Kazakhstan Business Activity Index

August 2022

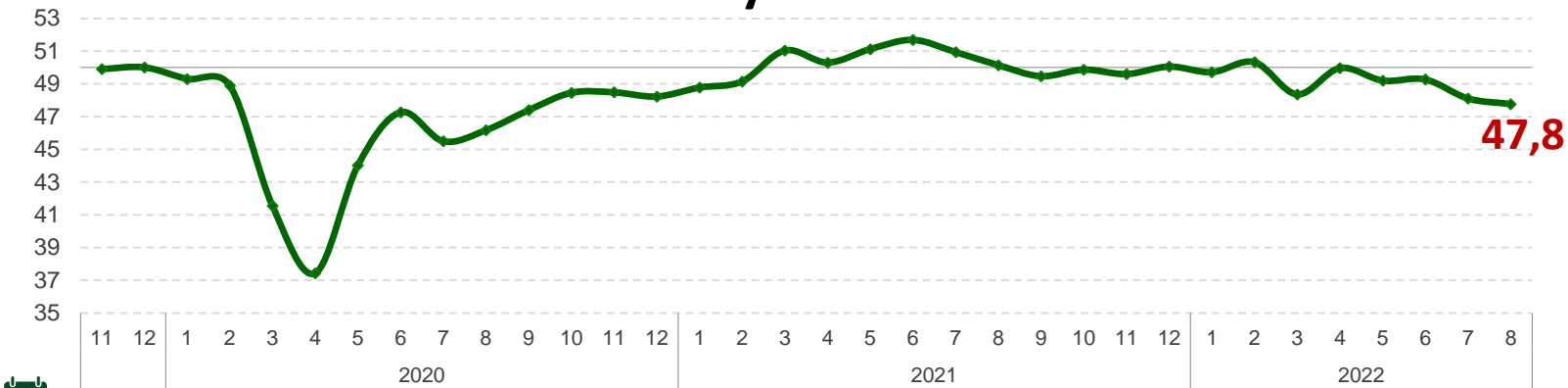# CONTENT

BUSINESS ACTIVITY INDEX

BUSINESS ACTIVITY INDEX

BAI dynamics

47,8

11 12 | 1 2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8
2020 | 2021 | 2022

According to the results of a monthly survey of 468 enterprises in the real sector, business activity deteriorated slightly in August 2022, amounting to **47.8** (in July – 48.0).

There was a slight improvement in the index in production: the index rose to **48.7** (in July – 48.5). In mining and construction, the index fell to **44.9** and **45.7**, respectively (from 46.2 and 47.3 in July).

In the service sector, the indicator remained unchanged, amounting to **48.8**.

- *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*
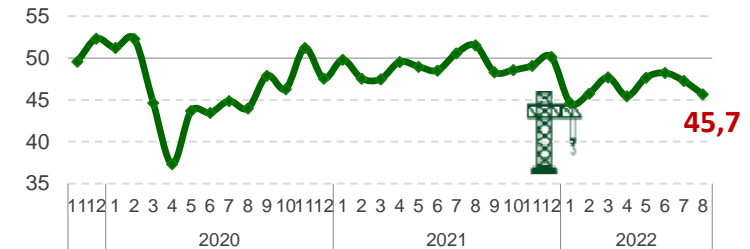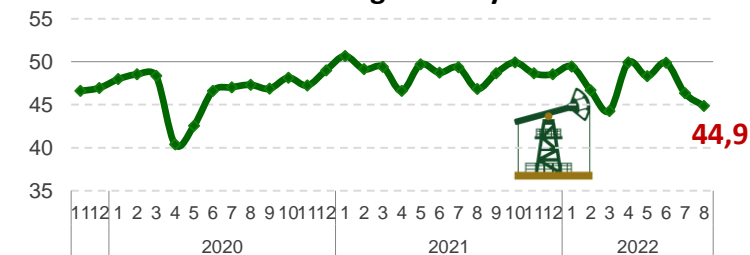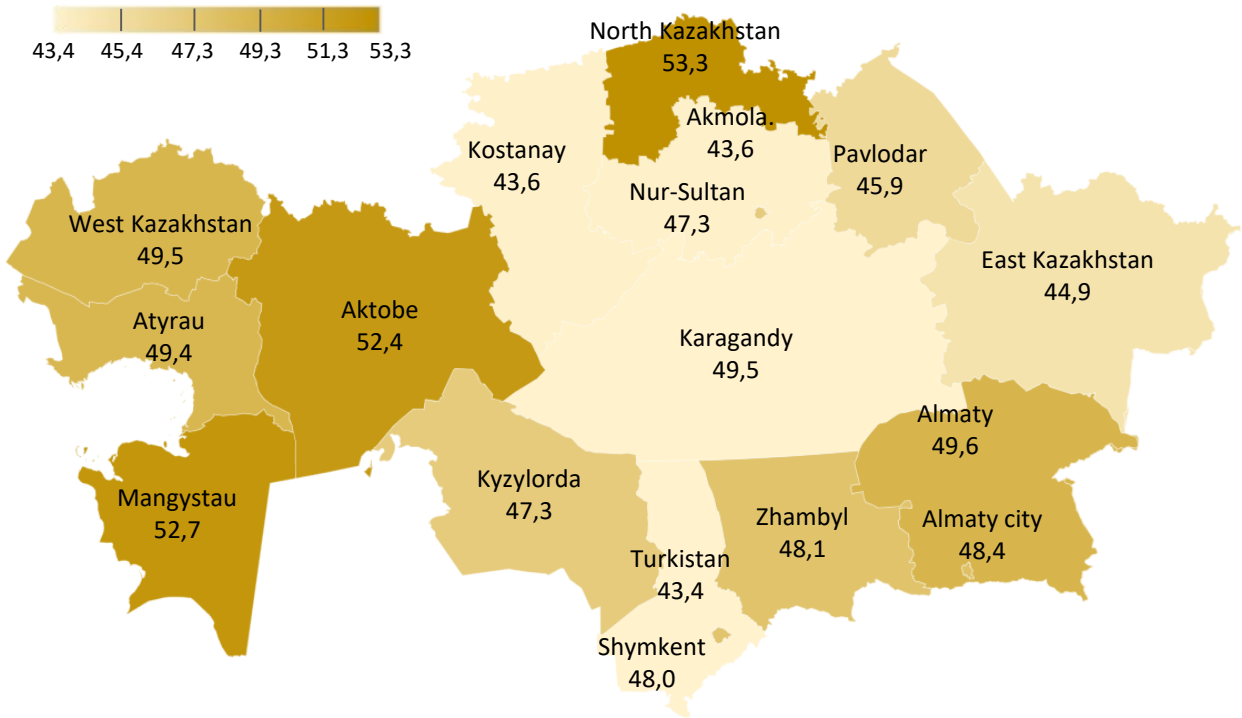
Production

48,7

Service

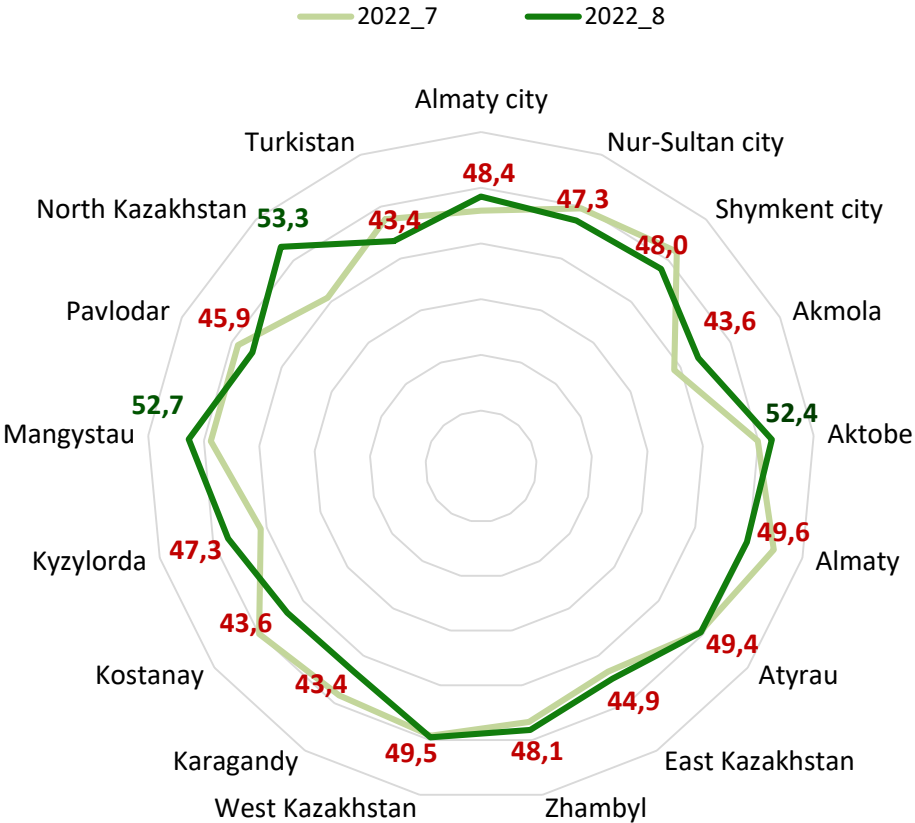**48,8**

Construction

45,7

Mining industry

44,9
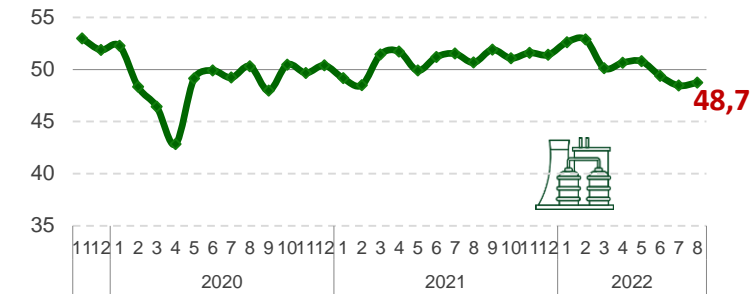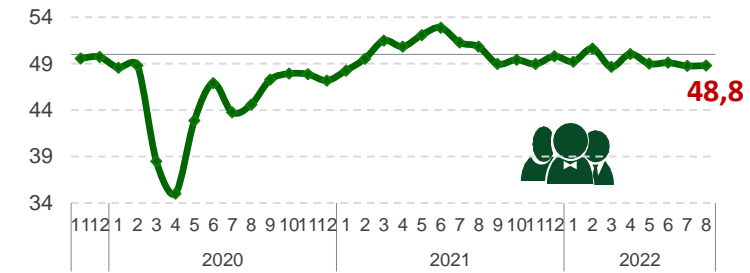
BUSINESS ACTIVITY INDEX BY REGIONS

BAI in August 2022 by regions

43,4 45,4 47,3 49,3 51,3 53,3

North Kazakhstan 53,3
Akmola 43,6
Kostanay 43,6
Nur-Sultan 47,3
Pavlodar 45,9
West Kazakhstan 49,5
Atyrau 49,4
Aktobe 52,4
East Kazakhstan 44,9
Karagandy 49,5
Almaty 49,6
Mangystau 52,7
Kyzylorda 47,3
Zhambyl 48,1
Turkistan 43,4
Almaty city 48,4
Shymkent 48,0

BAI dynamics for July - August 2022

2022_7   2022_8

Almaty city 48,4
Turkistan 43,4
Nur-Sultan city 47,3
North Kazakhstan 53,3
Shymkent city 48,0
Pavlodar 45,9
Akmola 43,6
Mangystau 52,7
Aktobe 52,4
Kyzylorda 47,3
Almaty 49,6
Kostanay 43,6
Atyrau 49,4
Karagandy 43,4
East Kazakhstan 44,9
West Kazakhstan 49,5
Zhambyl 48,1

By region, business activity was in the growth area in **3** regions of Kazakhstan: North Kazakhstan (53.3), Mangystau (52.7) and Aktobe (52.4) regions.

In **14** regions of Kazakhstan, business activity was in decline area: Turkistan (43.4), Karagandy (43.4), Akmola (43.6), Kostanay (43.6), East Kazakhstan (44.9), Pavlodar (45.9), Kyzylorda (47.3) regions, in the cities of Nur-Sultan (47.3), Shymkent (48.0) and Almaty (48.4), Zhambyl (48.1), Atyrau (49.4), West Kazakhstan (49.5) and Almaty (49.6) regions.

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

Russia — 51,7

China — 49,5

Italy — 48,0

Netherlands — 52,6

Turkey — 47,4

Map values:
- 51,7
- 52,6
- 48,0
- 48,7
- 47,4
- 49,5
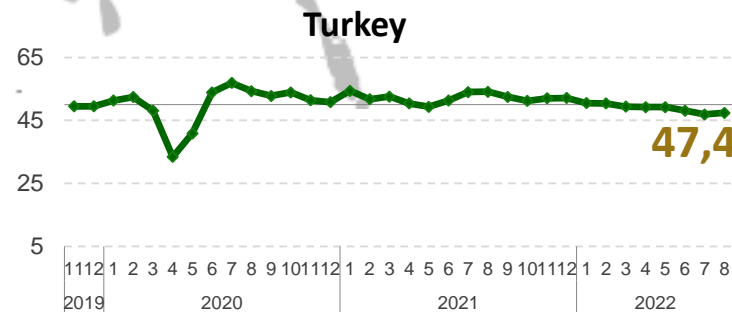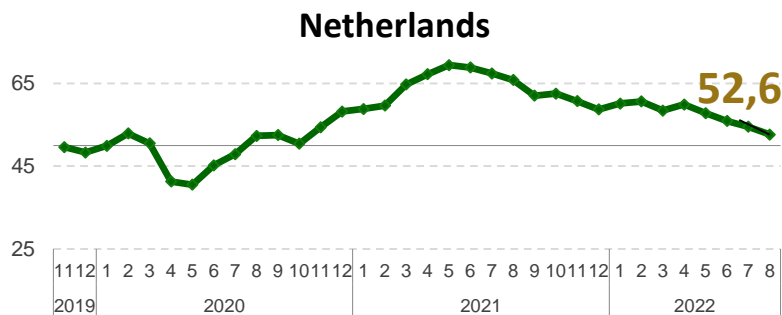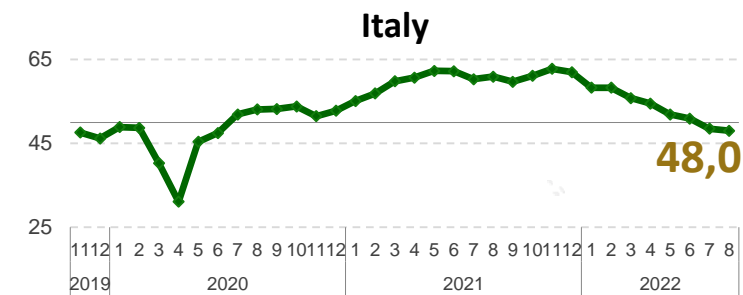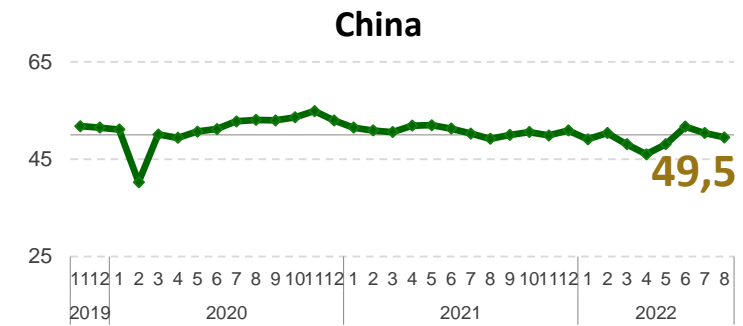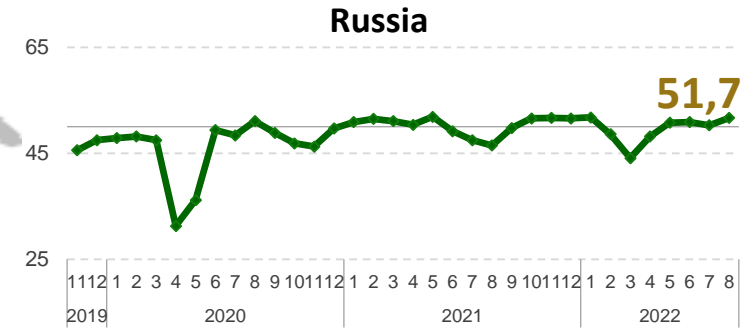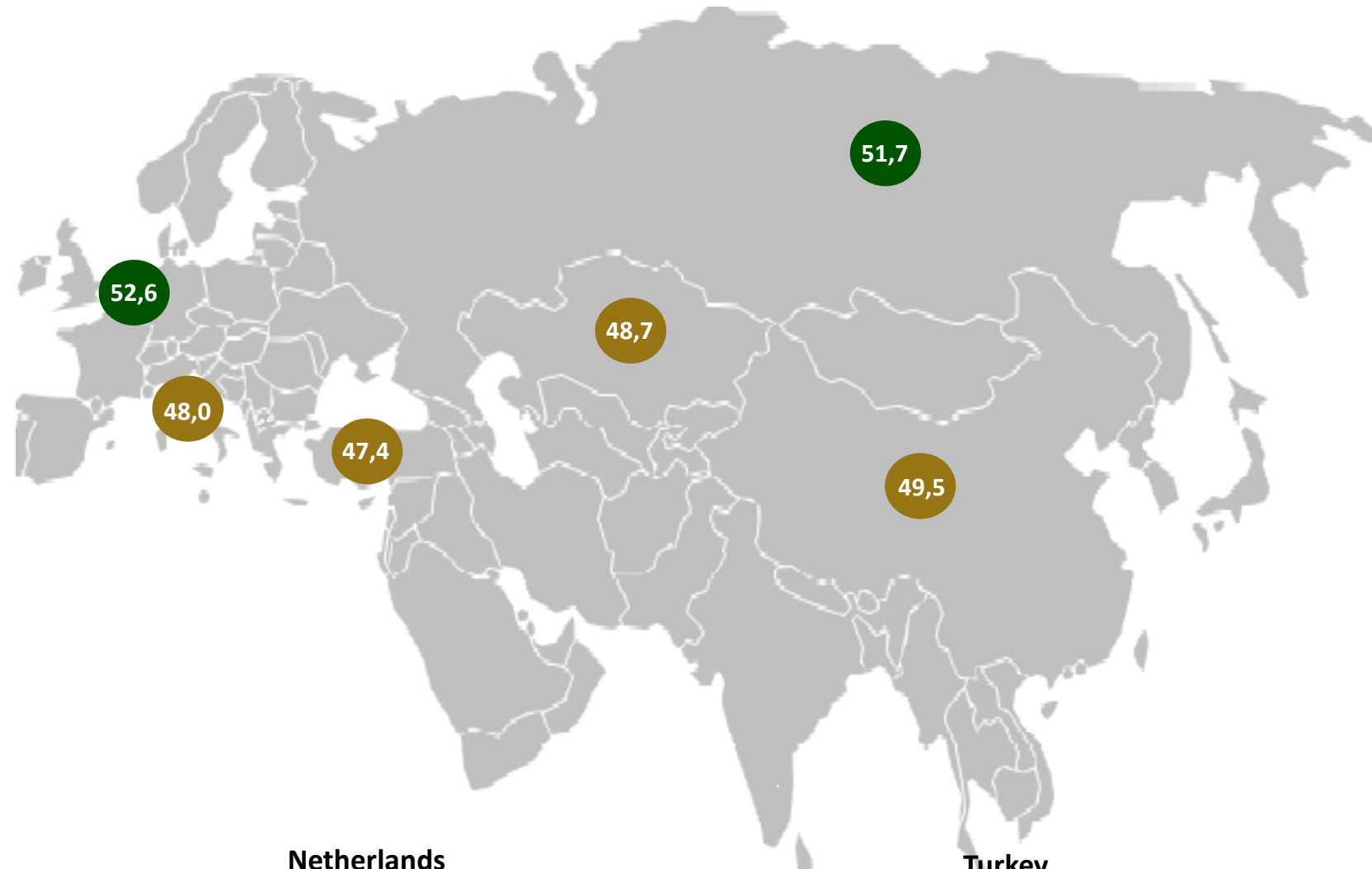
Data as for 01.09.2022
Source: https://tradingeconomics.com
https://www.markiteconomics.com

BUSINESS CLIMATE INDEX

Business cycle clock
Business climate assessment

Current and future business situation assessment, BA*

— Current economic situation assessment
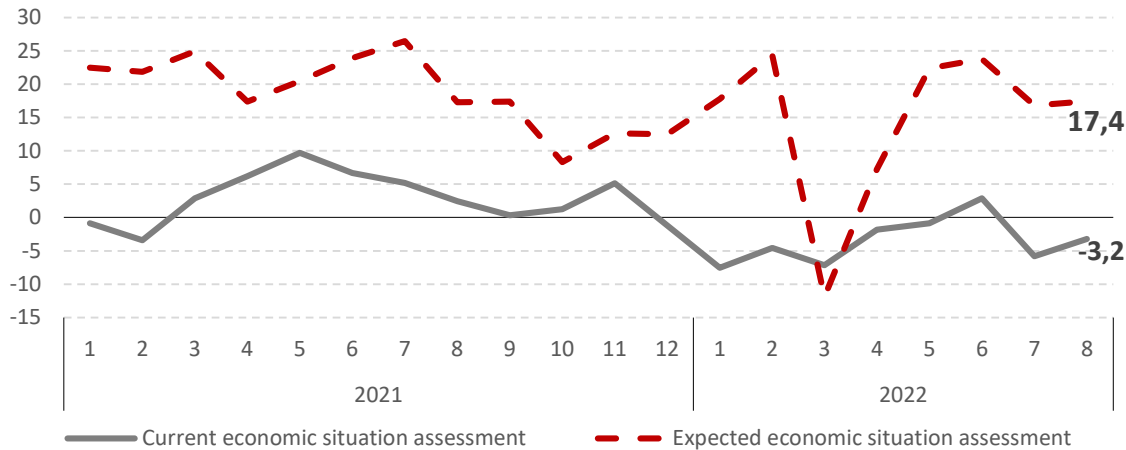--- Expected economic situation assessment

17,4
-3,2

2021 / 2022

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 August 2022, enterprises' assessment of **current** business conditions remained negative, despite a slight improvement to **(-)3.2** from (-)5.8 in July.

Estimates of **future** business conditions for the next 6 months improved slightly, amounting to **17.4** (in July - 16.8).

As a result, the indicator of the business cycle clock in August remained in the **upswing** area.

Business cycle clock

Upswing | Boom

July 2022
(-5,8; 16,8)

August 2022
(-3,2; 17,4)

Current situation

Expectation

Recession | Downswing

● 2022   ● 2021
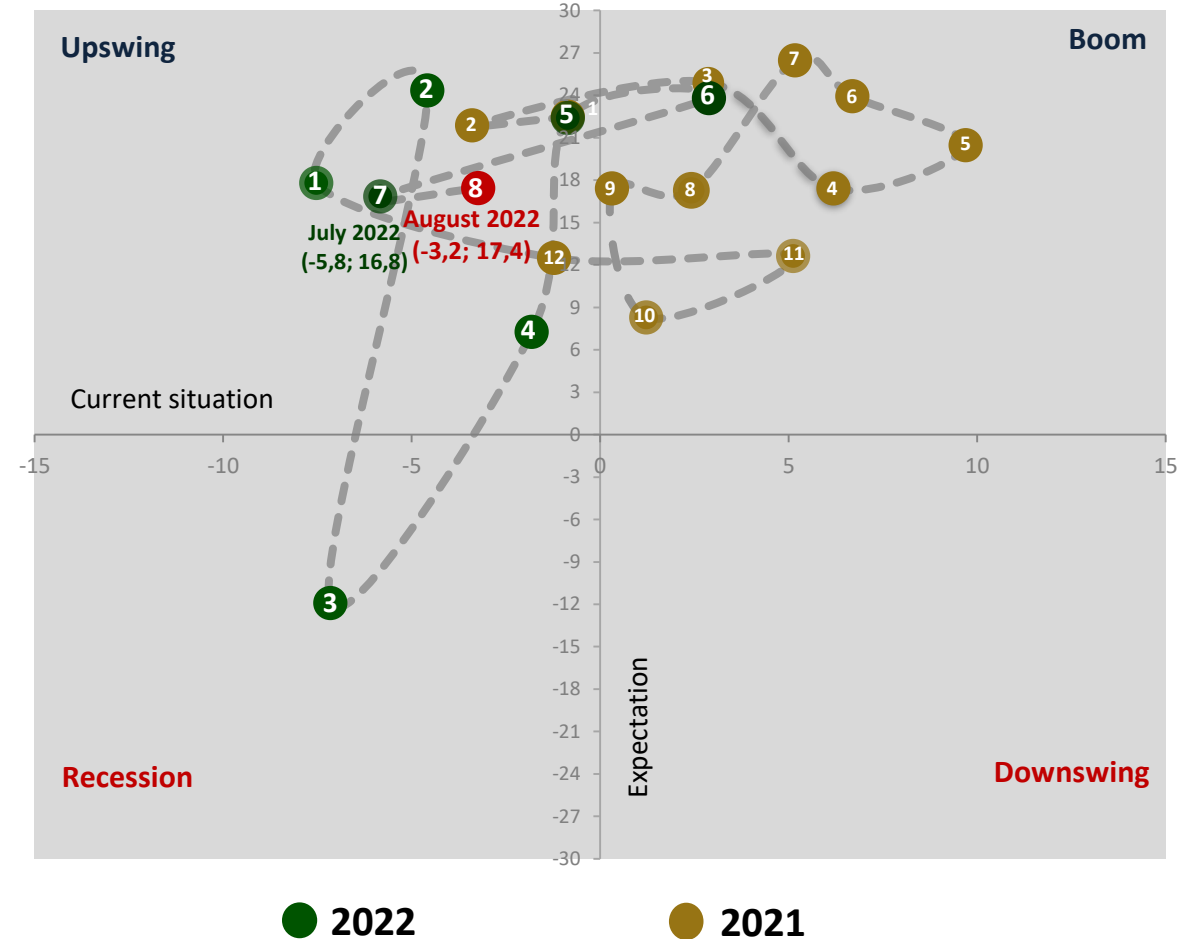
Business cycle clock is developed by Ifo institute demonstrates in which phase of the cycle the economy was in a certain period. To construct it the series of current conditions (X axis) and future conditions (Y axis) assessments are used.

Business climate index (BCI)
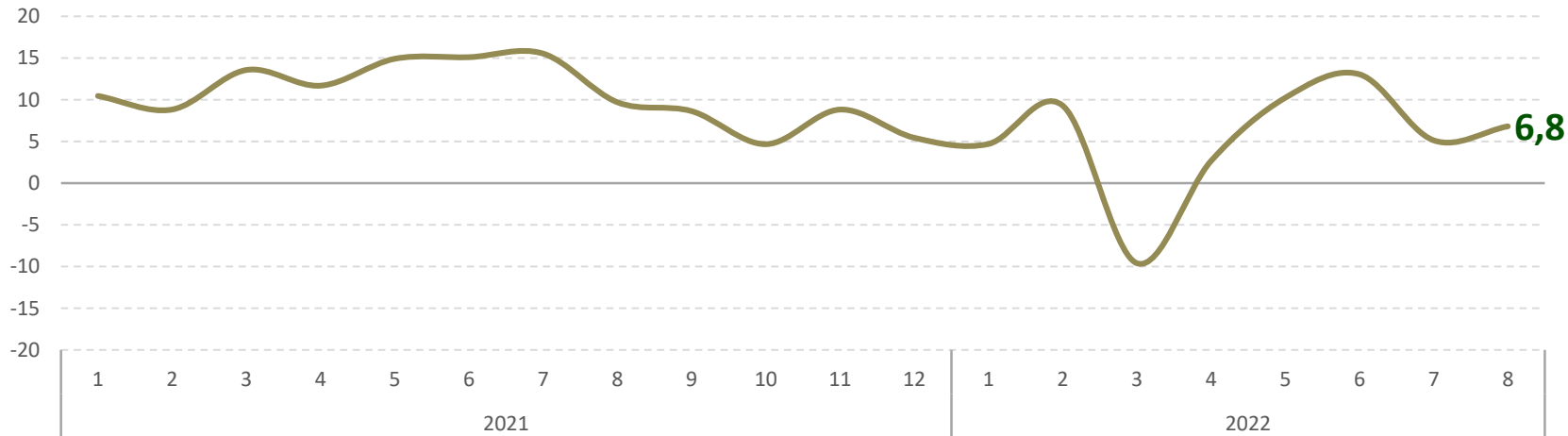
BCI* in economy

6,8

The **business climate index**, which is an average assessment of current and future business conditions, increased to **6.8** (from 5.2 in July) due to improvements in service and construction sectors.

The BCI turned out to be negative only in the mining industry, amounting to **(-)7.0** (in July – (-)5.3), in construction and the services sector, the indicator increased to **14.2** and **8.8** (from 11,5 and 4.6 in July), respectively. In the production sector, the indicator moved into the positive area amounting to **0.9** (in July – (-)0.5).
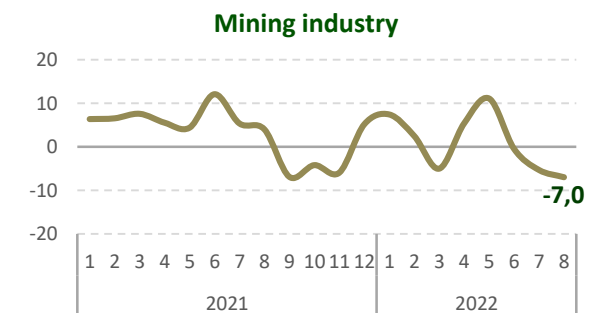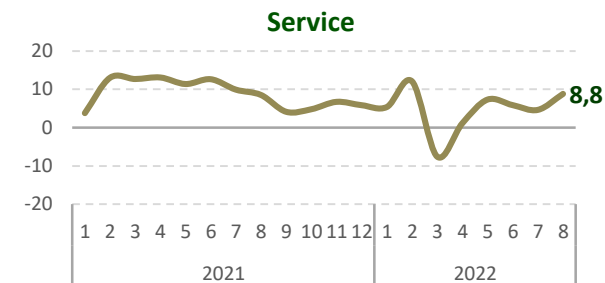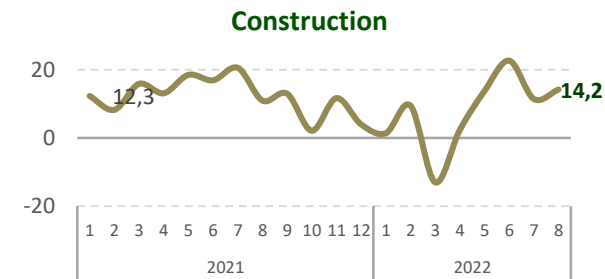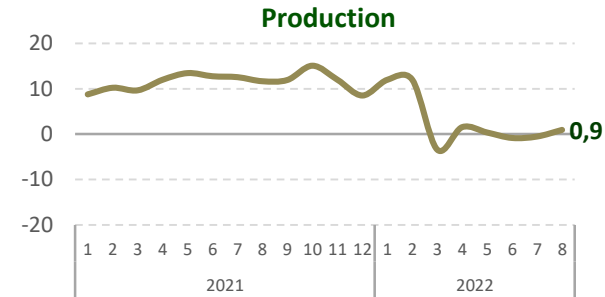
*BCI is geometrical mean of current situation assessment and expectation

Business Climate Index (BCI)

Current situation (SIT)
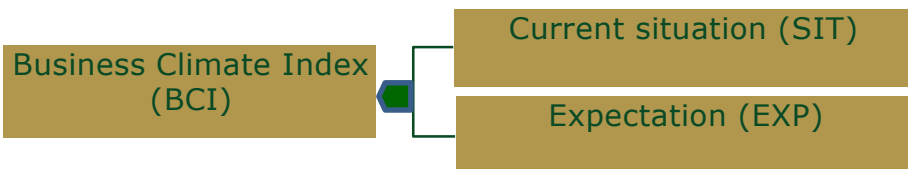
Expectation (EXP)

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

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

Production

0,9

Construction

12,3   **14,2**

Service

8,8

Mining industry

-7,0

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.

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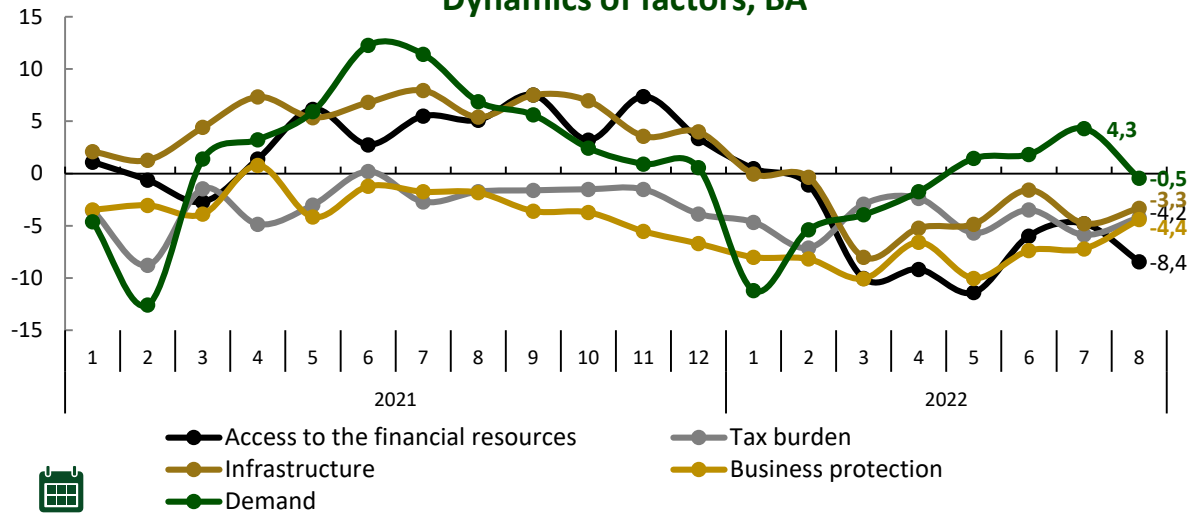- Demand

Values shown: 4,3 / -0,5 / -3,3 / -4,2 / -4,4 / -8,4

In August 2022, according to the assessment of business conditions factors negative responses prevailed. As a result, the balance of responses between positive and negative responses for all factors turned out to be negative.

Despite the predominance of negative assessments, there was an improvement in the estimates of access to communications, tax burden and business protection issues to **(-)3.3**, **(-)4.2** and **(-)4.4**, respectively.

By sector, demand has decreased in the mining industry, where negative responses prevail significantly. In other sectors, according to the companies' estimates, demand in general has increased.
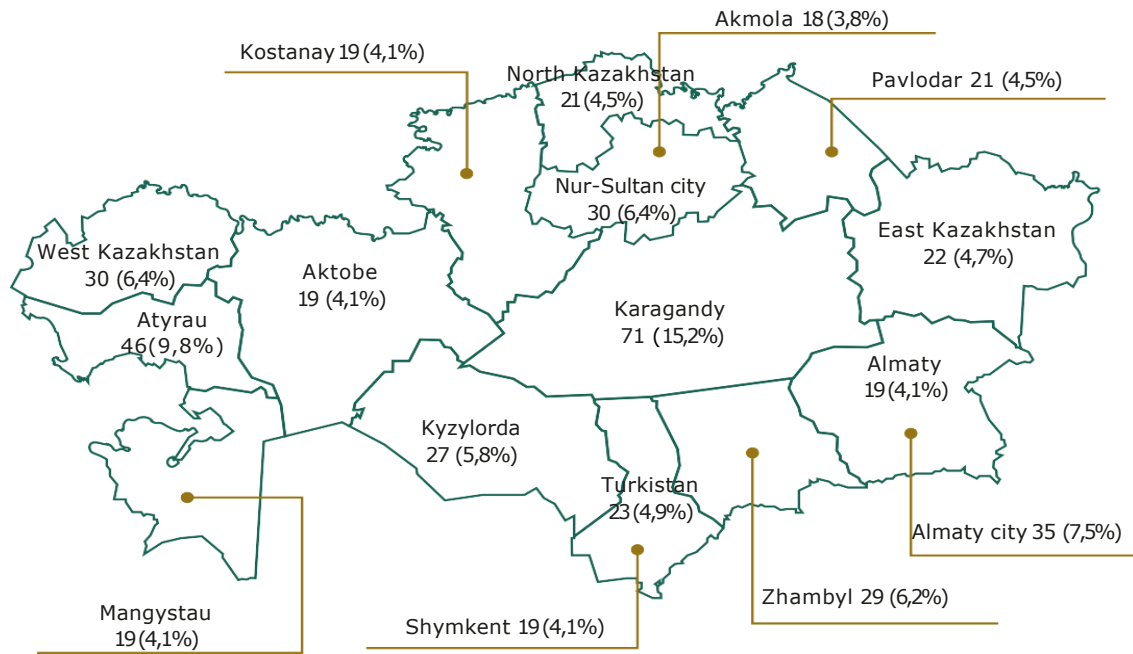
Assessment of factors in August 2022, share of answers in %

Production

Factor	worsening	improving
Demand	11,8	15,2
Business protection	6,6	5,7
Infrastructure	2,9	1,9
Tax burden	3,9	0,0
Access to the financial resources	10,9	1,5

Construction

Factor	worsening	improving
Demand	8,3	11,1
Business protection	12,8	4,6
Infrastructure	12,0	5,4
Tax burden	9,9	4,9
Access to the financial resources	16,6	5,6

worsening / improving

Mining industry

Factor	worsening	improving
Demand	20,8	2,9
Business protection	0,8	4,4
Infrastructure	0,8	4,4
Tax burden	3,6	2,2
Access to the financial resources	2,6	4,0

Service

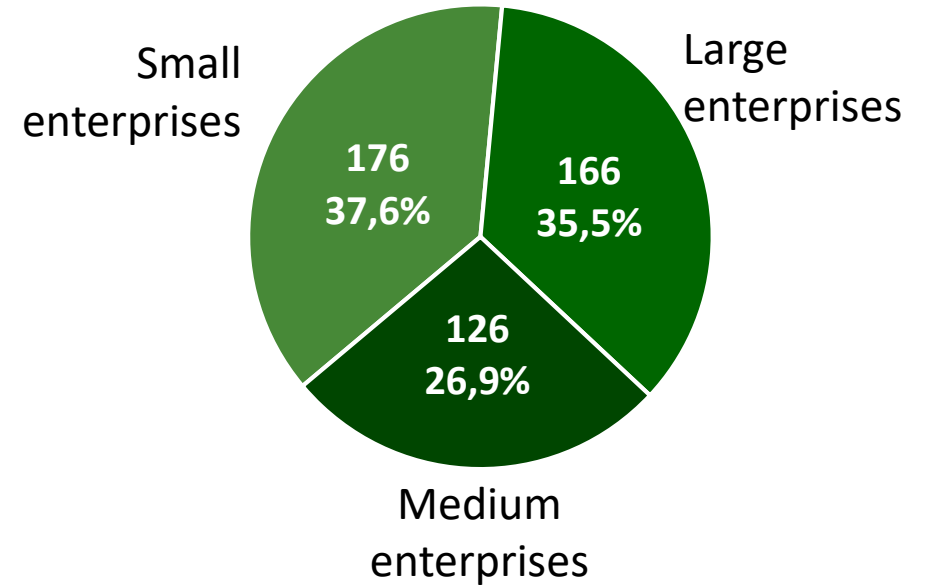| Factor	worsening	improving
Demand	10,1	14,2
Business protection	4,6	3,6
Infrastructure	1,5	4,2
Tax burden	6,2	1,0
Access to the financial resources	8,5	2,3

worsening / improving

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

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SAMPLE INFORMATION

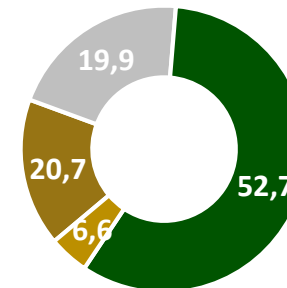## THE NUMBER OF RESPONDENTS IN AUGUST 2022 - 468 ENTERPRISES

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 (15,2%)
Almaty 19 (4,1%)
Kyzylorda 27 (5,8%)
Turkistan 23 (4,9%)
Almaty city 35 (7,5%)
Mangystau 19 (4,1%)
Shymkent 19 (4,1%)
Zhambyl 29 (6,2%)

ENTERPRISES-RESPONDENTS BY SIZE

Small enterprises
176
37,6%

Large enterprises
166
35,5%

Medium enterprises
126
26,9%

ENTERPRISES-RESPONDENTS BY SECTORS

- 42
- 138
- 216
- 72

■ Mining industry
■ Production
■ Service
■ Construction

WEIGHTS OF SECTORS

19,9
20,7
6,6
52,7
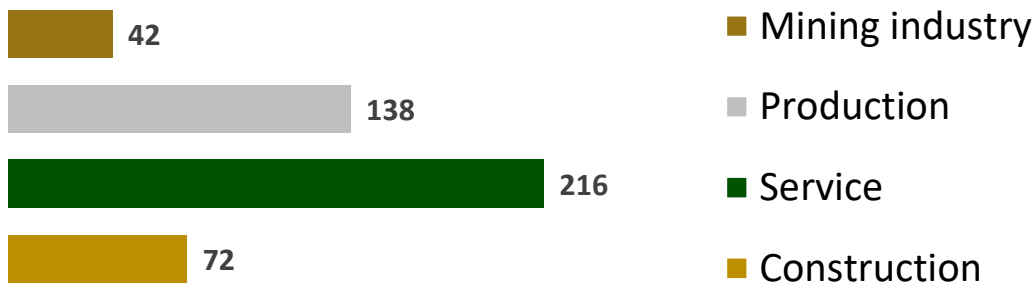
Weights of sectors are determined by GVA, and used to construct consolidated index

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Фото: Владислав Воднев

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