted by respondents' size.
If index is above 0 improvement, if below 0 –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

Factors of business climate assessment, BA*

In January 2022 the assessment of the current business conditions was negative: the balance of answers (BA*) amounted **(-)2,3** (in December 2021 – (-)0,1). The worsening of indicator was notably indicated in construction, where it made (-)13,4. In the service sector it was (-)2,9. In industry the assessment was almost neutral (0,5).
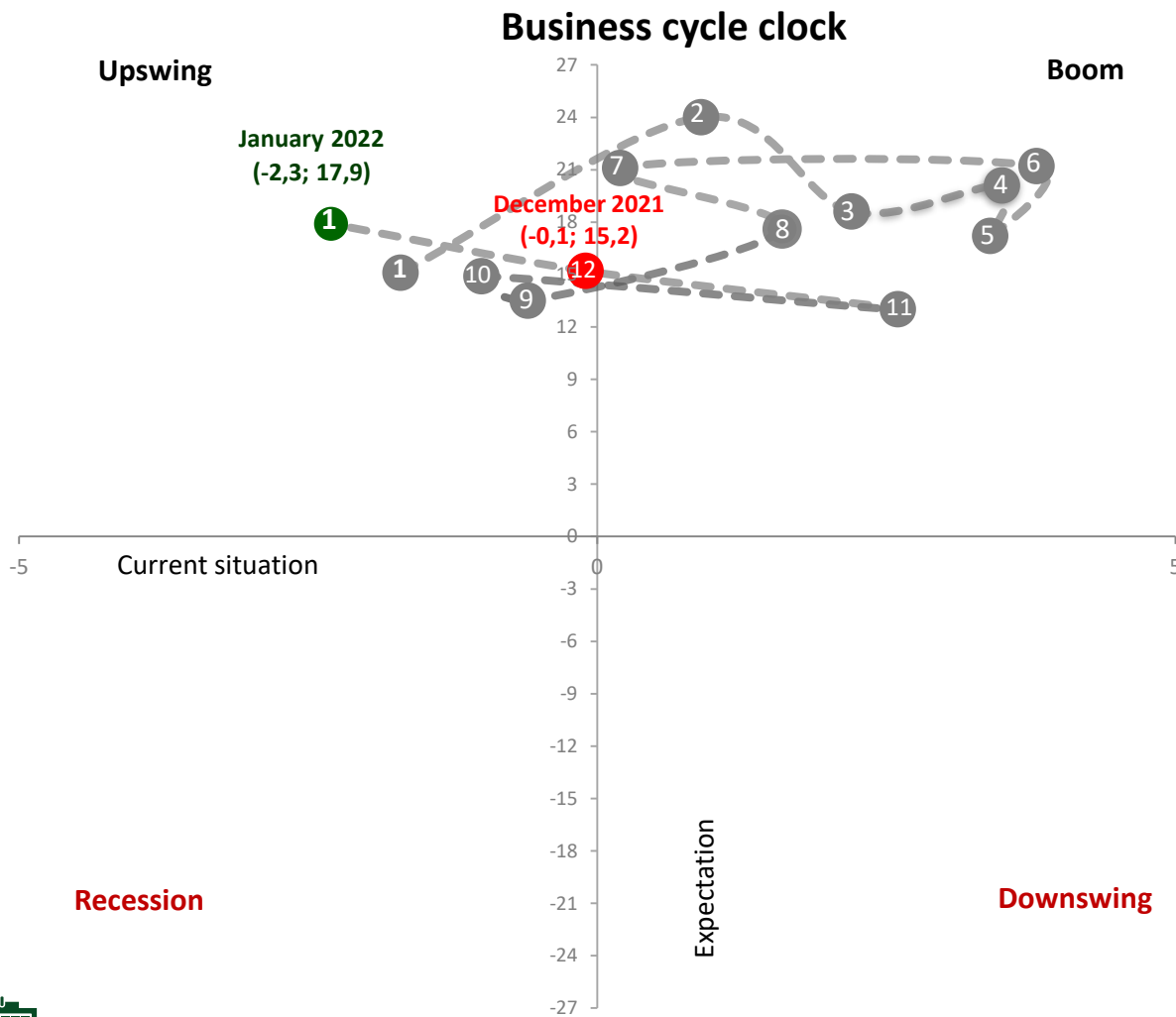
Entrepreneurs indicate the decrease in demand for products/services: the balance of answers turned negative for the first time since February 2021 (-5,9). Infrastructure was also assessed negatively for the first time since January 2021 (-2,8). The improvement was observed only in the business protection matters, however assessment is still negative (-2,3). In January 2022 in the assessment of all factors prevailed negative answers except for access to finance/loans.

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BUSINESS CLIMATE INDEX (BCI)
Business cycle clock

Business cycle clock

Upswing

Boom

January 2022
(-2,3; 17,9)

December 2021
(-0,1; 15,2)

Current situation

Expectation

Recession

Downswing

Economy
BCI

7,5

Construction
BCI

1,0

Service
BCI

6,3

Industry
BCI

10,4

In January 2022 the **current** business conditions **were** assessed negatively, making (-)2,3. As a result, despite the increase in the confidence about forthcoming 6 months, the indicator of business cycle "clock" moved to the area of **upswing**.

The **business climate index**, which is an average assessment of current and future business conditions, decreased slightly, amounting to **7,5** (in December – 7,7). In construction BCI amounted to 1,0. The indicators in service and industrial sectors were 6,3 and 10,4, respectively.

*BCI is geometrical mean of current situation assessment and expectation

Business Climate Index (BCI)

Current situation (SIT)
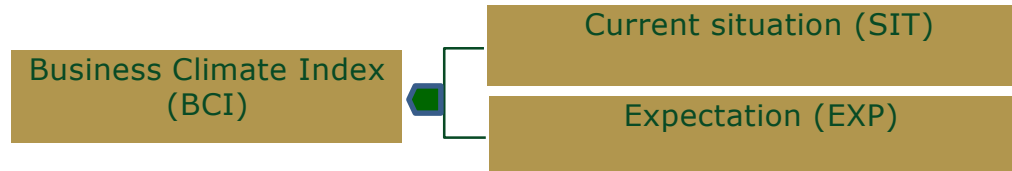
Expectation (EXP)

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

where, BA – balance of answers
SIT – current economic condition
EXP – expected economic condition

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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 share and half of the unchanged responses share. 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

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