

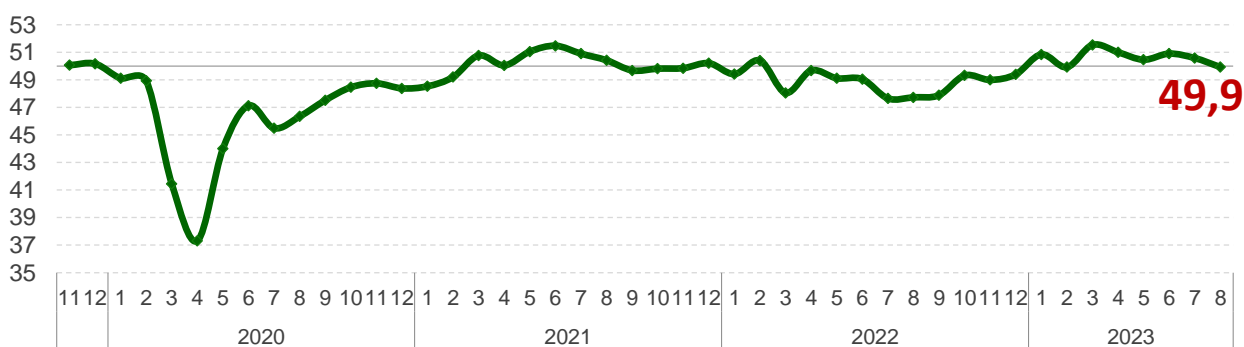


# Business activity index

August 2023

**In August business activity decreased slightly, the index is on the border of the neutral line (mark 50), indicating an unchanged situation.**

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.

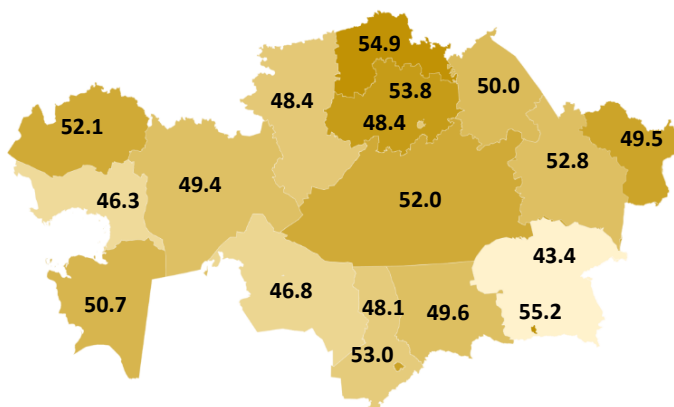
## The business activity index in August 2023 decreased to 49.9.

There were also no significant changes in the context of sectors: the indices turned out to be near the neutral mark (50.0). Only the indicator in the service sector was in the positive area, with a value of 50.1 (in July - 51.3). A slight deterioration was noted in production, where the indicator fell to 49.8 (from 50.2 in July). The indices in the mining industry and construction, despite the improvement (from 48.9 and 49.4, respectively), are also in the negative area with a value of 49.7 (the same). Compared to July, the volume of inventories has recovered, but the delivery dates have not yet been restored.

Graph 2. BAI in August by regions

**Business activity improved in 8 regions, worsened in 9 regions, and left unchanged in 1 region.**

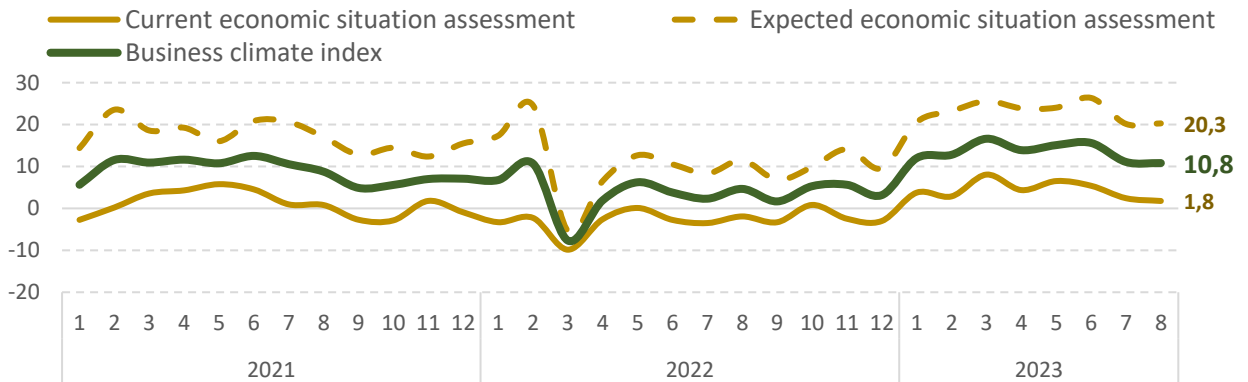
The highest index value was recorded in Almaty city (55.2), the lowest - in Almaty region (43.4), in Pavlodar region business activity kept the same level.



# Business climate index

The business climate index decreased slightly, but the index remained positive. Assessments of current business conditions decreased, while assessments of future business conditions improved slightly.

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.

## The demand for finished goods/services has slowed but remains positive.

Infrastructure and access to finance/credit were rated weakly positive. Despite improvements, the tax burden and business protection issues are still negatively assessed.

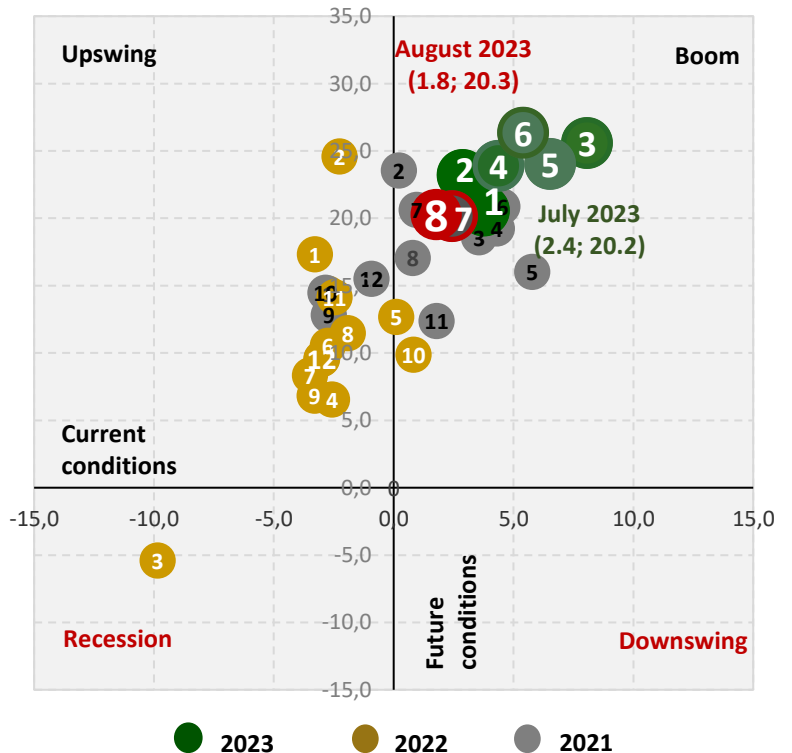
In August 2023, the business cycle "clock" indicator remained in the boom area.

Enterprises' assessment of current business conditions decreased to 1.8

The assessment of future business conditions for the next 6 months was 20.3.

\* 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.

Graph 4. Business cycle clock



## METHODOLOGICAL COMMENT

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

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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

<sup>5</sup> 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.

<sup>6</sup> 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.

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

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

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

<sup>10</sup> As the representativeness of the sample by region by sector is achieved, the calculation results will be presented in accordance with the new administrative-territorial structure.