



Kazakhstan Business Activity Index

May 2022



A black and white photograph of an industrial facility, likely a refinery or chemical plant. The image shows a complex network of large, polished metal pipes and vessels. In the lower-left corner, a round analog clock is visible on a wall. The overall scene is industrial and technical.

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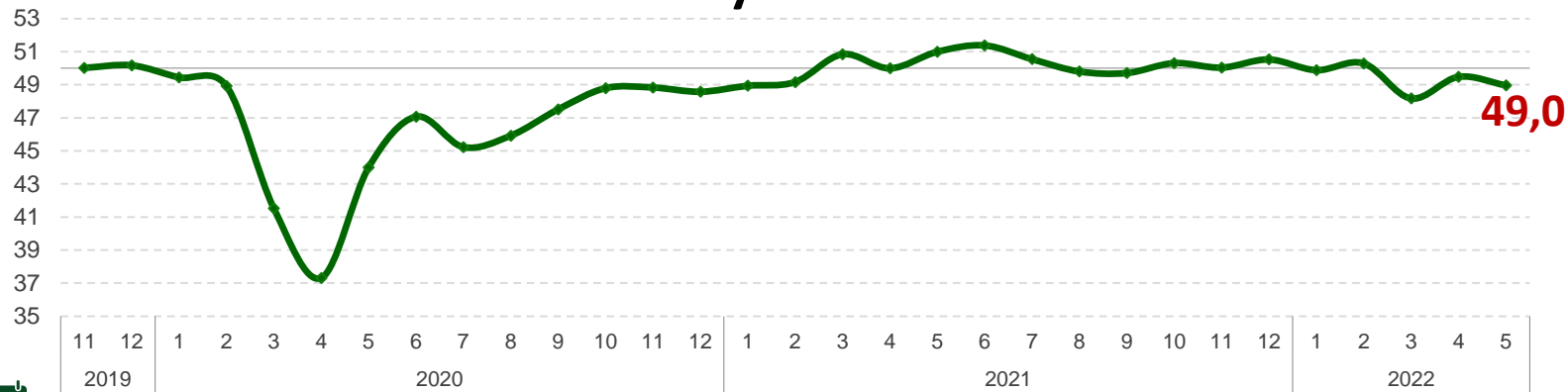
Methodological comment



BUSINESS ACTIVITY INDEX

BUSINESS ACTIVITY INDEX

BAI dynamics



* 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 467 enterprises in the real sector, business activity decreased slightly in May 2022, amounting to **49.0** (in April – 49.5), but the index was higher than in March (48.2), when the economy was influenced by the geopolitical situation and related consequences.

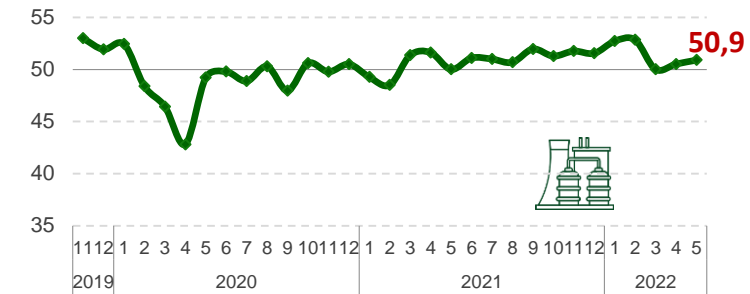
The growth of business activity was noted in the manufacturing sector: the index rose to 50.9 (in April – 50.5). In the services sector and in the mining industry, business activity worsened, falling to **48.8** and **48.3**, respectively. In construction, the index rose from 44.6 to **46.2**.

There is an increase in delivery times in all sectors, the employment situation has improved slightly in construction, but the volume of orders remains low.

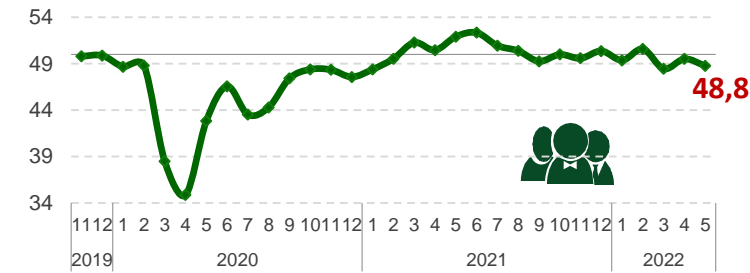


- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey of enterprises participating in the monitoring of the real sector on a monthly basis

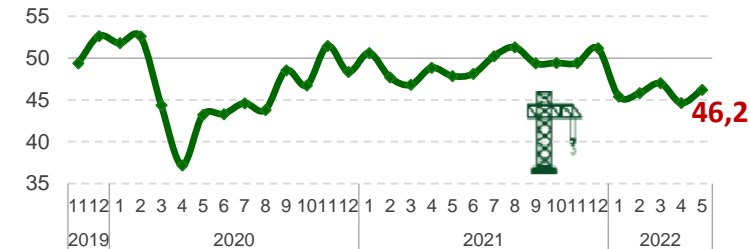
Production



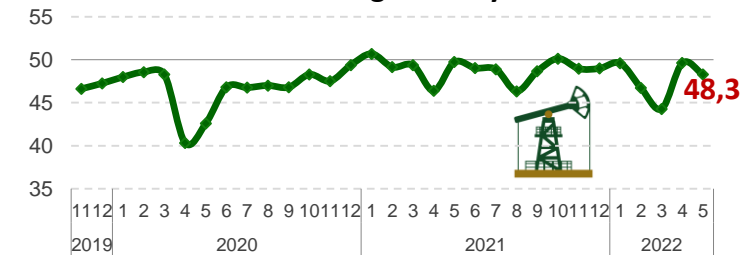
Service



Construction

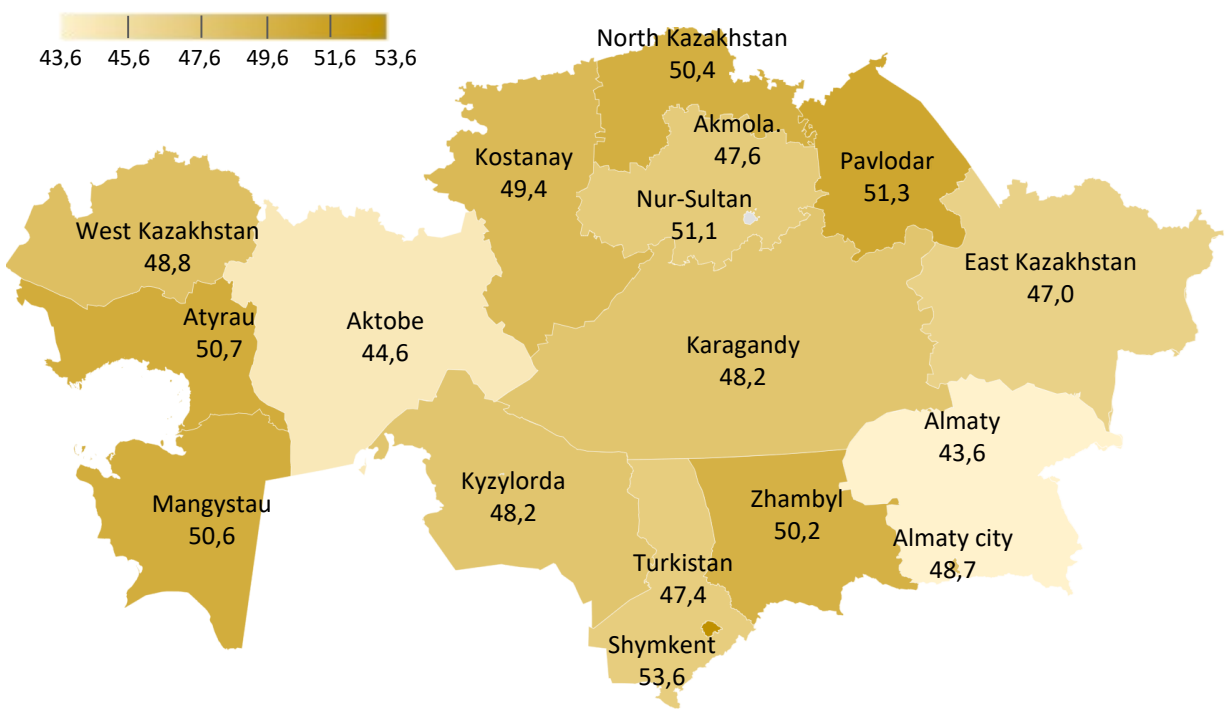


Mining industry

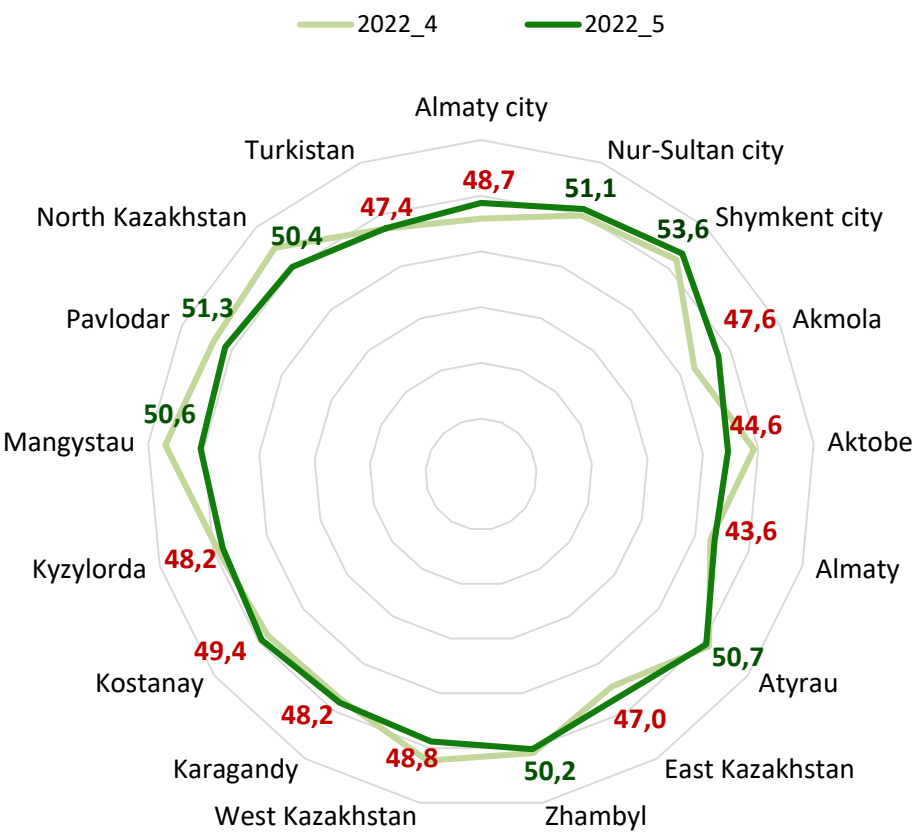


BUSINESS ACTIVITY INDEX BY REGIONS

BAI in May 2022 by regions



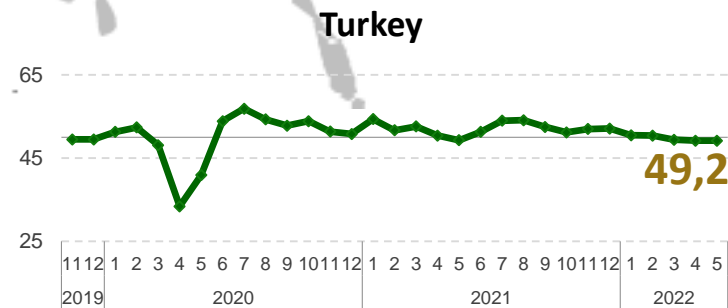
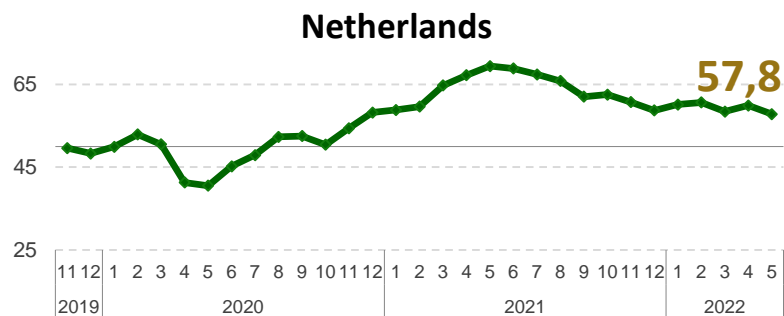
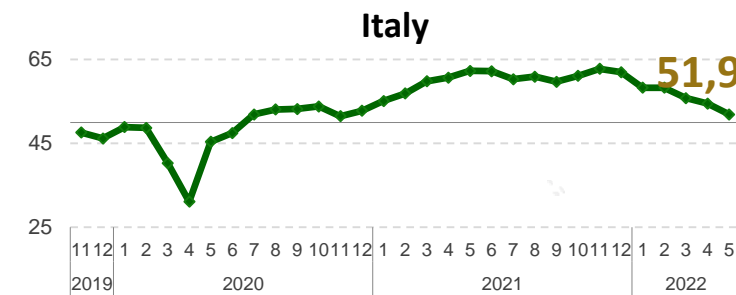
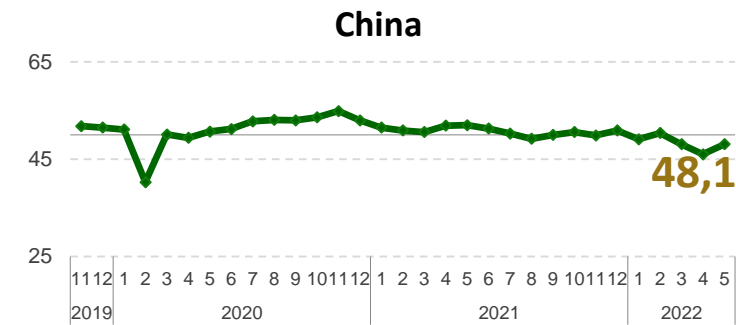
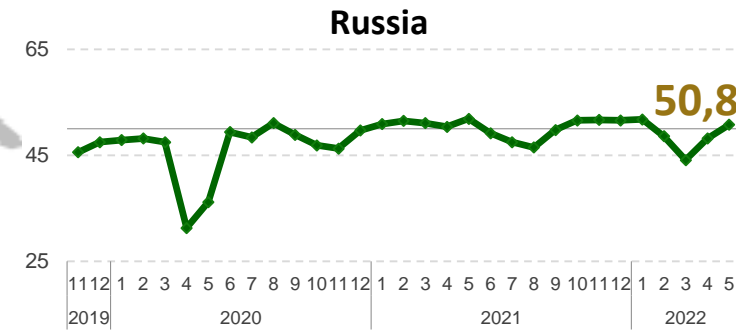
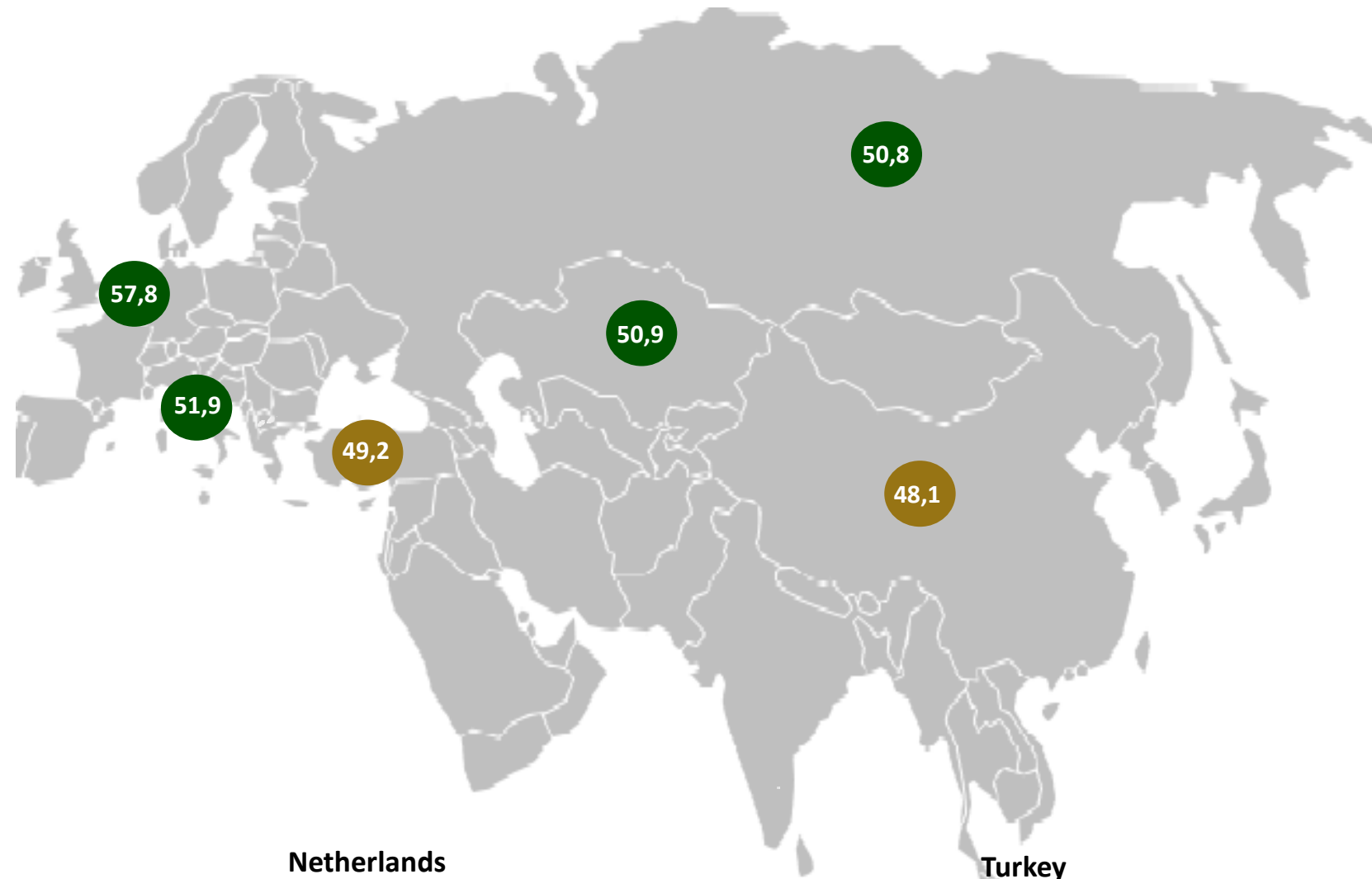
BAI dynamics for April - May 2022



By region, the improvement of business activity was noted in 7 regions of Kazakhstan: in the cities of Shymkent (53.6) and Nur-Sultan (51.1), Pavlodar (51.3), Atyrau (50.7), Mangystau (50.6), North Kazakhstan (50.4) and Zhambyl (50.2) regions.

Deterioration of business activity was noted in 10 regions of Kazakhstan: Almaty (43.6), Aktobe (44.6), East Kazakhstan (47.0), Turkistan (47.4), Akmola (47.6), Karagandy (48.2), Kyzylorda (48.2) regions, Almaty city (48.7), West Kazakhstan (48.8) and Kostanay (49.4) regions.

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



Data as for 06.05.2022

Source: <https://tradingeconomics.com>

Industry PMI for Turkey and the Netherlands

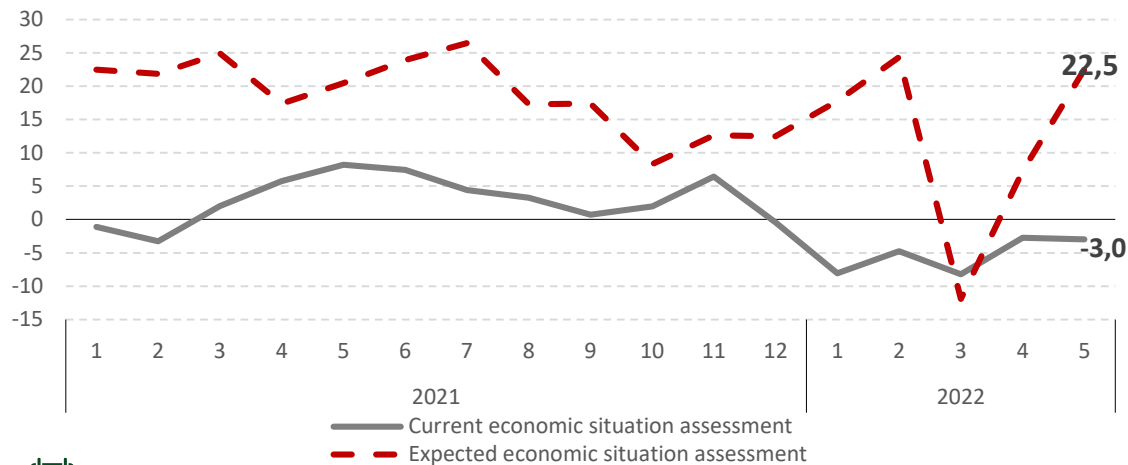


BUSINESS CLIMATE INDEX

Business cycle clock

Business climate assessment

Current and future business situation assessment, BA*



*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.

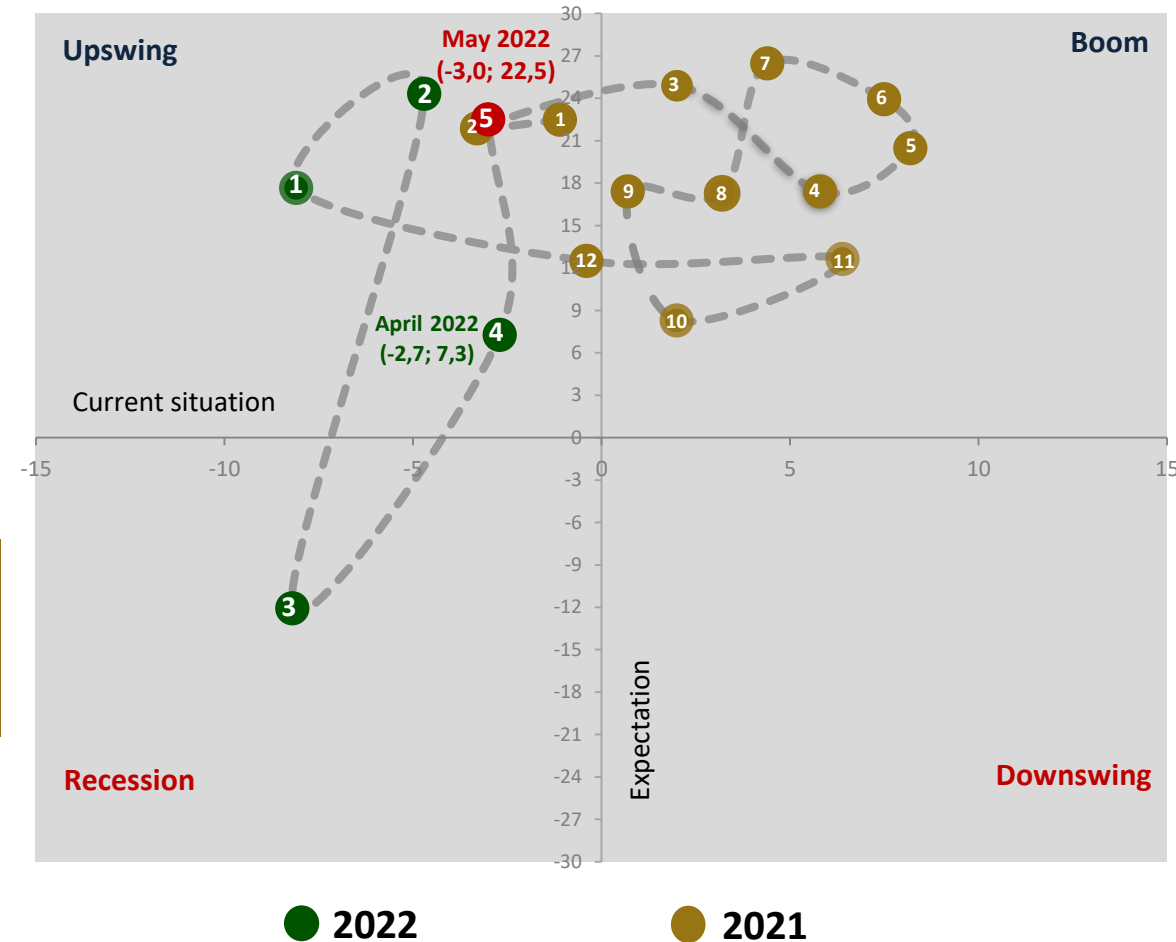
If index is above 0 improvement, if below 0 – worsening.

In May 2022, enterprises' assessment of **current** business conditions remained almost unchanged. The number of respondents who noted a negative change still prevails. Balance of responses (BO)*was **(-)3.0**. The indicator was positive only in the mining industry.

Estimates of **future** business conditions for the next 6 months have improved significantly, amounting to **22.5**.

Despite the growth of optimism about future business conditions, the business cycle "clock" indicator remained in the **upswing** area due to a negative assessment of the current situation.

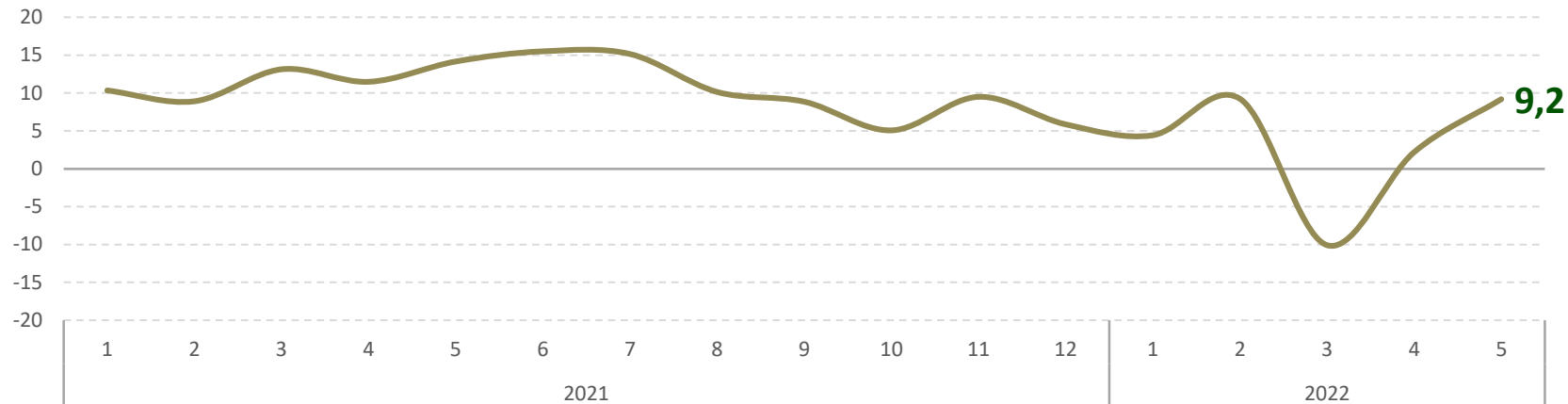
Business cycle clock



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.

Business climate index (BCI)

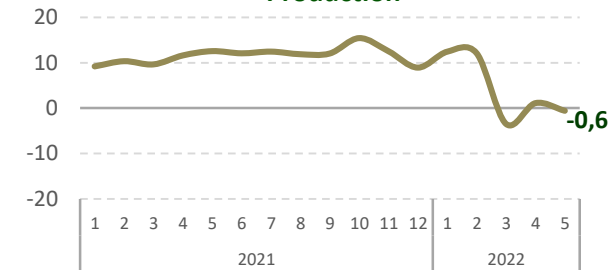
BCI* in economy



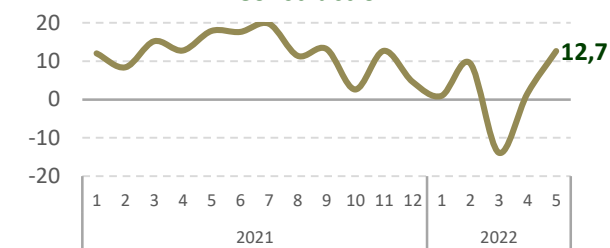
The **business climate index**, which is an average assessment of current and future business conditions, rose to **9.2** (from 2.2 in April), due to improved optimism about future business conditions, especially among construction companies.

The BCI in construction was **12.7** (in April – 1.6), in the mining industry **10.4** (in April – 6.2). In the services sector, the index also rose and moved into a positive area, amounting to **5.3** (in April – (-)0.1). In manufacturing, the index dropped to **(-)0.6**, and moved into the negative area due to the deterioration of the assessment of the current situation.

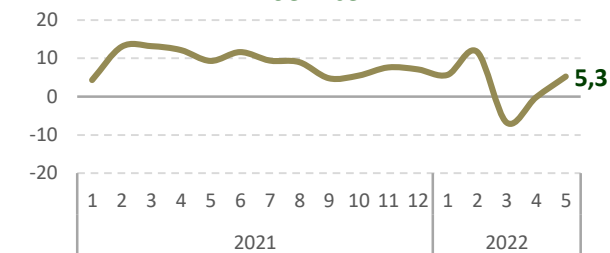
Production



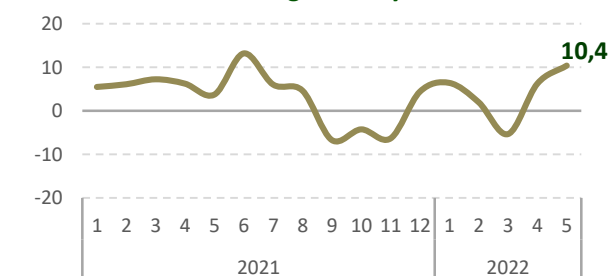
Construction



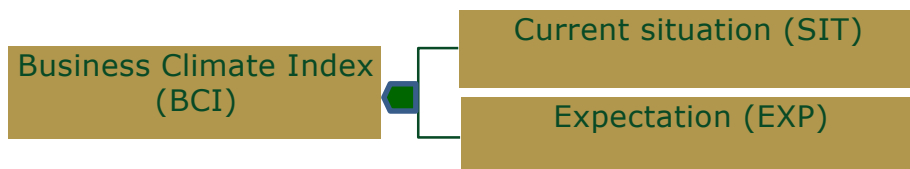
Service



Mining industry



*BCI is geometrical mean of current situation assessment and expectation

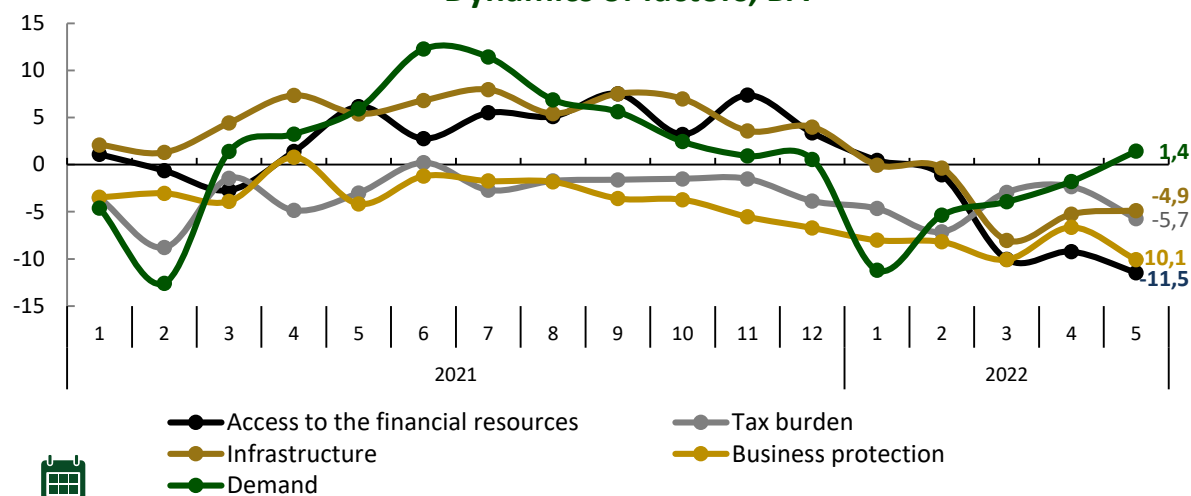


$$BCI^* = \sqrt{(BA(SIT) + 200) * (BA(EXP) + 200)} - 200$$

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

Assessment of factors influencing business climate

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.

In May 2022, negative responses prevailed among the assessments of business conditions factors. The improvement was noted only on demand. The balance of responses was **1.4**. The assessment of infrastructure has not changed much compared to April, amounting to **(-)4.9**. Other factors (access to finance/credit, business protection issues and tax burden) have worsened according to enterprises' estimates.

By sector, respondents estimate that demand is recovering in manufacturing, where positive responses prevail. A decrease in demand was noted in the mining industry. The rest of the factors were assessed by enterprises of all sectors more negatively than positively. The issues of business protection were particularly negatively assessed by construction enterprises (16.6%).

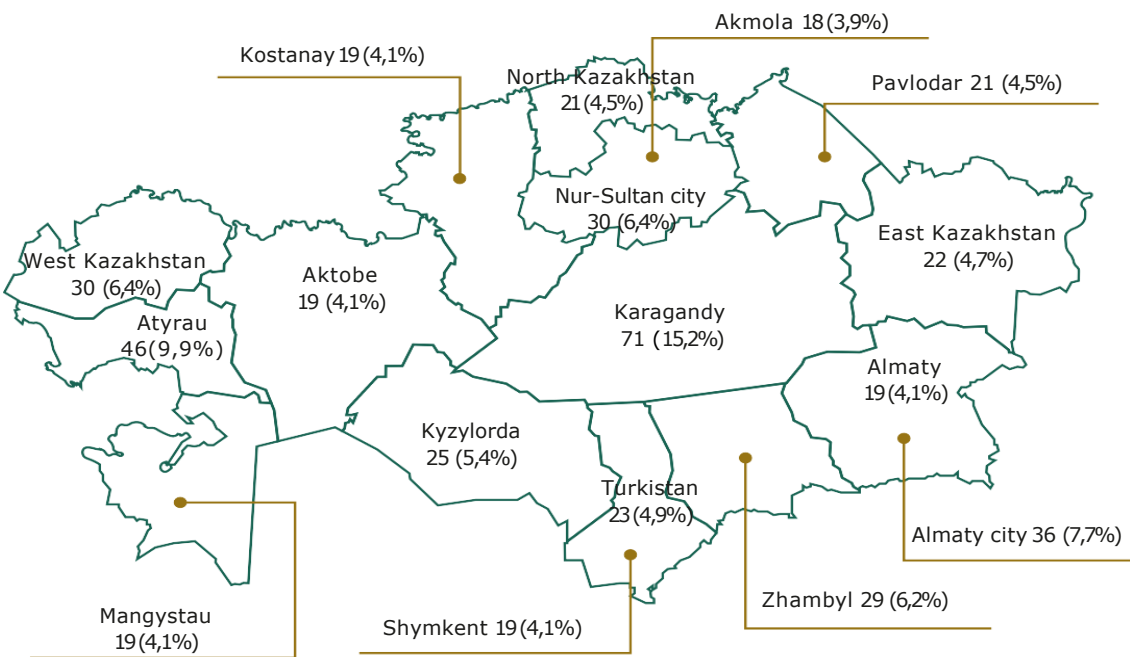
Assessment of factors in May 2022, share of answers in %



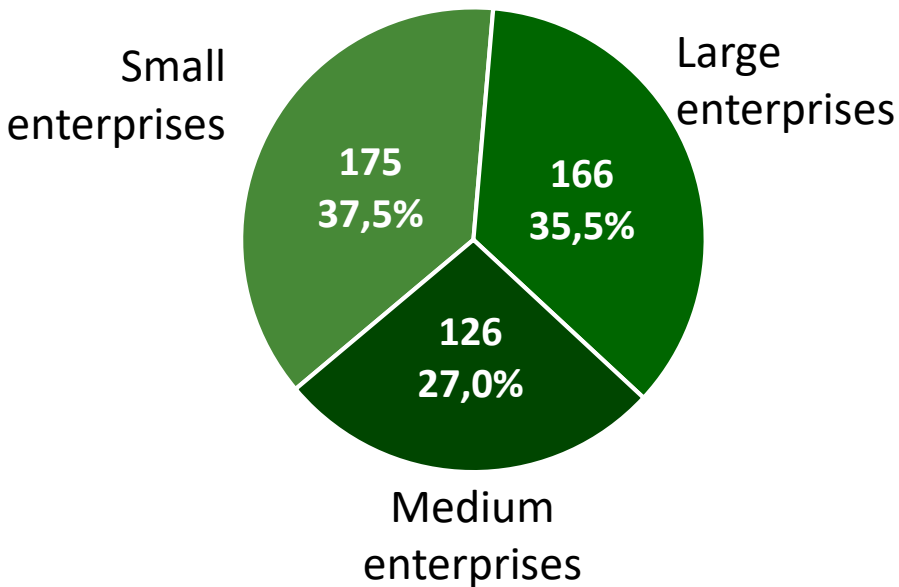
*The share of neutral (no change) answers are not presented

SAMPLE INFORMATION

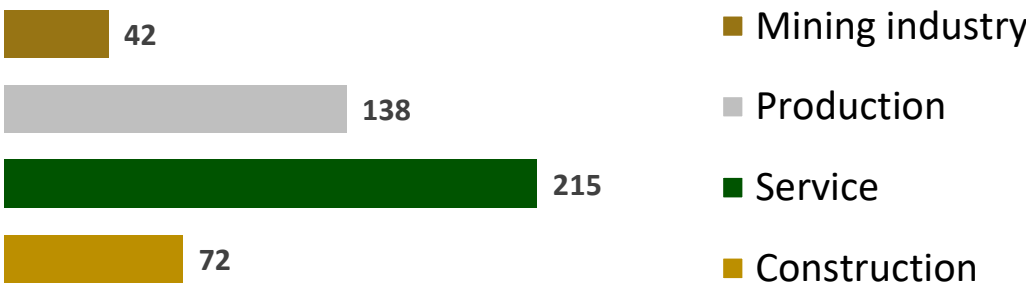
THE NUMBER OF RESPONDENTS IN MAY 2022 - 467 ENTERPRISES



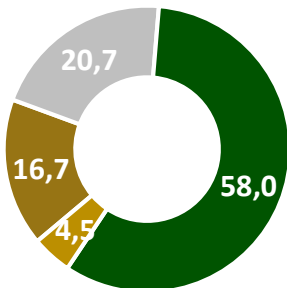
ENTERPRISES-RESPONDENTS BY SIZE




ENTERPRISES-RESPONDENTS BY SECTORS



WEIGHTS OF SECTORS



 Weights of sectors are determined by GVA, and used to construct consolidated index



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