



NATIONAL BANK OF KAZAKHSTAN

**A comment by
Director of NBK Monetary Policy Department Zhandos Shaimardanov regarding the results of
monitoring of enterprises in IV quarter 2021**

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In the fourth quarter of 2021, 3,334 enterprises, including 1,578 large and medium-sized enterprises were surveyed. The monitoring results revealed that recovery of economic activity in the real sector continues. Demand for finished products rose with a slight slowdown in growth pace of prices for finished products, raw and consumable materials as well as an acceleration in turnover of assets and working capital.

The capacity utilization (CU) of enterprises remained practically unchanged, the weighted average utilization level made **54.2%** (compared to 54.0% in the third quarter). The growth rate of output decelerated but the diffusion index (hereinafter referred to as the 'DI') is still in the positive zone (**50.7**). There is an increase in demand for finished products of enterprises, with the index rising from **50.6** to **52.5**. An improved indicator was reported in the sectors of production of goods (54.1) and services (50.8), in mining (56.3) and manufacturing (55.2) industries.

The growth pace of prices for products of enterprises in the economy as a whole insignificantly decelerated, DI totaled **61.5**. In the first quarter of 2022, enterprises expect a slowdown in growth in prices for finished products.

The situation with corporate lending has slightly improved. In the fourth quarter, **17.2%** (18.0% in the third quarter) of the surveyed enterprises sought a bank loan, with **98.8%** (96.5% in the third quarter) having raised the loan. The majority of enterprises (**81.1%**) raised loans to finance working capital (purchase of materials, raw materials, semi-finished products, etc.).

As earlier, enterprises consider the state of economy of Kazakhstan to be the key obstacle in doing business. This was stated by **35.5%** of the surveyed companies. The other obstacles include competition (**29.0%**); the level of taxes (**22.4%**), demand for products (**21.9%**), and shortage of qualified personnel (**19.0%**). Access to financing ranks number **9** (**10.9%**) in terms of importance.

The dynamics of the composite leading indicator (CLI), which is an aggregated assessment of surveys of enterprises in the real sector, demonstrates continued recovery of economic activity in the real sector, the CLI having soared by **100.4**. In the first quarter of 2022, economic activity is expected to continue growing (CLI being expected to comprise **100.2**).

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