



Kazakhstan Business Activity Index

April 2022





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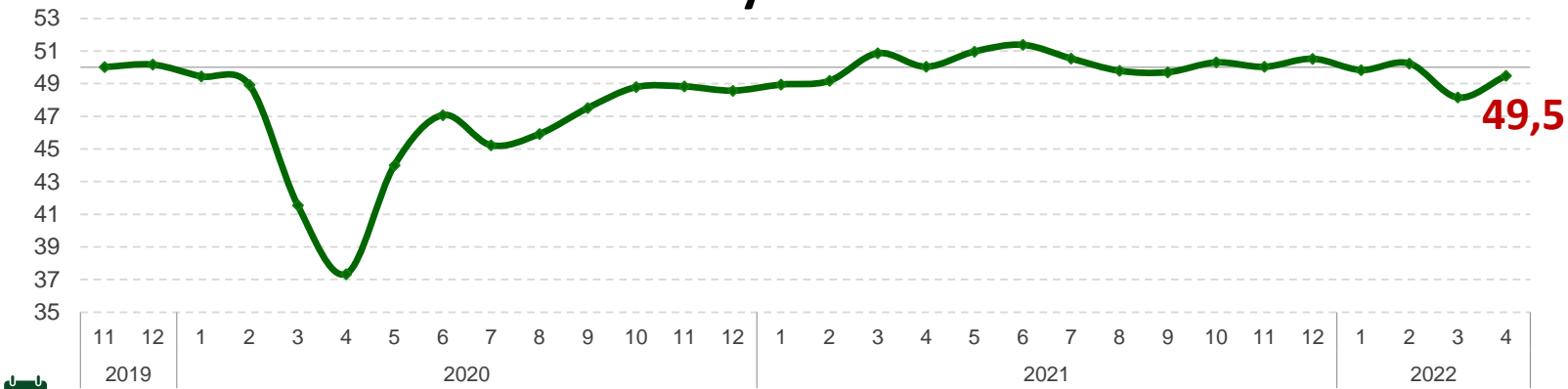
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**BUSINESS
ACTIVITY
INDEX**

BUSINESS ACTIVITY INDEX

BAI dynamics



* 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 465 real sector enterprises in April 2022, there were weak signs of a recovery in business activity. The business activity index rose to **49.5** (in March – 48.2), but remains in negative area the second month in a row.

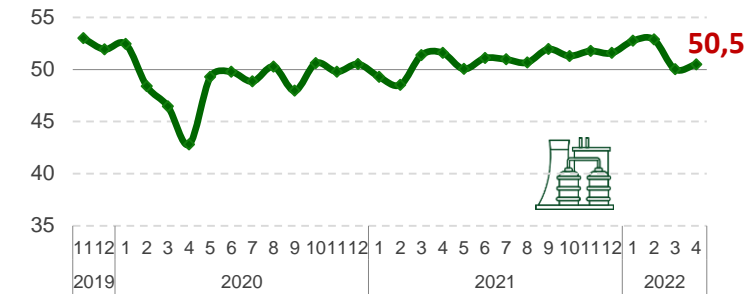
The growth of business activity was noted only in the production sector: the index rose to **50.5** (in March – 50.0). In other sectors, the index formed below the 50 mark. In the services sector and in the mining industry, business activity began to recover (**49.6** and **49.9**, respectively), in construction, the decline continues for the fourth month (**44.5**).

In all sectors, there was an increase in delivery times, construction companies also noted a significant decrease in the volume of new orders and the level of employment. In the production sector and mining industry, the volume of inventories has increased.

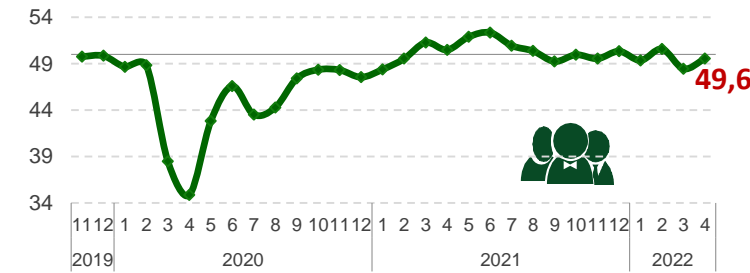


- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey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

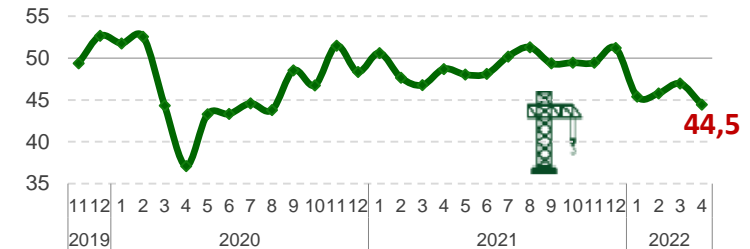
Production



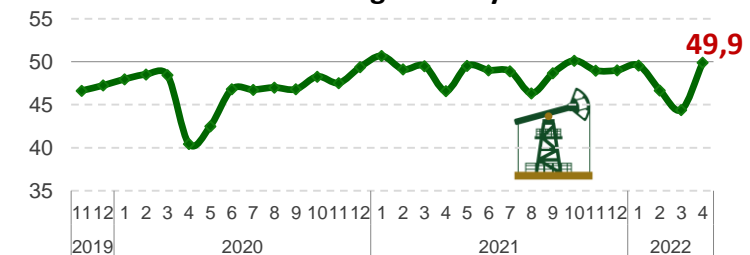
Service



Construction

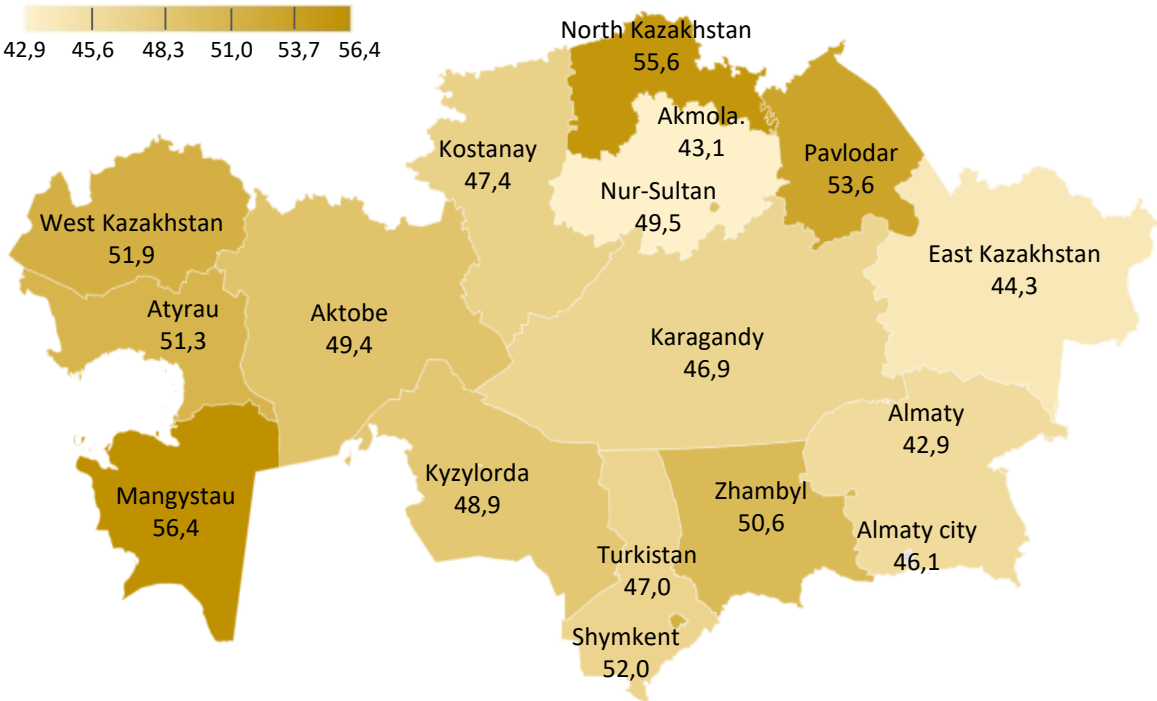


Mining industry

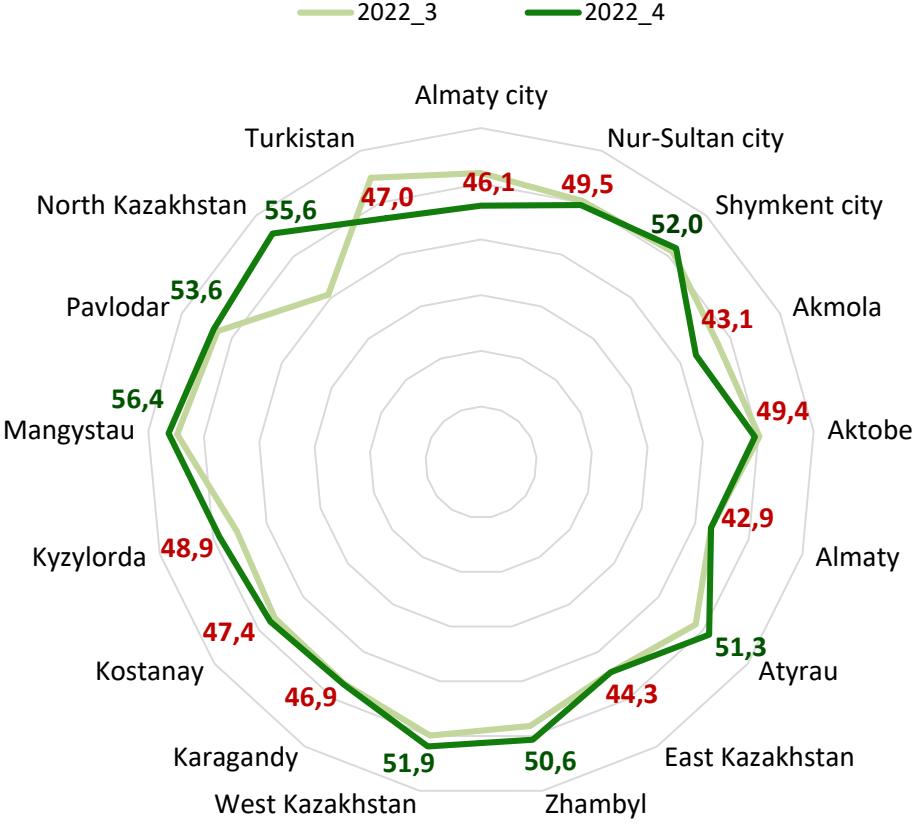


BUSINESS ACTIVITY INDEX BY REGIONS

BAI in April 2022 by regions



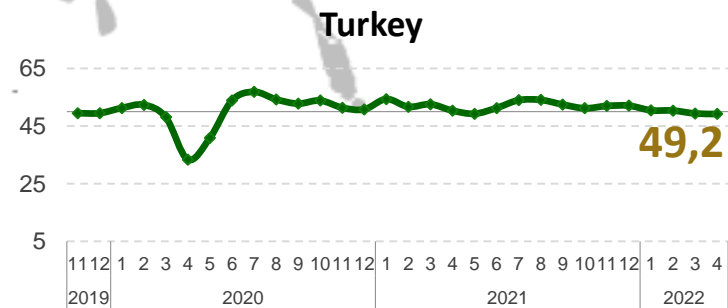
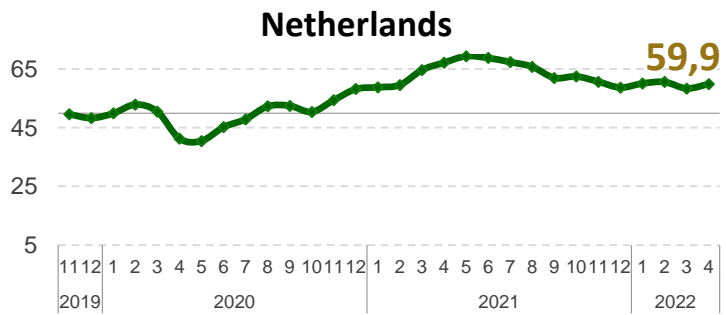
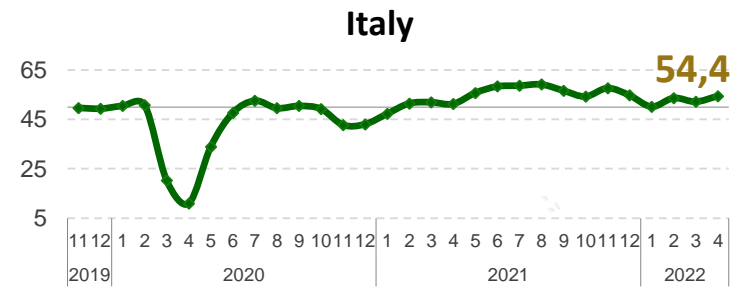
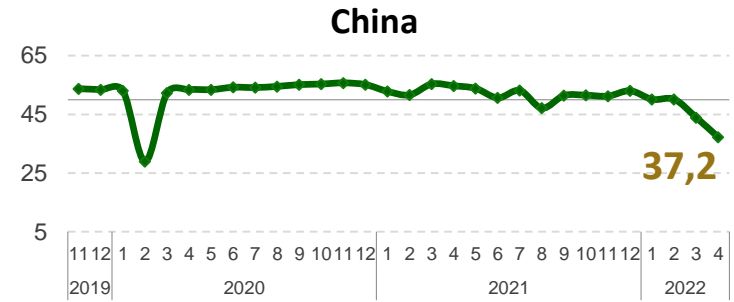
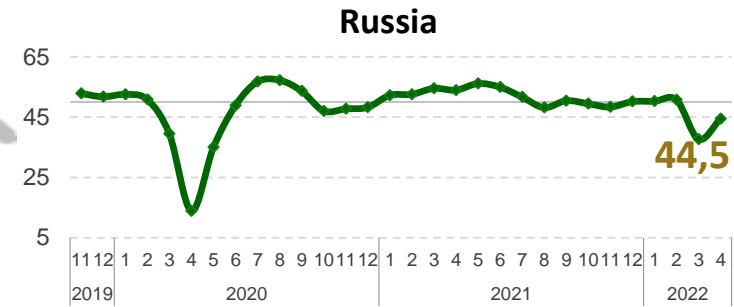
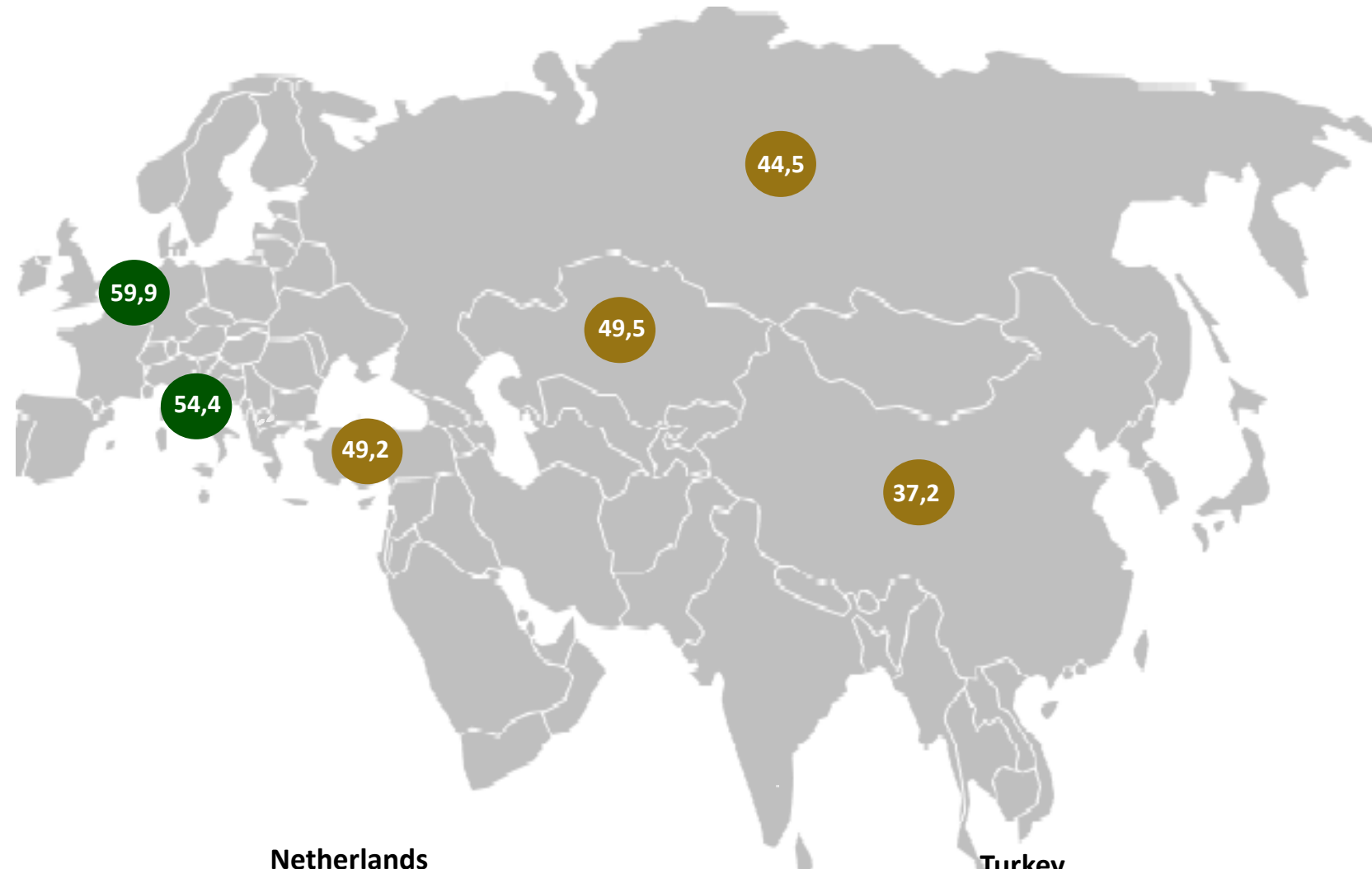
BAI dynamics for March - April 2022



In the context of the regions, an improvement in the business activity was observed in 7 regions of Kazakhstan: Mangystau (**56,4**), North Kazakhstan (**55,6**), Pavlodar (**53,6**), West Kazkahstan (**51,9**), Atyrau (**51,3**), Zhambyl (**50,6**) regions and Shymkent city (**52,0**).

The deterioration of the business activity was observed in 10 regions of Kazakhstan: Almaty (**42,9**), Akmola (**43,1**), East Kazakhstan (**44,3**) regions, Almaty city (**46,1**), Karagandy (**46,9**), Turkistan (**47,0**), Kostanay (**47,4**), Kyzylorda (**48,9**), Aktobe (**49,4**) regions, and Nur-Sulan city (**49,5**).

DYNAMICS OF COMPOSITE PMI OF COUNTRIES, MAIN TRADING PARTNERS OF KAZAKHSTAN



Data as for 06.05.2022
 Source: <https://tradingeconomics.com>
 Industry PMI for Turkey and the Netherlands

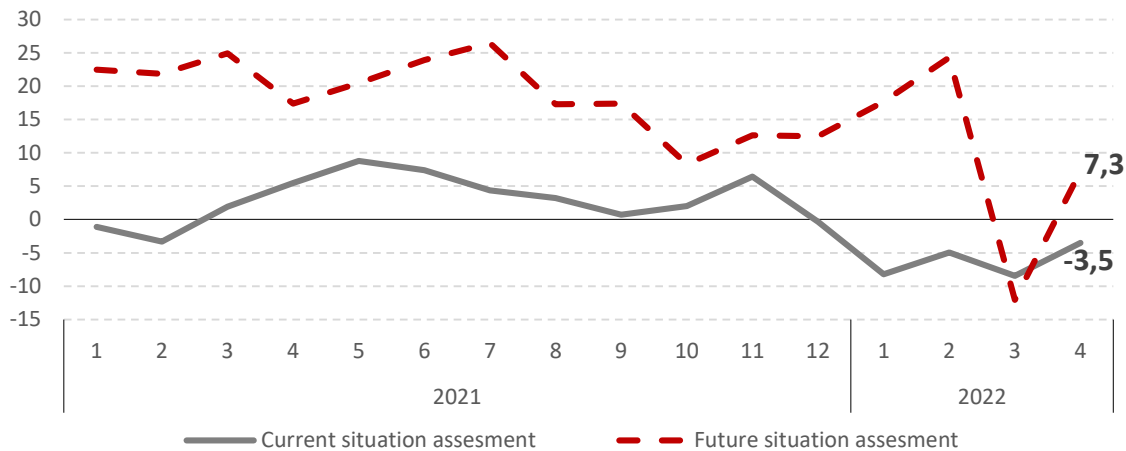


BUSINESS CLIMATE INDEX

Business cycle clock

Business climate assessment

Current and future business situation assessment, 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.

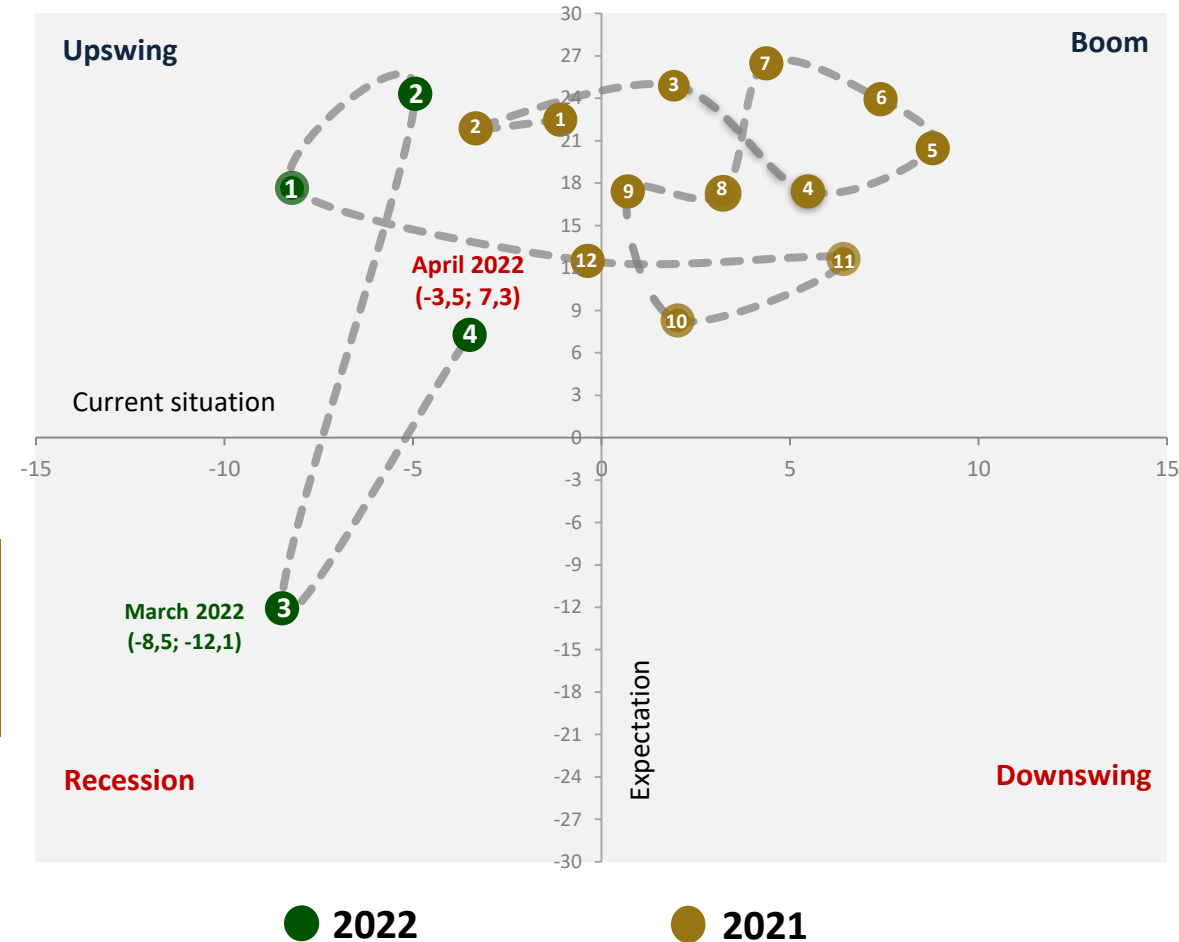
If index is above 0 improvement, if below 0 – worsening.

In April 2022, the assessment of **current** business conditions by enterprises improved, but in general remains negative, as the number of respondents who noted a negative change prevails. Balance of answers (BA)* was (-)3.5. The indicator was positive only in the mining industry.

Assessments of **future** business conditions for the next 6 months improved significantly, amounting to 7.3, after a sharp decline in March due to concerns caused by the geopolitical situation.

As a result of growing optimism about future business conditions, the business cycle "clock" indicator has moved into the **upswing** area.

Business cycle clock



● 2022

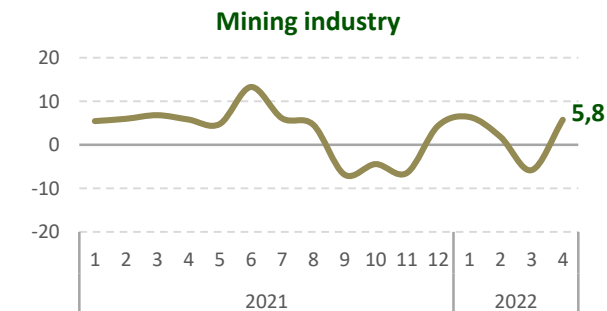
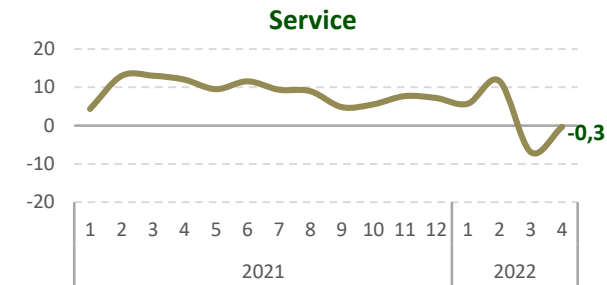
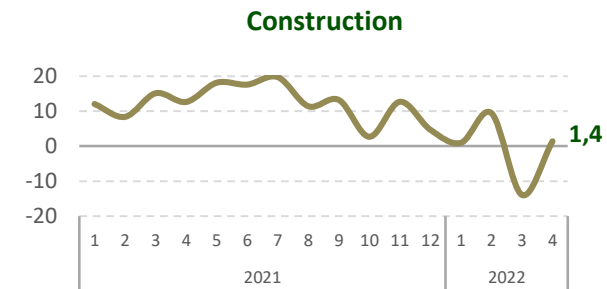
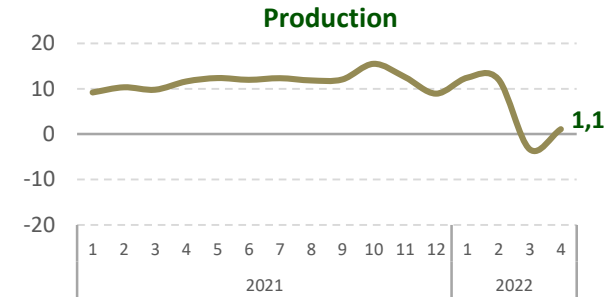
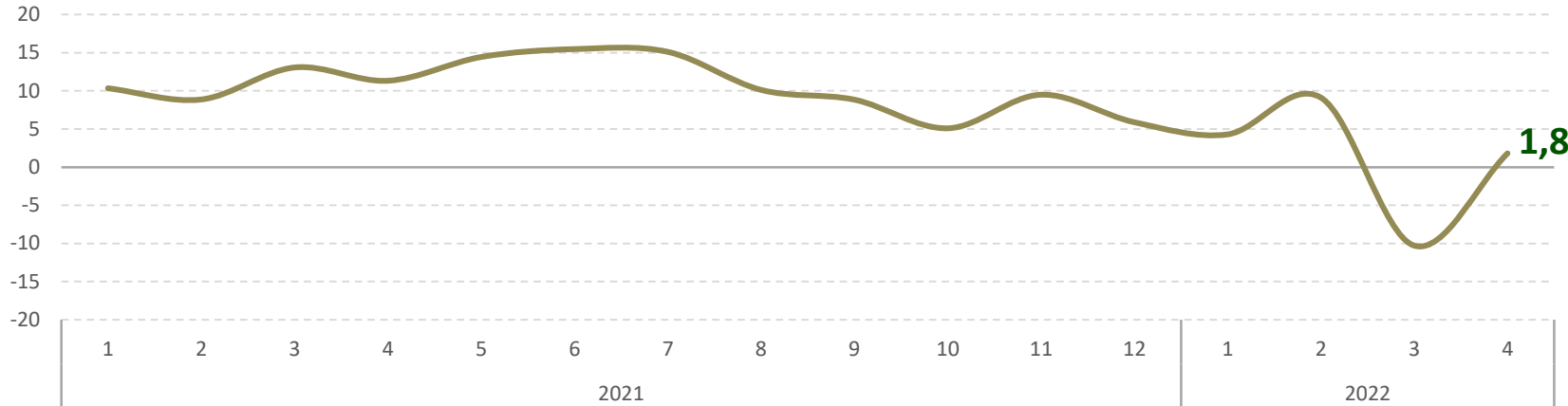
● 2021



Business cycle clock is developed by Ifo institute demonstrates in which phase of the cycle the economy was in a certain period. To construct it the series of current conditions (X axis) and future conditions (Y axis) assessments are used.

Business climate index (BCI)

BCI* in economy

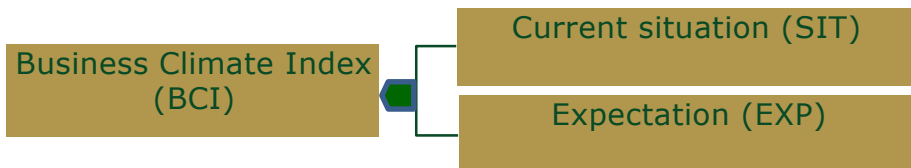


The **business climate index**, which is an average assessment of current and future business conditions, rose to 1.8 (after a sharp decline in March to (-)10.8), due to improved optimism about future business conditions, especially among mining enterprises.

The BCI in the mining industry was **5.8**. In production and construction, the indices were **1.1** and **1.4**, respectively (in March, respectively, (-)3.3 and (-)14.0), and moved into a positive area. In the services sector, the index has almost recovered, rising from (-)6.9 in March to (-)0.3 in April, but is still in the negative area.



*BCI is geometrical mean of current situation assessment and expectation

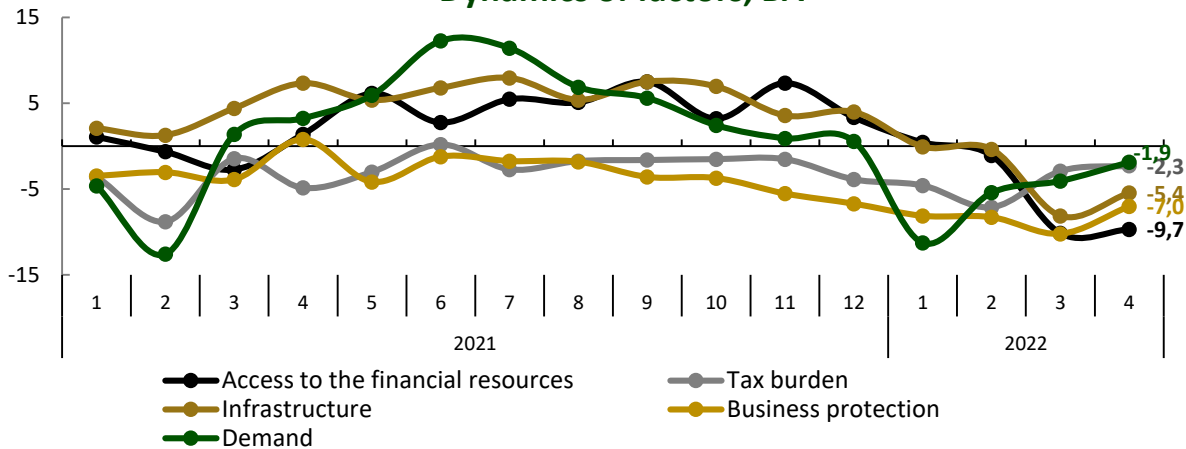


$$BCI^* = \sqrt{(BA(SIT) + 200) * (BA(EXP) + 200)} - 200$$

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

Assessment of factors influencing business climate

Dynamics of factors, BA*

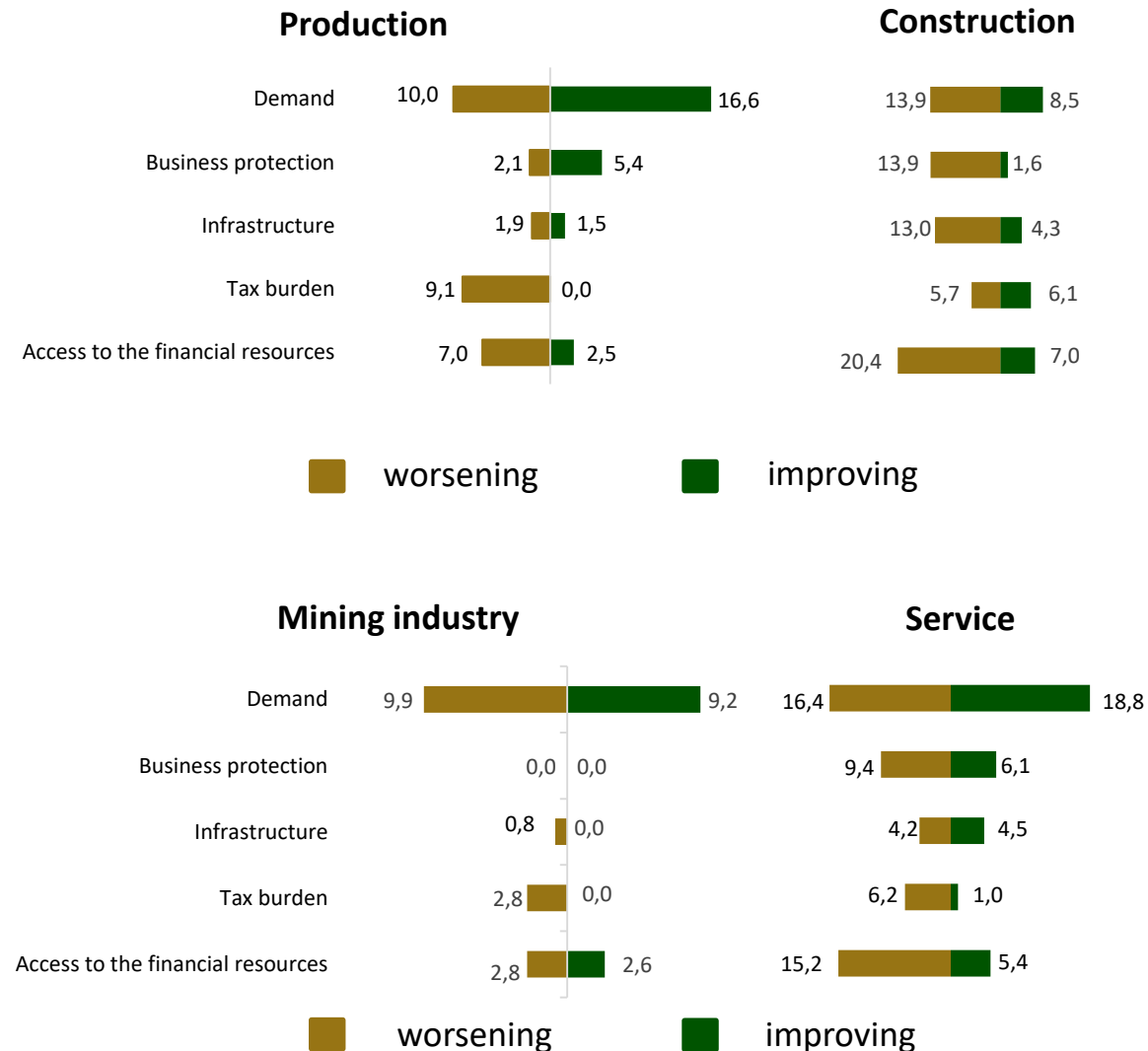


*Balance of answers (BA) is difference between positive and negative answers. If index is above 0 improvement, if below 0 – worsening.

In April 2022, negative responses prevailed among the assessments of business conditions factors. However, there was a slight improvement. The assessment of the tax burden and access to finance/credit remained almost unchanged compared to March, amounting to **(-)2.3** and **(-)9.7**. Other factors (demand, access to communications and business protection issues) tend to recover.

By sector, respondents assess that demand is recovering in the service sector and in production, where positive responses prevail. A decrease in demand was noted in construction, where, along with demand, all factors, except the tax burden, worsened. Assessment of the tax burden was negative assessed by particularly production and service sector enterprises (9.1% and 6.2%, respectively).

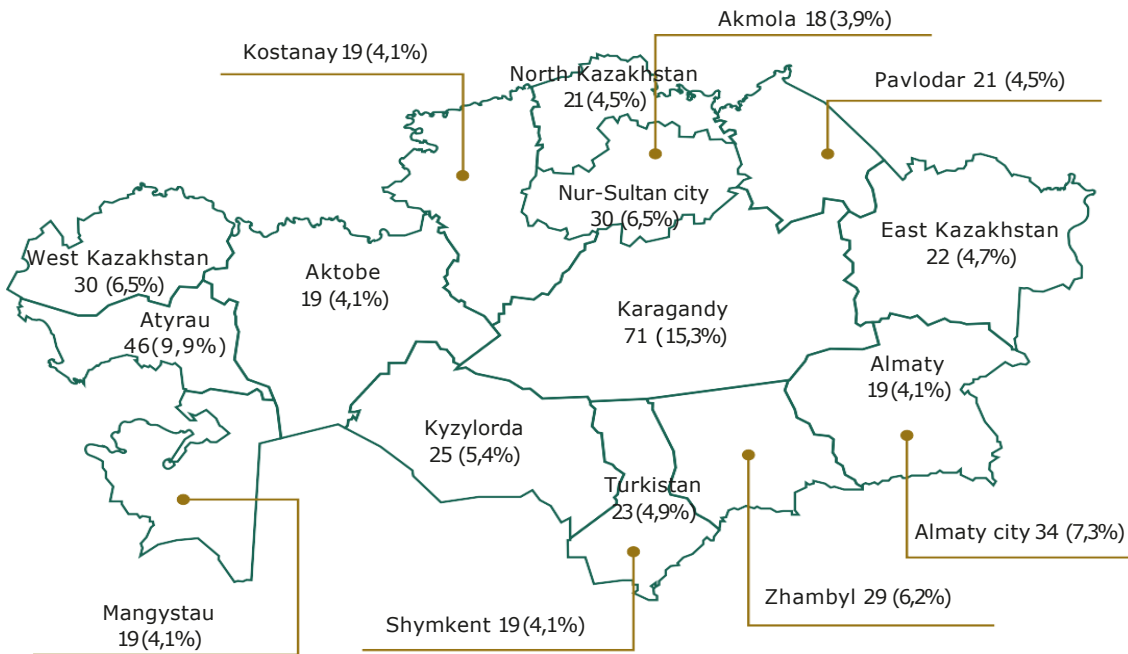
Assessment of factors in April 2022, share of answers in %



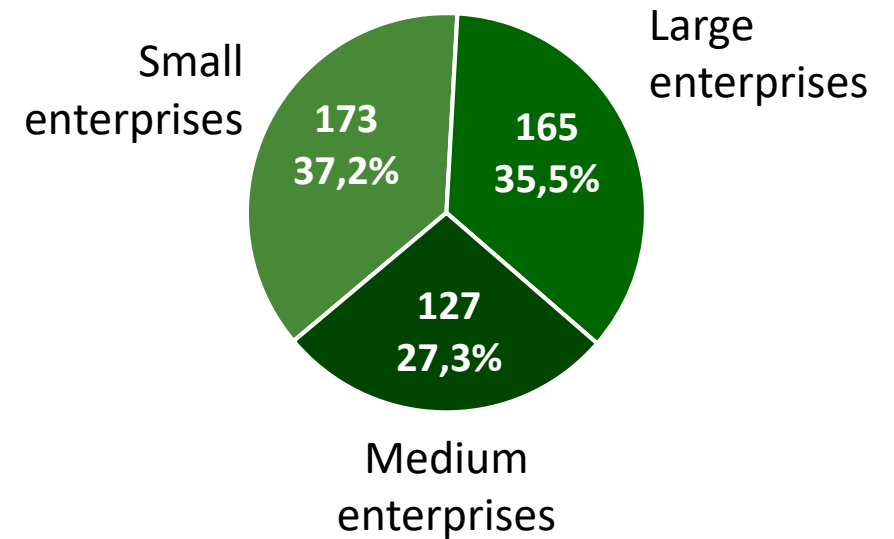
*The share of neutral (no change) answers are not presented

SAMPLE INFORMATION

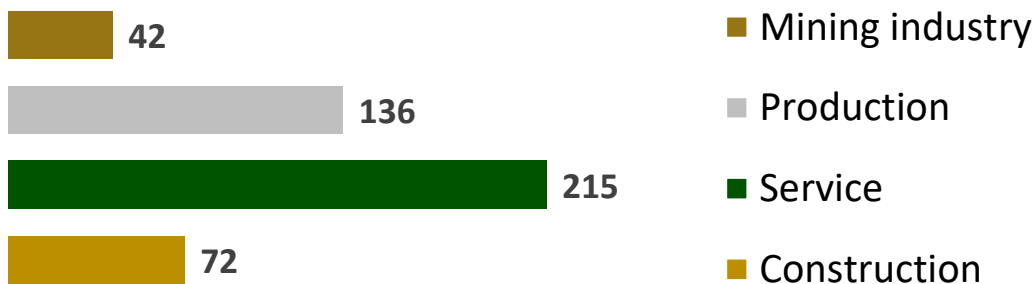
THE NUMBER OF RESPONDENTS IN APRIL 2022 - 465 ENTERPRISES



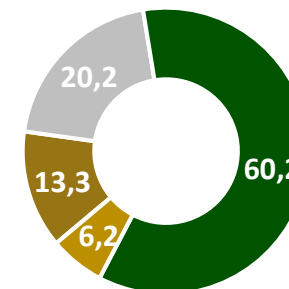
ENTERPRISES-RESPONDENTS BY SIZE




ENTERPRISES-RESPONDENTS BY SECTORS



WEIGHTS OF SECTORS



 Weights of sectors are determined by GVA, and used to construct consolidated index



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.
- ✓ In April 2022 mining industry was separated, hence the series were recalculated.

**Monetary Policy Department
NATIONAL BANK OF KAZAKHSTAN**