

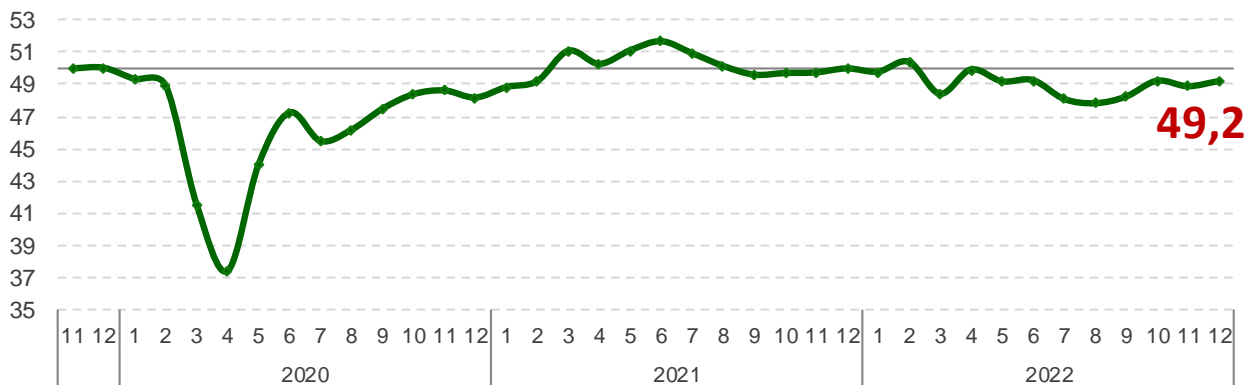


Business activity index

December 2022

The dynamics of the business activity index improved slightly, but the index is still in the negative area. The main reason holding back business activity remains problems with logistics and long delivery times

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.

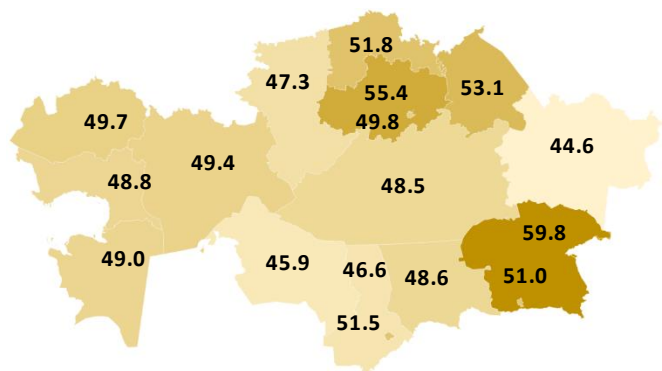
The business activity index rose from 48.9 in November to 49.2 in December.

Business activity increased in production, where the index rose to 50.4 due to an increase in the volume of new orders and new products (in November – 49.0). In other sectors, the index fell below the 50 mark, while in construction there was a slight improvement to 46.9 (in November – 45.1). In the service sector, the indicator remained almost unchanged, amounting to 49.4 (in November – 49.3). In the mining industry, due to a decrease in the volume of new products, the level of employment and an increase in delivery times, business activity decreased to 47.3 (in November - 48.7).

Graph 2. BAI in December by regions

In 6 regions business activity improved, in 11 regions it worsened.

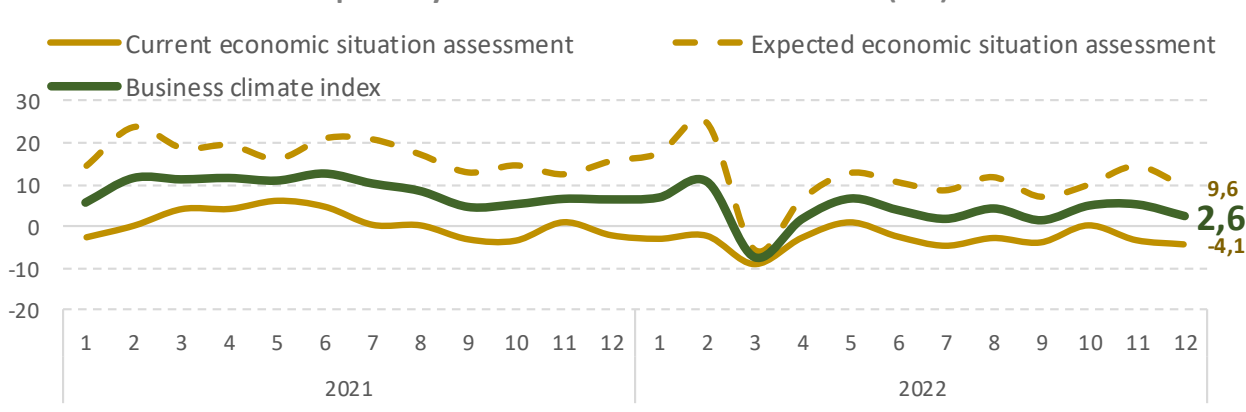
The highest index value was recorded in the Almaty region (59.8), the lowest - in the East Kazakhstan region (44.6).



Business climate index

The business climate index decreased due to the deterioration of estimates in the mining industry, where the indicator turned out to be negative. A slight improvement in the indicator was noted in production and construction

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.

Although enterprises' expectations regarding future business conditions worsened in December 2022, overall they remain positive. The current business conditions are still negatively assessed by enterprises

Enterprises still poorly, but positively assessed access to communications and demand for finished products. For other factors of business conditions (tax burden, access to finance/loans, business protection issues), negative assessments prevail.

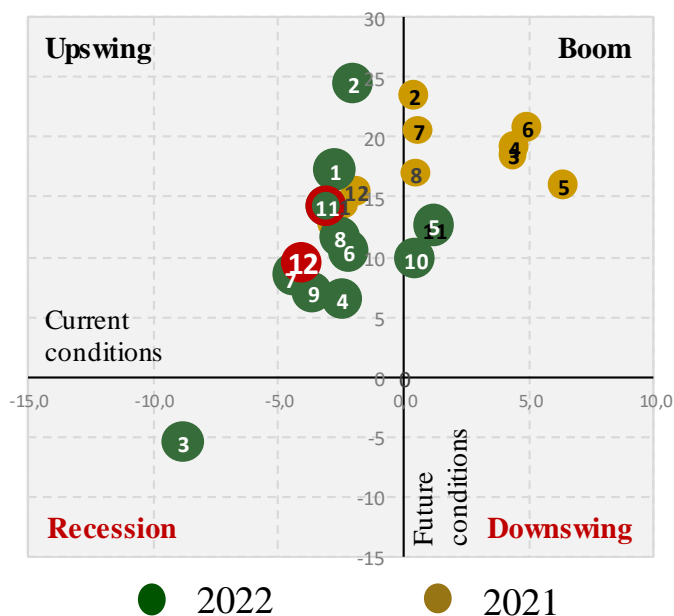
In December 2022 the indicator of business cycle clock left in the upswing area

Enterprises' assessment of the current business conditions kept negative, amounting to (-)4.1.

Assessment of future business conditions for the next 6 months also worsened, amounting to 9.6.

* Business cycle clock is developed by Ifo Institute. It 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.

Graph 4. Business cycle clock



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.