Kazakhstan Business Activity Index

June 2022

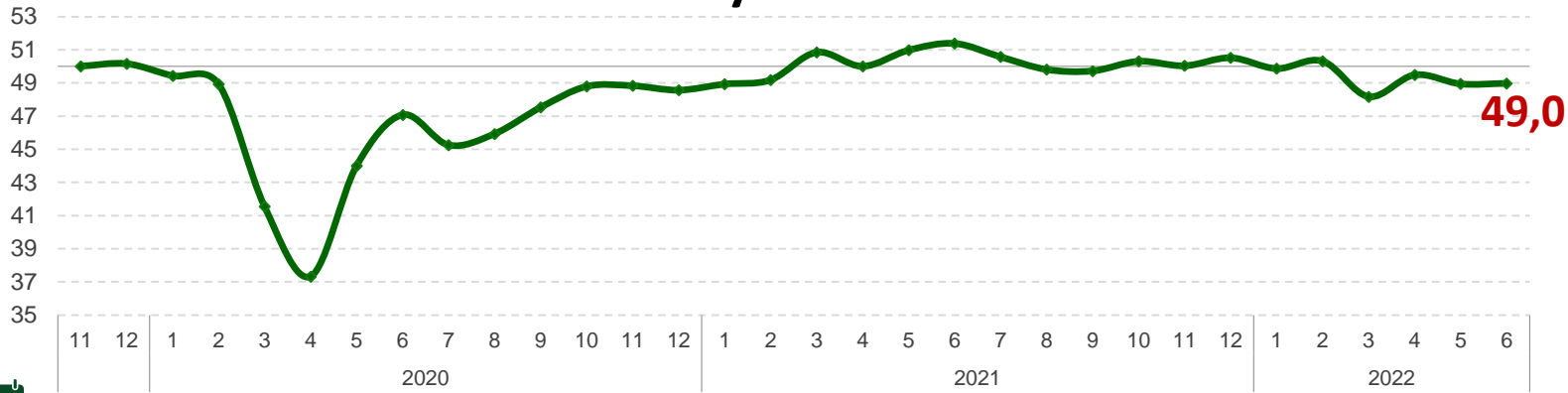# CONTENT

BUSINESS ACTIVITY INDEX

BUSINESS ACTIVITY INDEX

BAI dynamics

49,0

* 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 469 real sector enterprises in June 2022, business activity remained almost unchanged, amounting to **49.0** (in May – 48.9). In production, business activity deteriorated slightly: the index fell to **49.4** (in May – 50.8) due to a decrease in the volume of new orders and the level of employment.

In the mining industry and construction, where the index has risen (to **50.0** and **47.4**, respectively), there was an increase in the volume of new orders.

In the service sector, the indicator remained unchanged, amounting to **48.7**.

In all sectors, except the mining industry, the indicator was in the area of decline.

- *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*
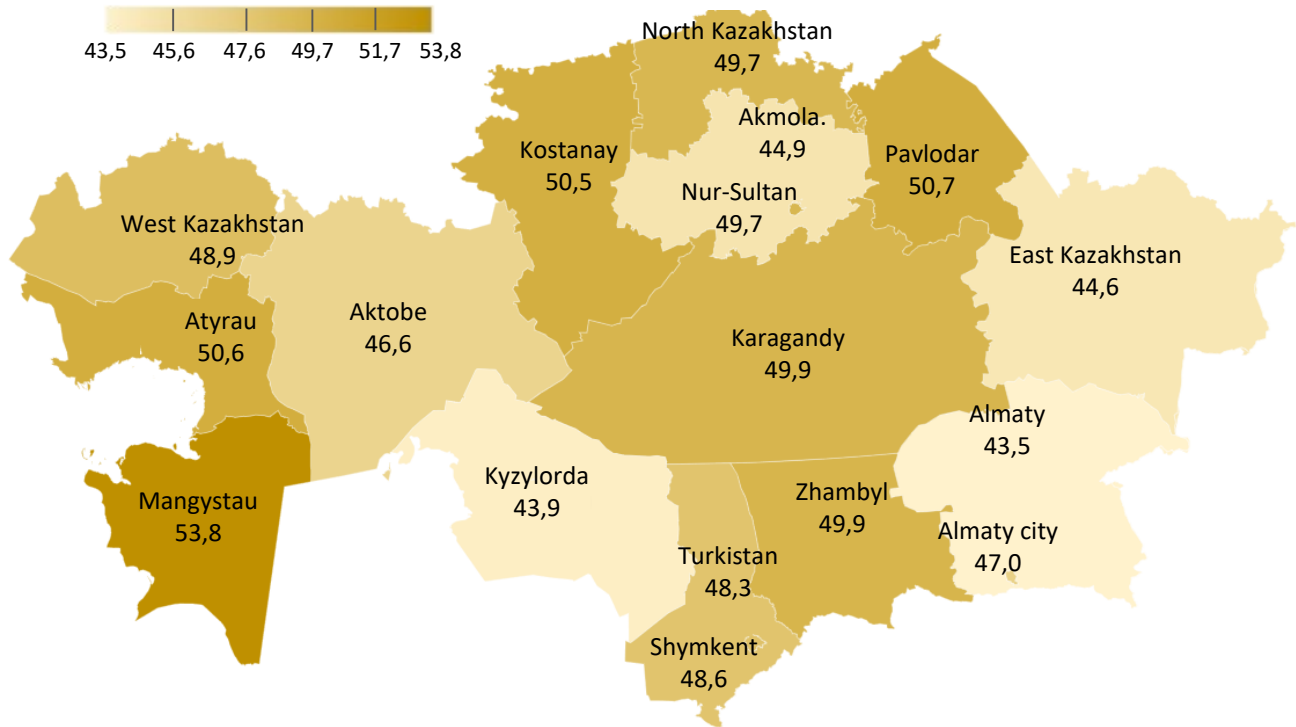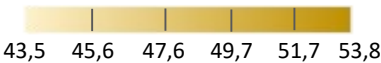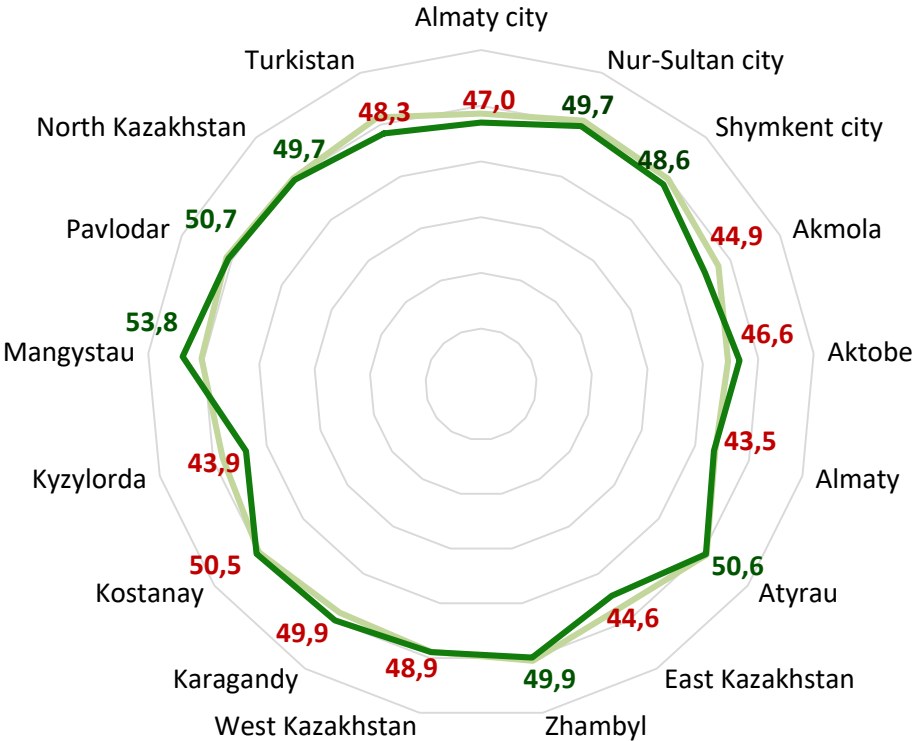
Production

49,4

Service

48,7
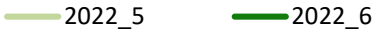
Construction

47,4

Mining industry

50,0

4
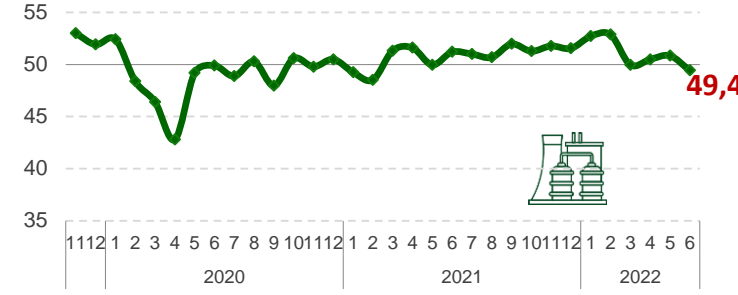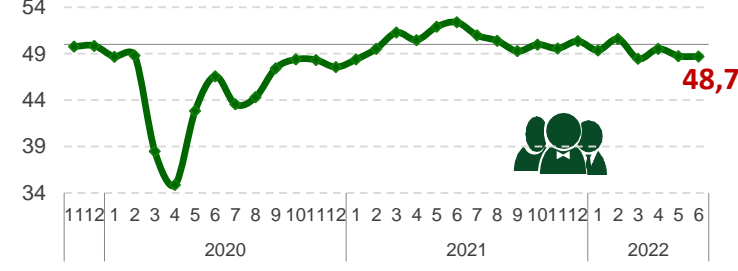
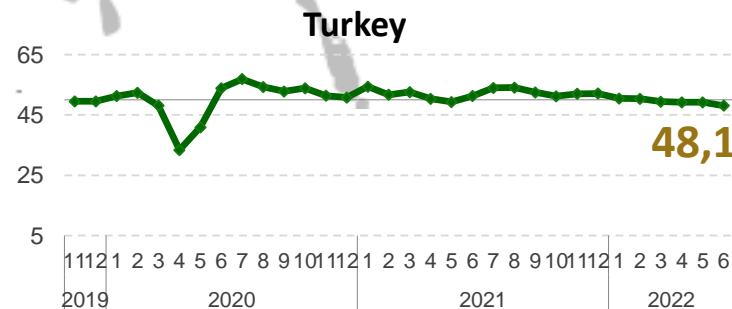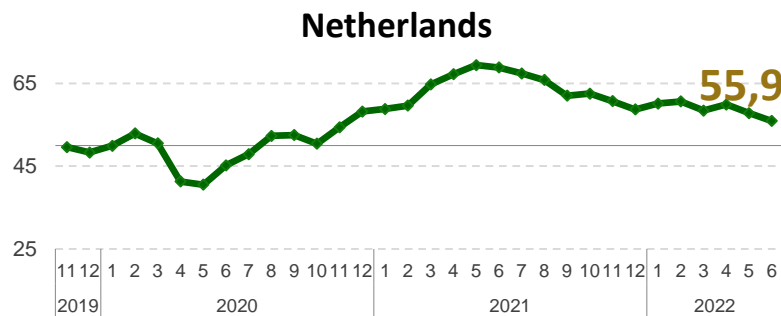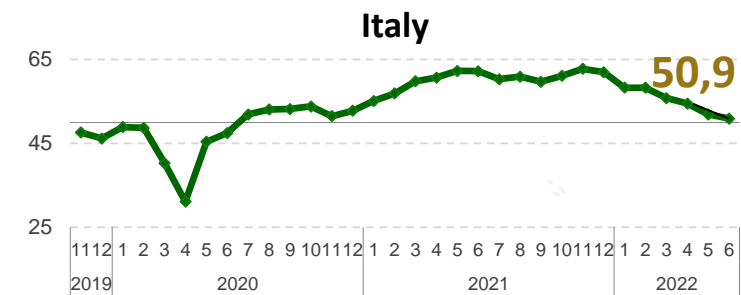# BUSINESS ACTIVITY INDEX BY REGIONS

BAI in June 2022 by regions

43,5 45,6 47,6 49,7 51,7 53,8

North Kazakhstan 49,7
Akmola. 44,9
Kostanay 50,5
Nur-Sultan 49,7
Pavlodar 50,7
West Kazakhstan 48,9
East Kazakhstan 44,6
Atyrau 50,6
Aktobe 46,6
Karagandy 49,9
Almaty 43,5
Mangystau 53,8
Kyzylorda 43,9
Zhambyl 49,9
Almaty city 47,0
Turkistan 48,3
Shymkent 48,6

BAI dynamics for May - June 2022

— 2022_5   — 2022_6

Almaty city 47,0
Turkistan 48,3
Nur-Sultan city 49,7
North Kazakhstan 49,7
Shymkent city 48,6
Pavlodar 50,7
Akmola 44,9
Mangystau 53,8
Aktobe 46,6
Almaty 43,5
Kyzylorda 43,9
Atyrau 50,6
Kostanay 50,5
East Kazakhstan 44,6
Karagandy 49,9
Zhambyl 49,9
West Kazakhstan 48,9

By region, the improvement of business activity was noted in 4 regions of Kazakhstan: in Mangystau (53.8), Pavlodar (50.7), Atyrau (50.6) and Kostanay (50.5) regions.

Deterioration of business activity was noted in 13 regions of Kazakhstan: Almaty (43.5), Kyzylorda (43.9), East Kazakhstan (44.6), Akmola (44.9), Aktobe (46.6) regions, in the cities of Almaty (47.0) and Shymkent (48.6), Turkistan (48.3), West Kazakhstan (48.9), North Kazakhstan (49.7) regions, in the city of Nur-Sultan (49.7), Karagandy (49.9) and Zhambyl (49.9) regions.

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

Map with PMI values: 55,9 (Netherlands); 50,9; 48,1; 49,4; 50,9 (Russia); 51,7 (China)

Russia 50,9

China 51,7

Italy 50,9

Netherlands 55,9

Turkey 48,1
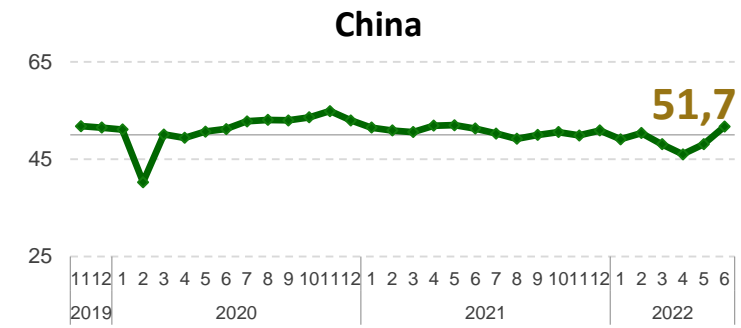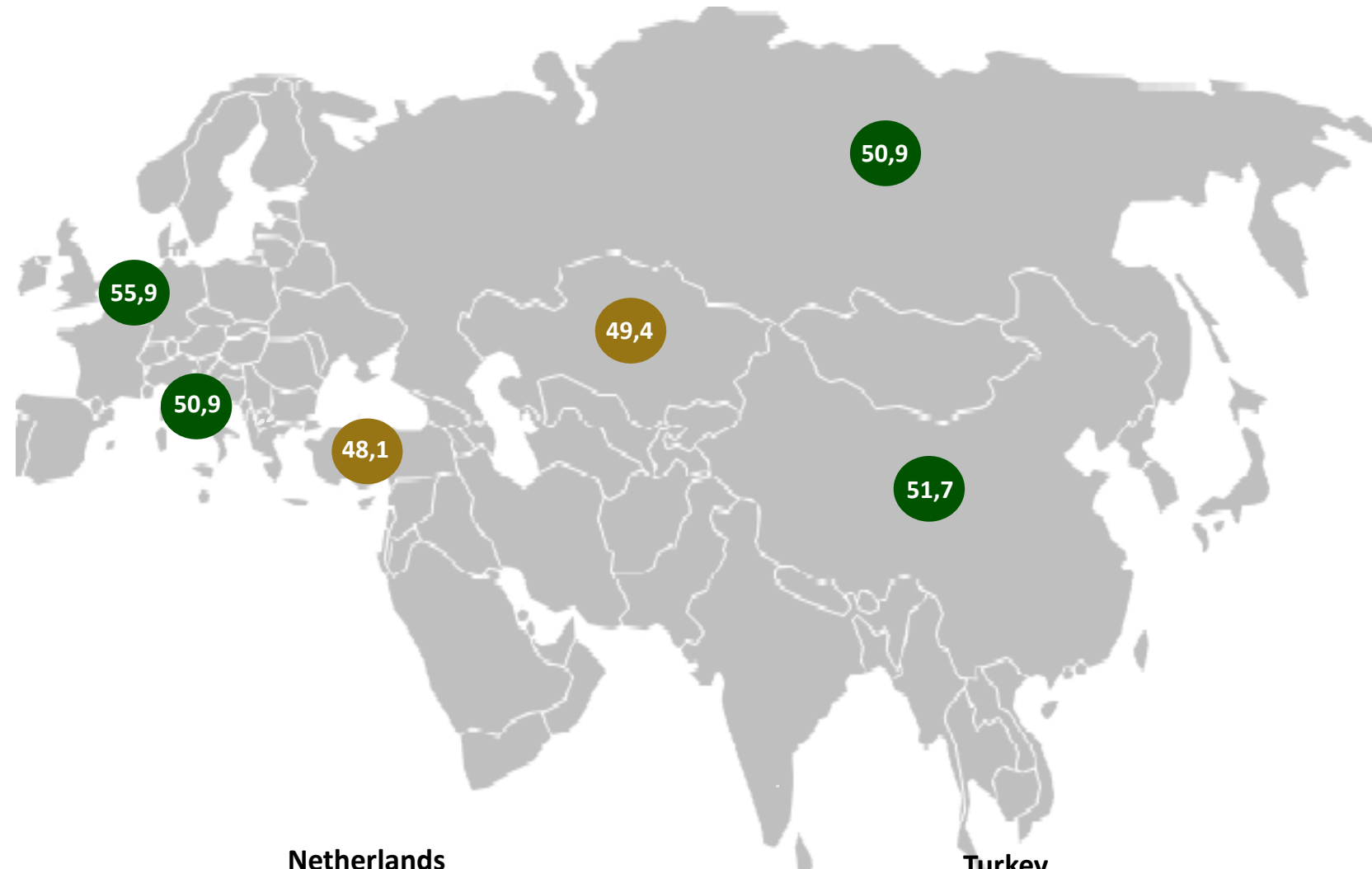
Data as for 01.07.2022
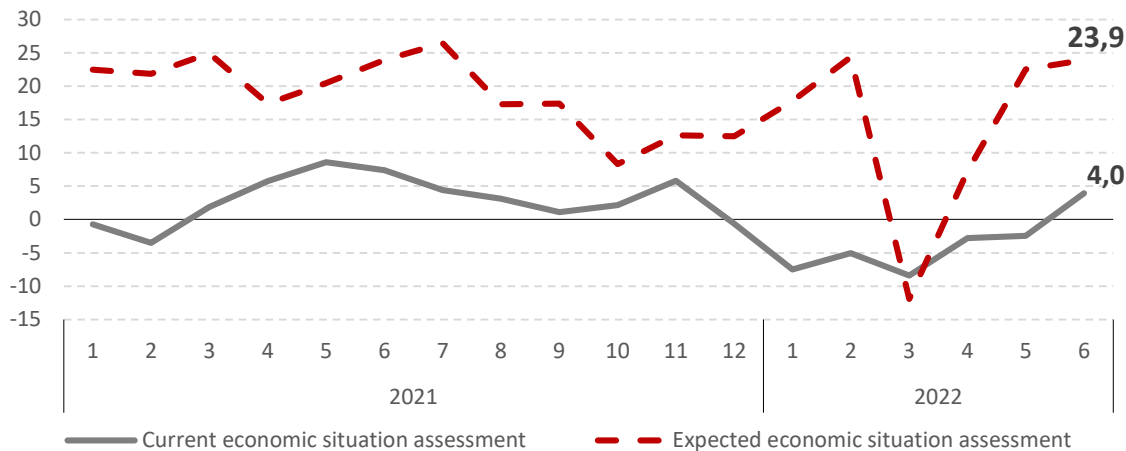*Source: https://tradingeconomics.com*
https://www.markiteconomics.com

BUSINESS CLIMATE INDEX

Business cycle clock
Business climate assessment

Current and future business situation assessment, BA*

Legend:
- Current economic situation assessment
- Expected economic situation assessment

Values: 23,9 / 4,0

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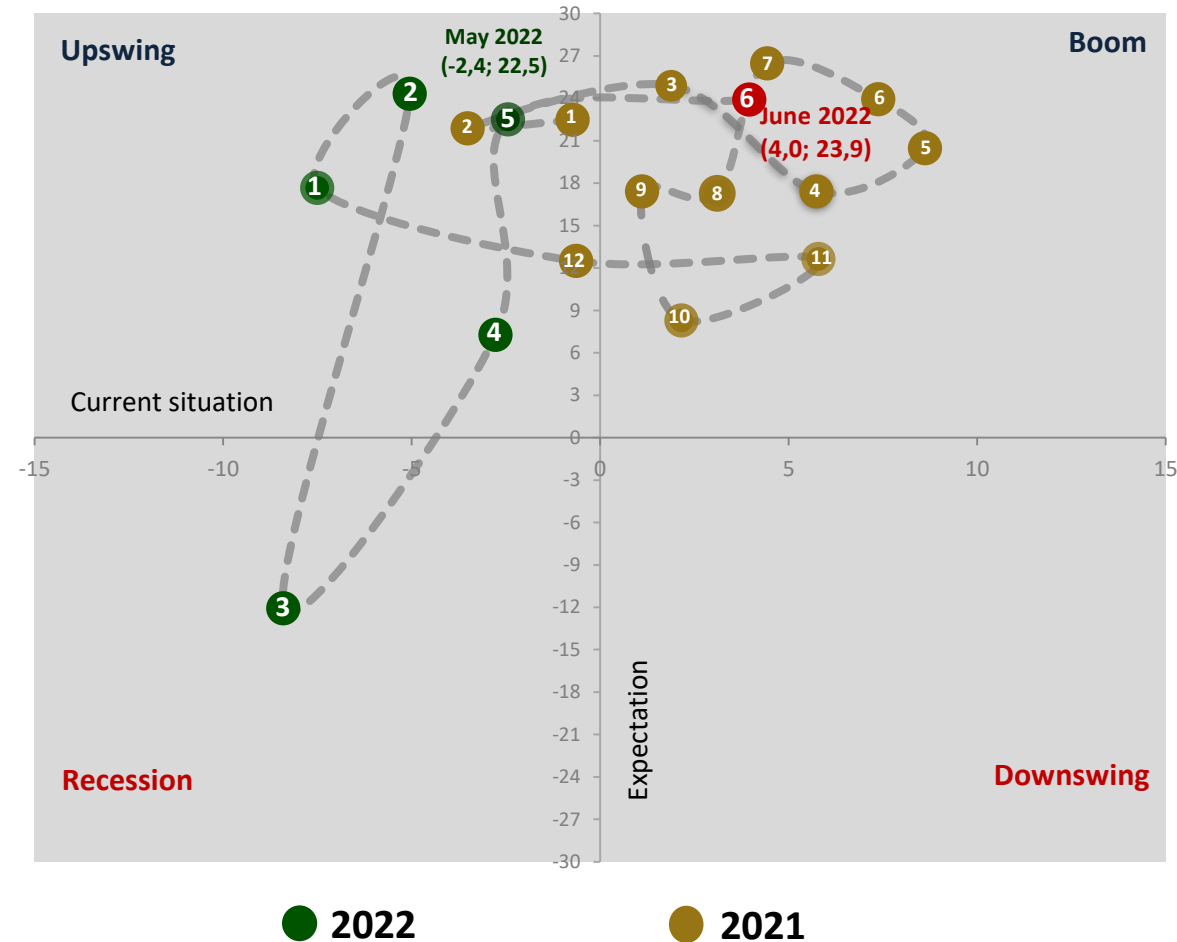
If index is above 0 improvement, if below 0 – worsening.

In June 2022, the assessment of enterprises of **current** business conditions improved to **4.0**. The balance of responses (BO)* turned out to be positive due to an increase in respondents who noted a positive change.

Estimates of **future** business conditions for the next 6 months also improved, amounting to **23.9**.

As a result, the business cycle "clock" indicator moved into the **boom** area in June.

Business cycle clock

May 2022 (-2,4; 22,5)

June 2022 (4,0; 23,9)

Upswing — Boom — Current situation — Expectation — Recession — Downswing

● 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

13,7

Production

-1,6

Construction

23,4

Service

4,6

Mining industry

1,4
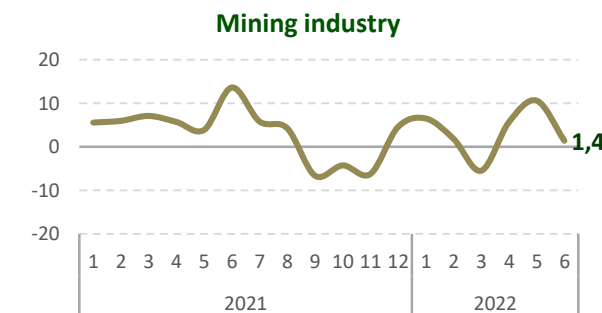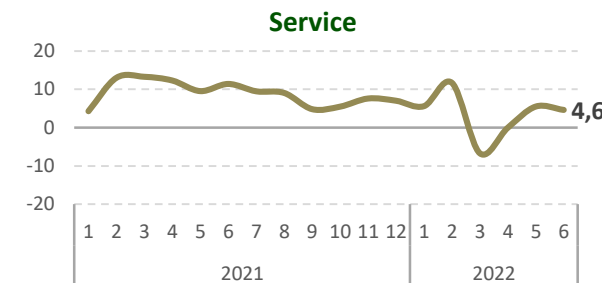
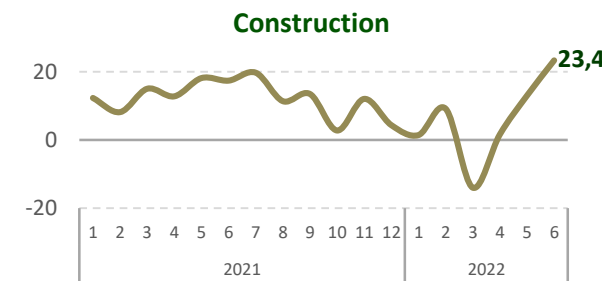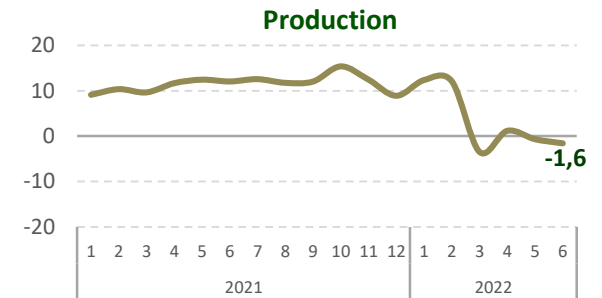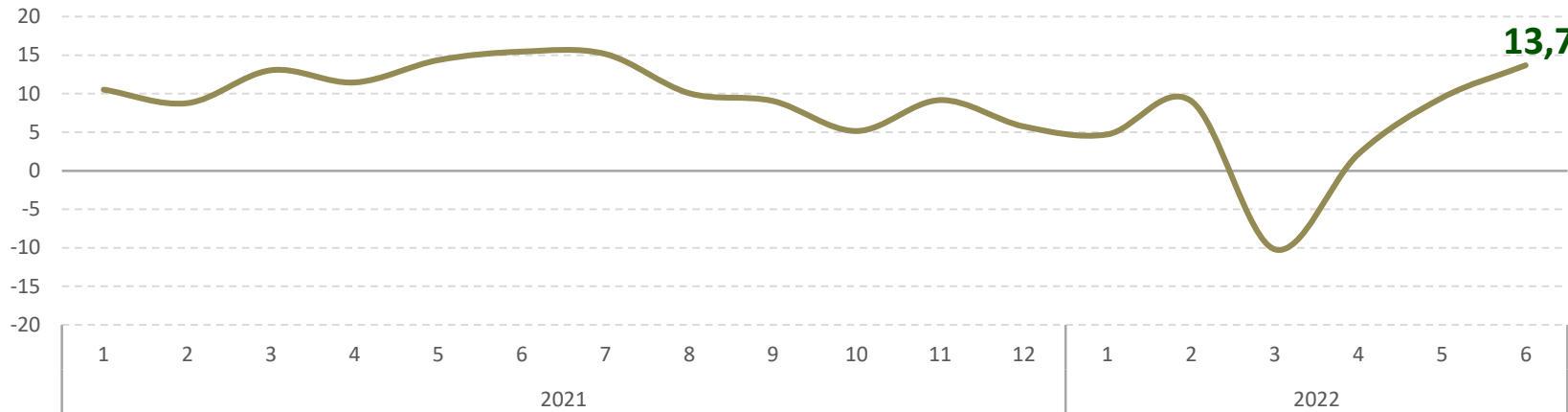The **business climate index**, which is an average assessment of current and future business conditions, rose to **13.7** (from 9.5 in May), due to improved optimism about future business conditions, especially among construction companies.

The BCI in construction amounted to **23.4** (in May – 13.1). In other sectors, the indicator decreased, and in production it even turned out to be negative (**-1,6**), due to the deterioration of the assessment of the current situation. In the services and mining sectors, the index fell to **4.6** and **1.4** (from 5.5 and 10.6 in May, respectively).

*BCI is geometrical mean of current situation assessment and expectation

Business Climate Index (BCI)

Current situation (SIT)
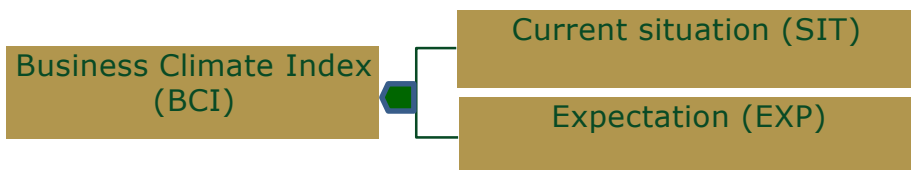
Expectation (EXP)

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

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

9

Assessment of factors influencing business climate

Dynamics of factors, BA*

Legend:
- ● Access to the financial resources
- ● Tax burden
- ● Infrastructure
- ● Business protection
- ● Demand

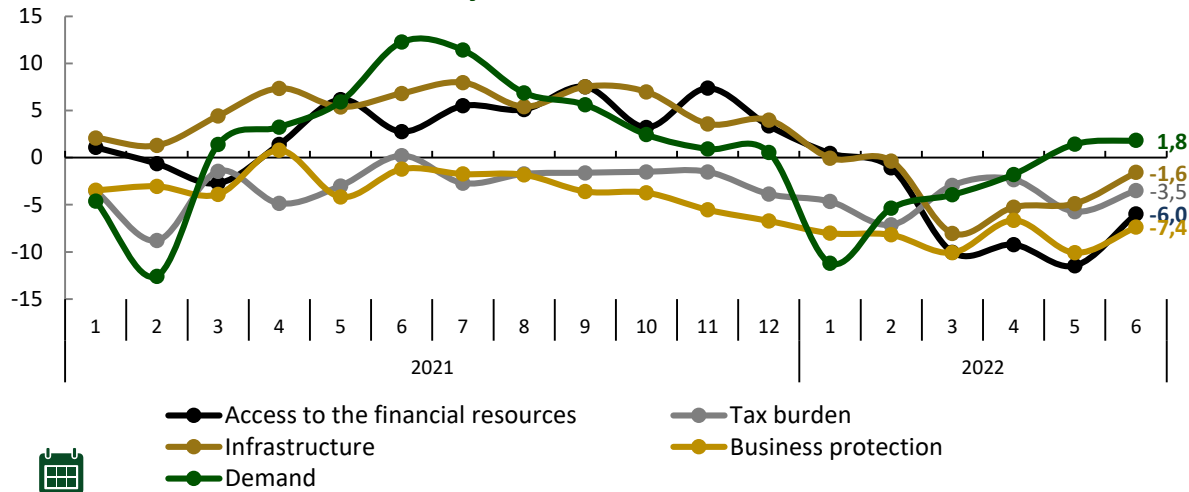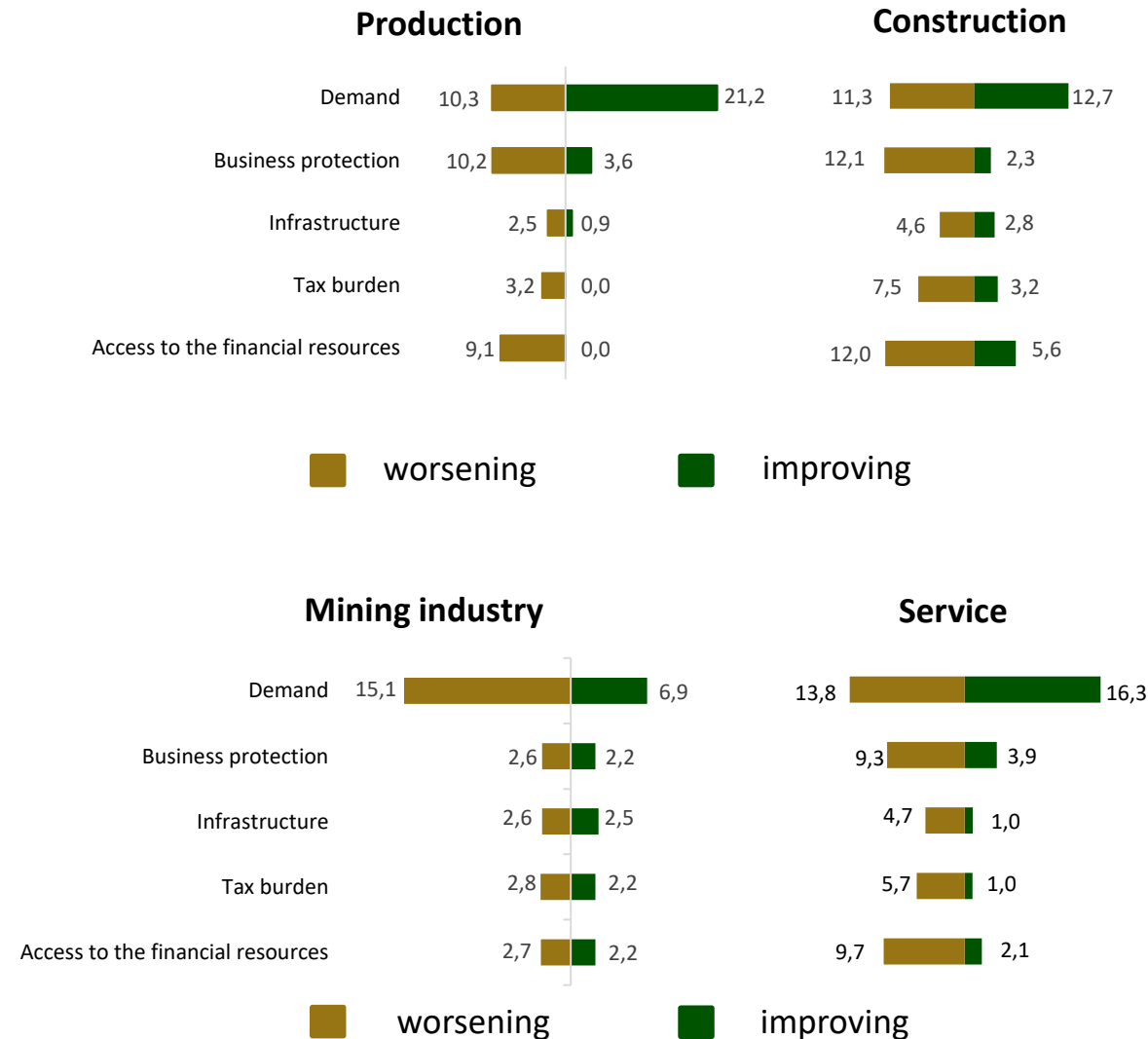Final values: 1,8; -1,6; -3,5; -6,0; -7,4

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

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

Production

Factor	worsening	improving
Demand	10,3	21,2
Business protection	10,2	3,6
Infrastructure	2,5	0,9
Tax burden	3,2	0,0
Access to the financial resources	9,1	0,0

Construction

Factor	worsening	improving
Demand	11,3	12,7
Business protection	12,1	2,3
Infrastructure	4,6	2,8
Tax burden	7,5	3,2
Access to the financial resources	12,0	5,6

■ worsening ■ improving

Mining industry

Factor	worsening	improving
Demand	15,1	6,9
Business protection	2,6	2,2
Infrastructure	2,6	2,5
Tax burden	2,8	2,2
Access to the financial resources	2,7	2,2

Service

Factor	worsening	improving
Demand	13,8	16,3
Business protection	9,3	3,9
Infrastructure	4,7	1,0
Tax burden	5,7	1,0
Access to the financial resources	9,7	2,1

■ worsening ■ improving

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

In June 2022, negative responses prevailed among the assessments of business conditions factors. The improvement was noted only for demand. The balance of responses was **1.8**. For other factors (access to communications, access to finance/loans, business protection issues and tax burden), despite the predominance of negative assessments, there was a slight improvement.

By sector, respondents estimate that demand is recovering in production and services, where positive responses prevail. A decrease in demand was noted in the mining industry. Other factors, enterprises of all sectors, assessed more negatively than positively.
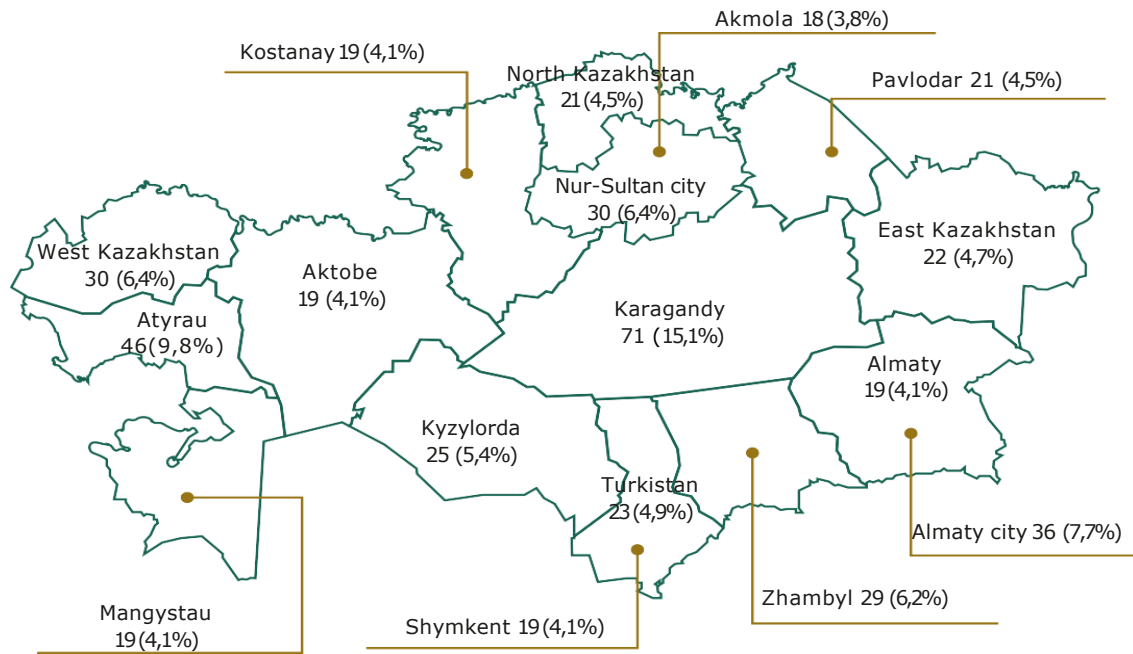
SAMPLE INFORMATION

THE NUMBER OF RESPONDENTS IN JUNE 2022 - 469 ENTERPRISES

Akmola 18 (3,8%)
Kostanay 19 (4,1%)
North Kazakhstan 21 (4,5%)
Pavlodar 21 (4,5%)
Nur-Sultan city 30 (6,4%)
East Kazakhstan 22 (4,7%)
West Kazakhstan 30 (6,4%)
Aktobe 19 (4,1%)
Atyrau 46 (9,8%)
Karagandy 71 (15,1%)
Almaty 19 (4,1%)
Kyzylorda 25 (5,4%)
Turkistan 23 (4,9%)
Almaty city 36 (7,7%)
Mangystau 19 (4,1%)
Shymkent 19 (4,1%)
Zhambyl 29 (6,2%)

ENTERPRISES-RESPONDENTS BY SIZE

Small enterprises
176
37,5%

Large enterprises
167
35,6%

Medium enterprises
126
26,9%
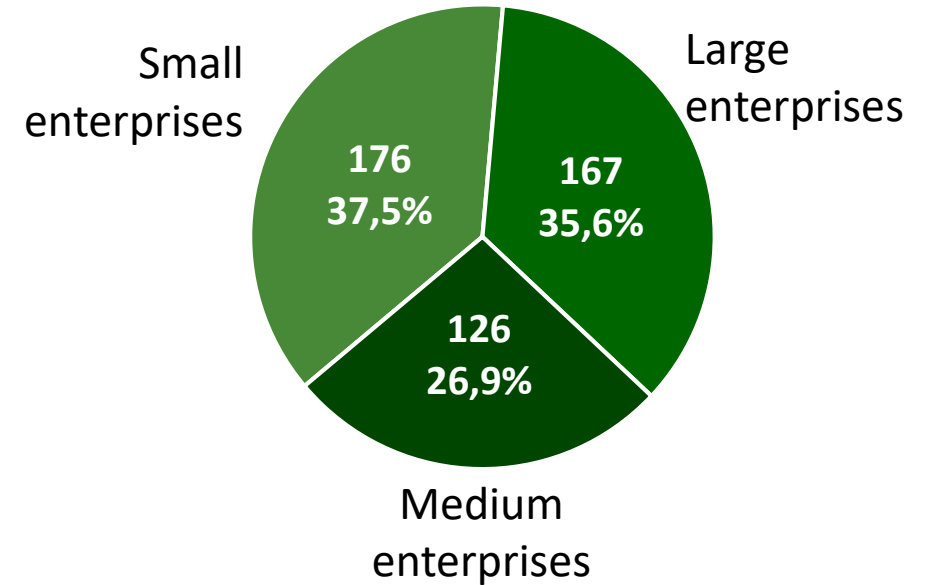
ENTERPRISES-RESPONDENTS BY SECTORS

- 42
- 139
- 215
- 73

■ Mining industry
■ Production
■ Service
■ Construction

WEIGHTS OF SECTORS

20,7
16,7
4,5
58,0
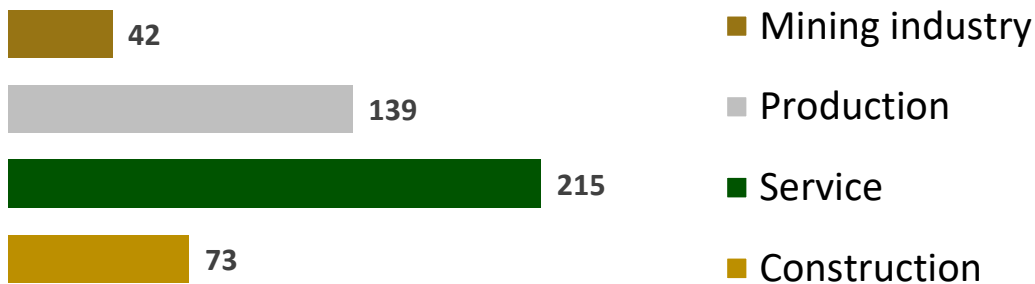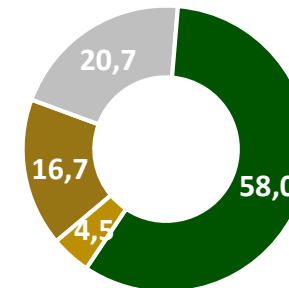
Weights of sectors are determined by GVA, and used to construct consolidated index

11

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 (except for future condition and factors).

✓ 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

Фото: Владислав Воднев