

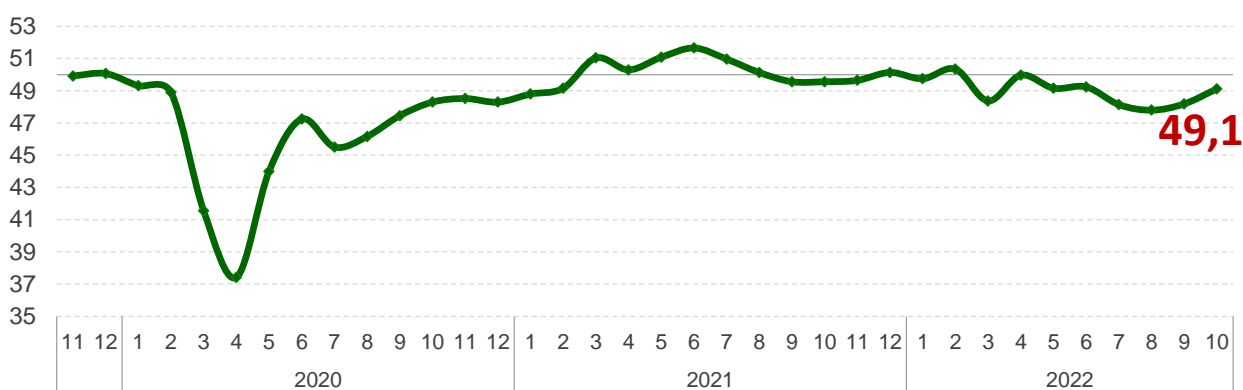


Business activity index

October 2022

Business activity is gradually recovering, but still, for the sixth month in a row, the index remains in negative area.

Graph 1. Dynamics of business activity index (BAI)*



* 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.

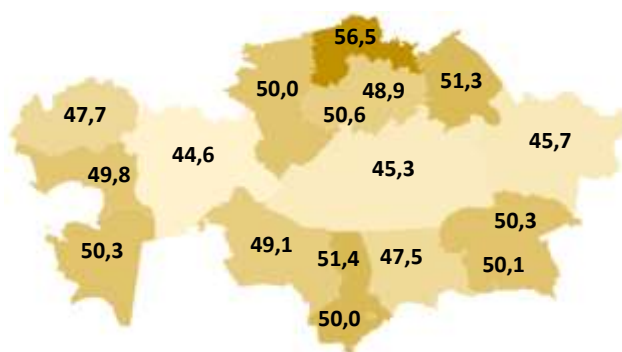
The business activity index rose to 49.1 (in September – 48.2) due to an increase in the volume of new orders and the level of employment in certain sectors.

The recovery of business activity was noted in all sectors except production, where the indicator remained almost at the level of last month, amounting to 48.5. In the mining industry, the business activity index rose to 50.0 (from 48.0 in September). In the services and construction sectors, despite the fact that the indicator remains below the 50 mark, there was a noticeable improvement in the index to 49.2 and 47.5, respectively (from 48.3 and 46.3 in September).

Graph 2. BAI in September by regions

In 9 regions BAI improved, in 8 regions worsened.

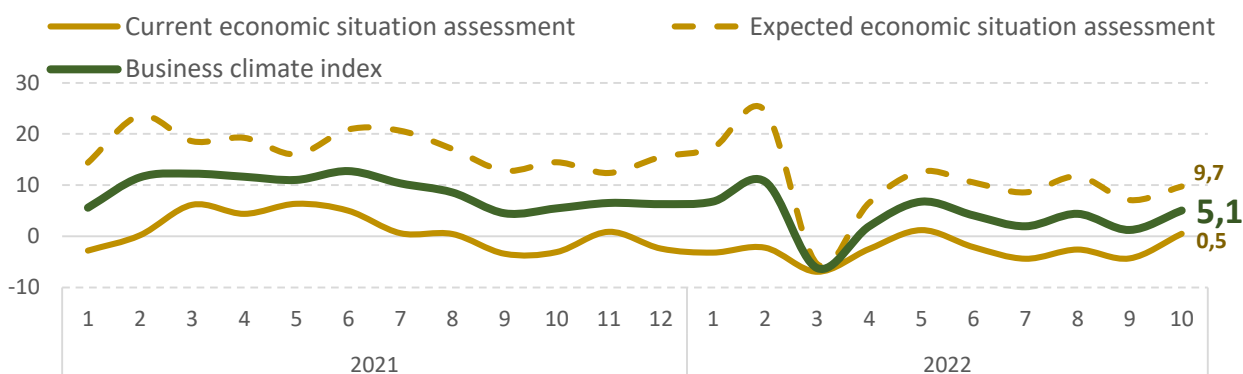
The highest index value was recorded in the North Kazakhstan region (56.5), the lowest - in the Aktoobe region (44.6).



Business climate index

The business climate index increased due to the improvement of the indicator in the services and mining industries. The indicator worsened only in construction due to a decrease in optimism about future business conditions.

Graph 3. Dynamics of business climate index (BCI)*



* To assess current and future business conditions, a balance of responses (BO) is used, which is calculated as the difference between the shares of positive and negative answers to questions about changes in business conditions. An index value above 0 indicates an improvement, below 0 indicates a deterioration of the situation.

In October 2022, for the first time in the last 5 months, enterprises positively assessed the current business conditions.

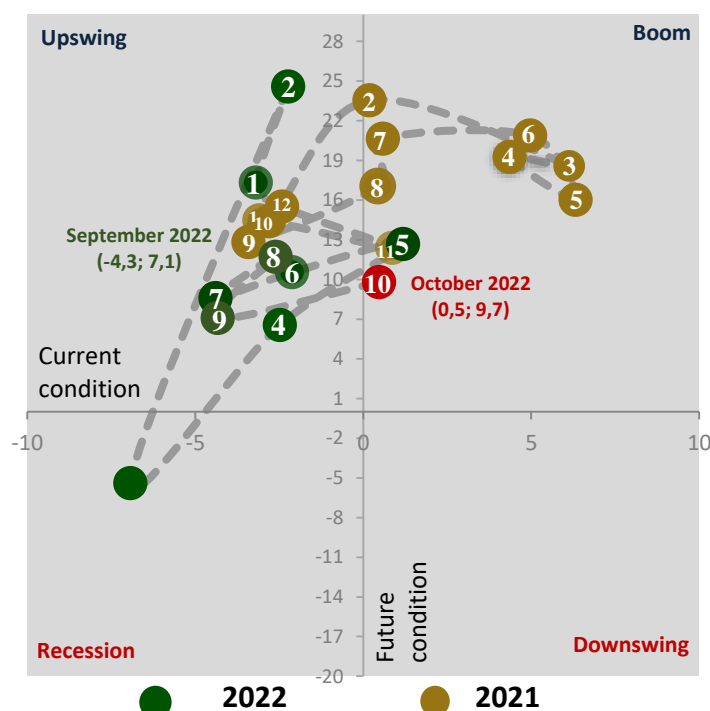
According to the estimates of enterprises, the demand for finished products has improved. There was a slight improvement in assessments of business protection issues, despite a slight predominance of negative responses. Assessments of other factors of business conditions (tax burden and access to finance/loans) remained more negative.

In October 2022 the indicator of business cycle clock crossed the border and almost moved from the area of upswing to the area of boom.

The assessment by enterprises of the current business conditions showed a slight positive growth, amounting to 0.5 (in September - (-)4.3).

Estimates of future business conditions for the next 6 months also improved, amounting to 9.7 (in September – 7.1).

Graph 4. Business cycle clock



* 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.

METHODOLOGICAL COMMENT

¹ The information was prepared based on the results of monthly survey of enterprises participating in the monitoring of the real sector.

² The business activity index is calculated as an aggregated change in such indicators of enterprises as the volume of new orders, the level of employment, the volume of new products, the volume of inventories, delivery times.

³ To calculate the Business Activity Index, the diffusion index (DI) is used, which is calculated as the sum of positive responses and half of the responses unchanged. This index is a generalized indicator characterizing the dynamics of changes in the indicator.

⁴ To calculate the business climate index (BCI), according to the methodology of the Ifo Institute, a balance of answers (BA) on indicators of business conditions in the current month (SIT) and expected changes in business conditions in the next 6 months (EXP) is used:

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

where, BA – balance of answers

SIT – current economic condition

EXP – expected economic condition

⁵ The BA (balance of answers) is calculated as the difference between the shares of positive and negative responses to questions about changing business conditions. Enterprises choose one of the three suggested answers "improved", "have not changed" and "worsened". The response shares are calculated using weights.

⁶ The business cycle clock, developed by the Ifo Research Institute, is a diagram (coordinate system) divided into four quadrants using the crosshair of two zero lines, which from the point of view of the business situation refer to the four stages of the economic cycle: upswing, expansion, downswing, recession. If the assessment of current conditions is negative and expectations are positive, the economy is in the upswing area, if both the assessment of current conditions and expectations are positive, then the economy is in the expansion phase, etc.

⁷ The data in the diagrams are seasonally adjusted (except for the assessment of future conditions and the assessment of factors).

⁸ Changes are possible in the previous months dynamics due to seasonal clearing and GVA adjustment.

⁹ Detailed information by sector (information about the sample, the dynamics of indicators, the results of the distribution of responses) is presented in the dashboard.