



Kazakhstan Business Activity Index

September 2021



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 conveys a sense of industrial scale and complexity.

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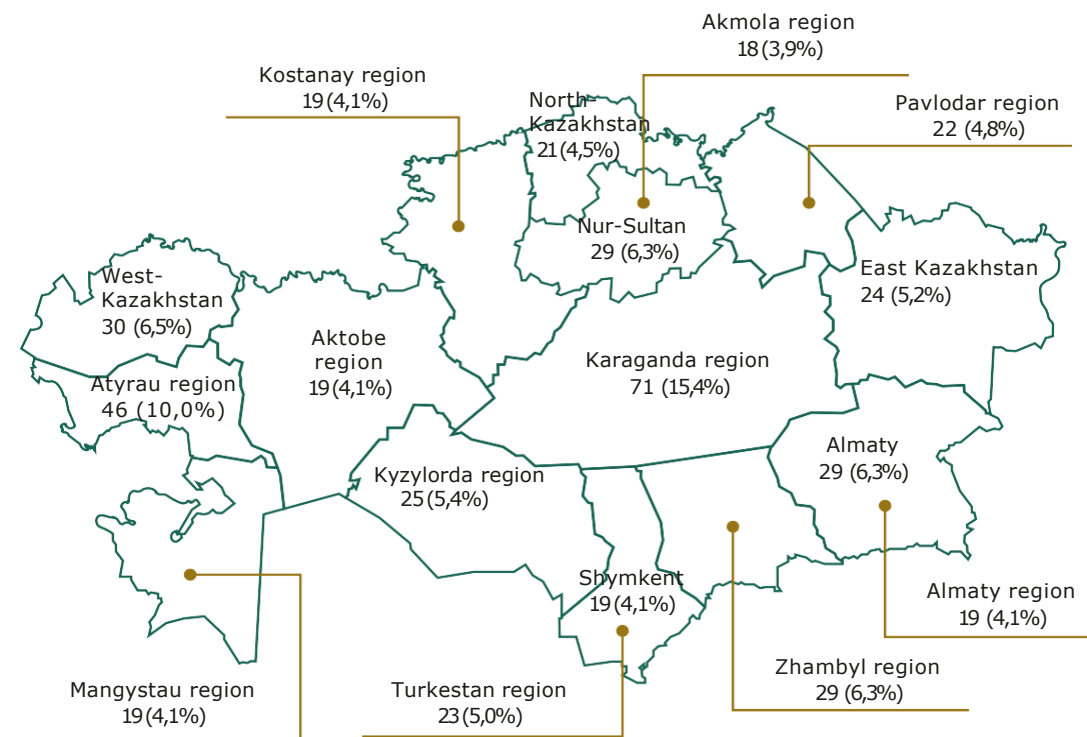
Business Climate Index



01

SAMPLE INFORMATION

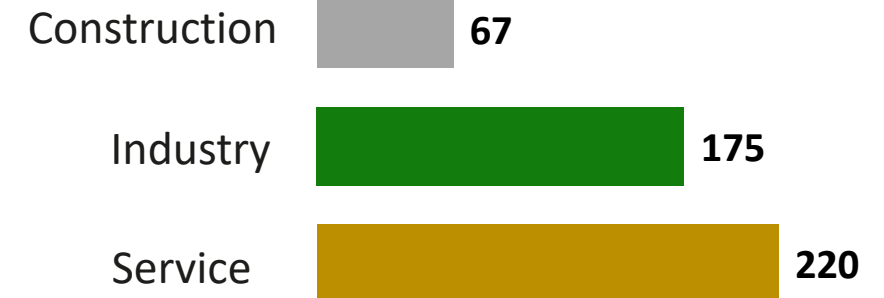
Number of respondents in September 2021 - 462 enterprises



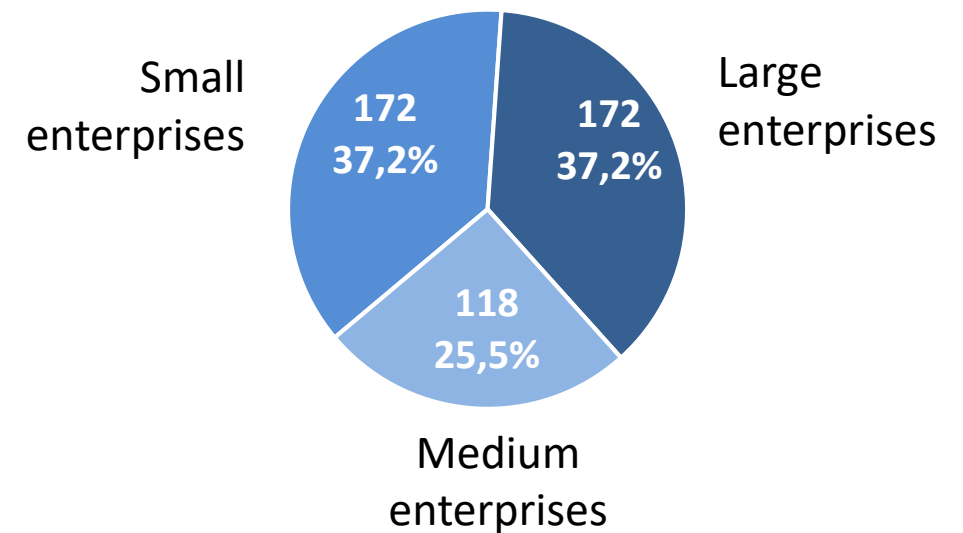
- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY SECTOR



ENTERPRISES-RESPONDENTS BY SIZE

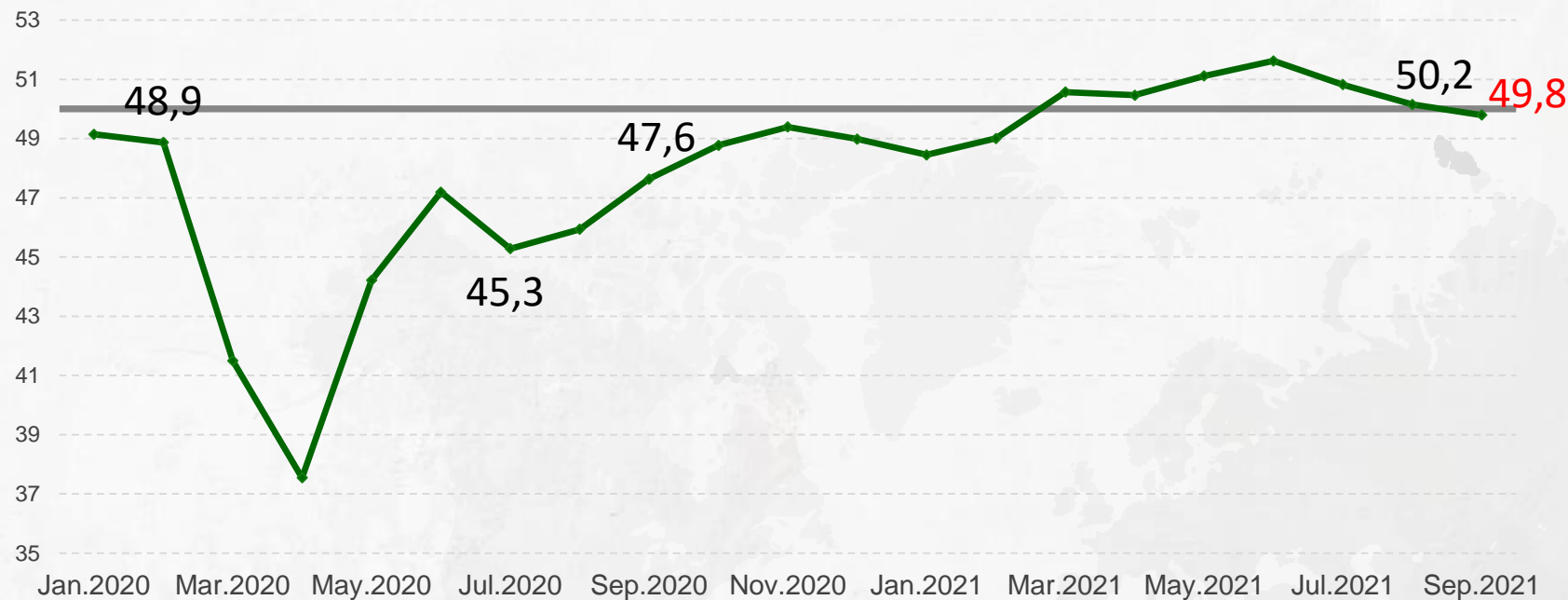




02

**CONSOLIDATED BUSINESS
ACTIVITY INDEX BY
ECONOMY**

CONSOLIDATED BUSINESS ACTIVITY INDEX (BAI) BY ECONOMY



According to the results of a monthly survey of 462 enterprises in the real sector in September 2021 the business activity index decreased by 0,4 points, amounting to **49,8** (in August – 50,2).

In the service sector the index formed at **49,1**, in industry – **50,9**, in construction – **49,3** (in August – 50,7, 49,1, 51,9, respectively).

* 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 consolidated business activity index by the economy is an aggregate index for three sectors of the economy, weighted by the contribution to GVA



BAI
by economy
49,8



BAI
in construction
49,3



BAI
in service
49,1



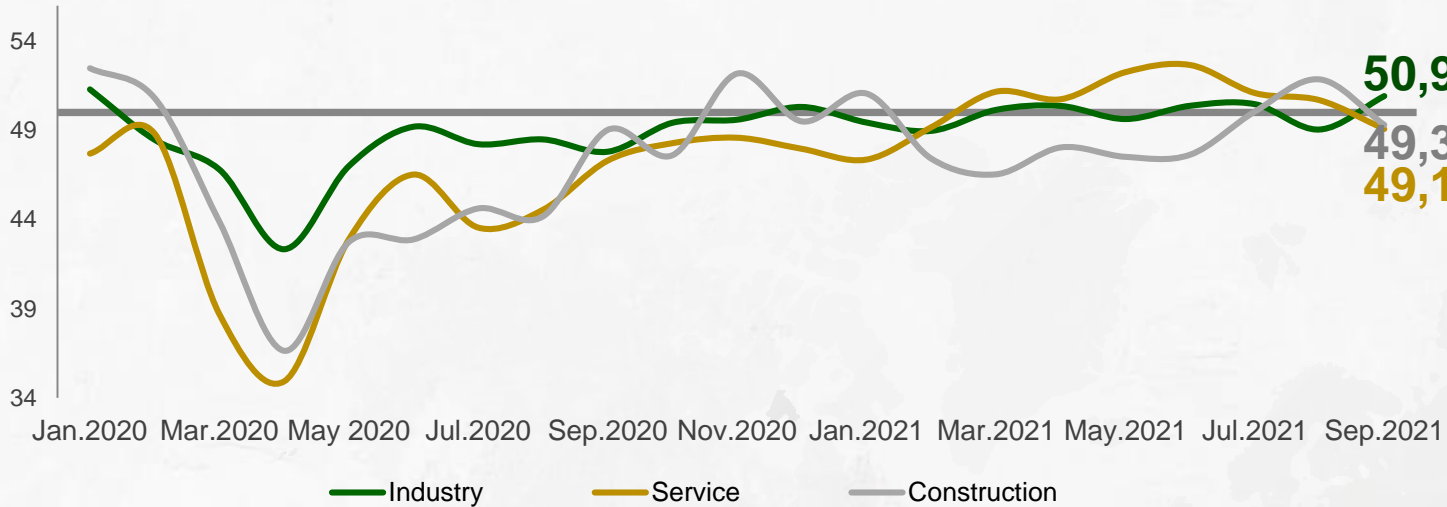
BAI
in industry
50,9



03

BUSINESS ACTIVITY INDEX BY SECTOR

BUSINESS ACTIVITY INDEX (BAI) BY SECTOR



The growth of business activity was observed in **industry**, where the index increased by 1,8 points, amounting to **50,9**. The improvement of the index in industry was influenced by an increase in new orders, employment rate and new products.

In **construction** and **service** sectors, the indices were **49,3** and **49,1**, falling by 2,6 and 1,6 points, respectively. The deterioration of the index in construction sector is related with a decrease in business activity and employment rate, and in service sector – due to a reduction in the volume of new orders and employment rate, as well as an increase in delivery times.

** A value of the indicator above the 50 level means a positive change, below the 50 level - a negative one. The further (higher or lower) the value of the index from the level 50, the higher the rate of change (increase or decrease) of the indicator.*



BAI by sector is calculated as an aggregated change in the following indicators of the enterprises

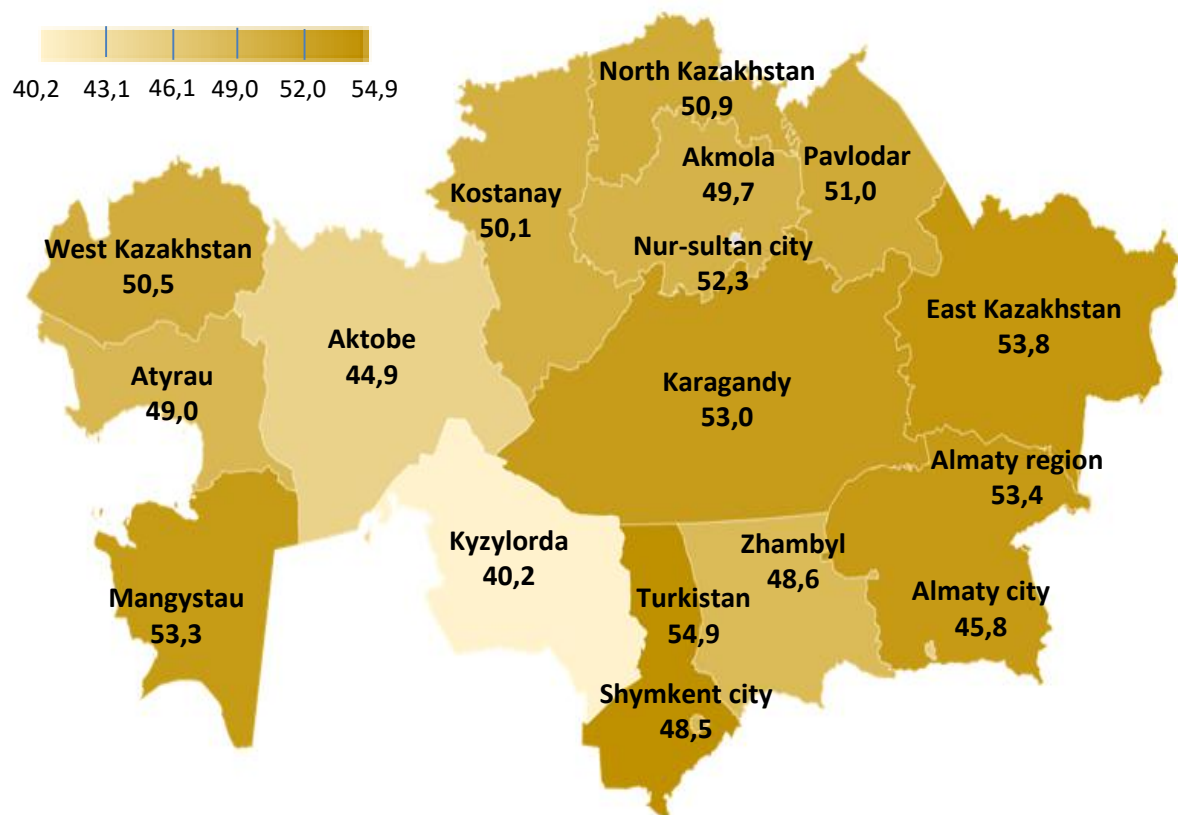
Business Activity Index in industry

-  Inventories
-  New products
-  Delivery time
-  Employment rate
-  New orders
-  Business activity

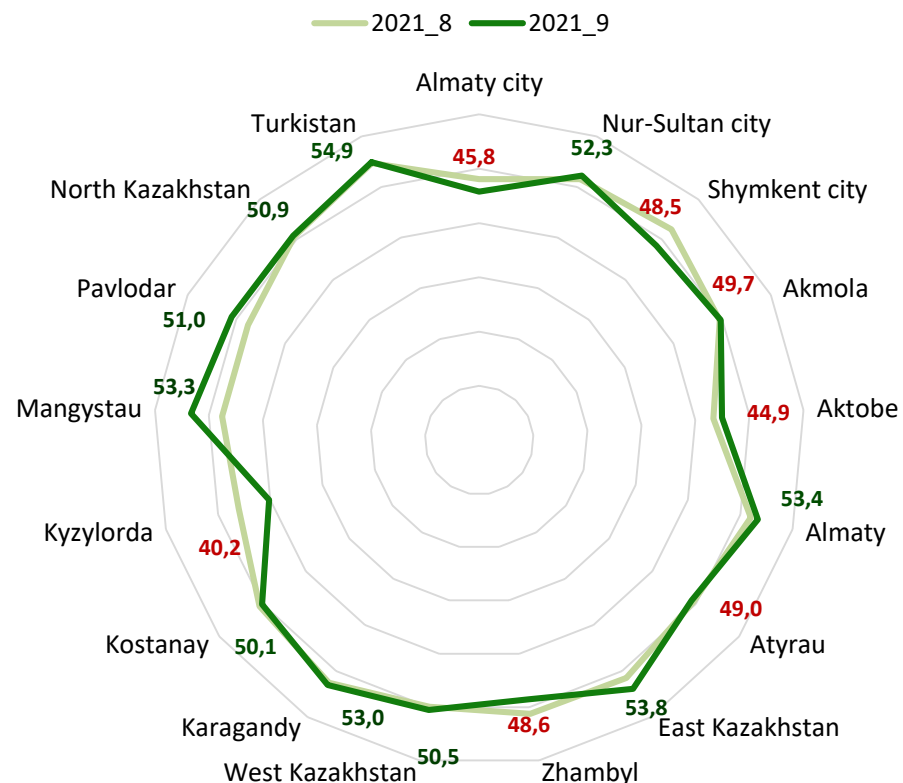
Business Activity Index in construction

Business Activity Index in Service

BAI in September 2021 by region



BAI dynamics for August - September 2021



In the context of the regions, an improvement in the business activity was observed in 10 regions of Kazakhstan: Turkistan (**54,9**), East Kazakhstan (**53,8**), Almaty (**53,4**), Mangystau (**53,3**), Karaganda (**53,0**) regions, Nur-Sultan city (**52,3**), Pavlodar (**51,0**), North Kazakhstan (**50,9**), West Kazakhstan (**50,5**) and Kostanay (**50,1**) regions.

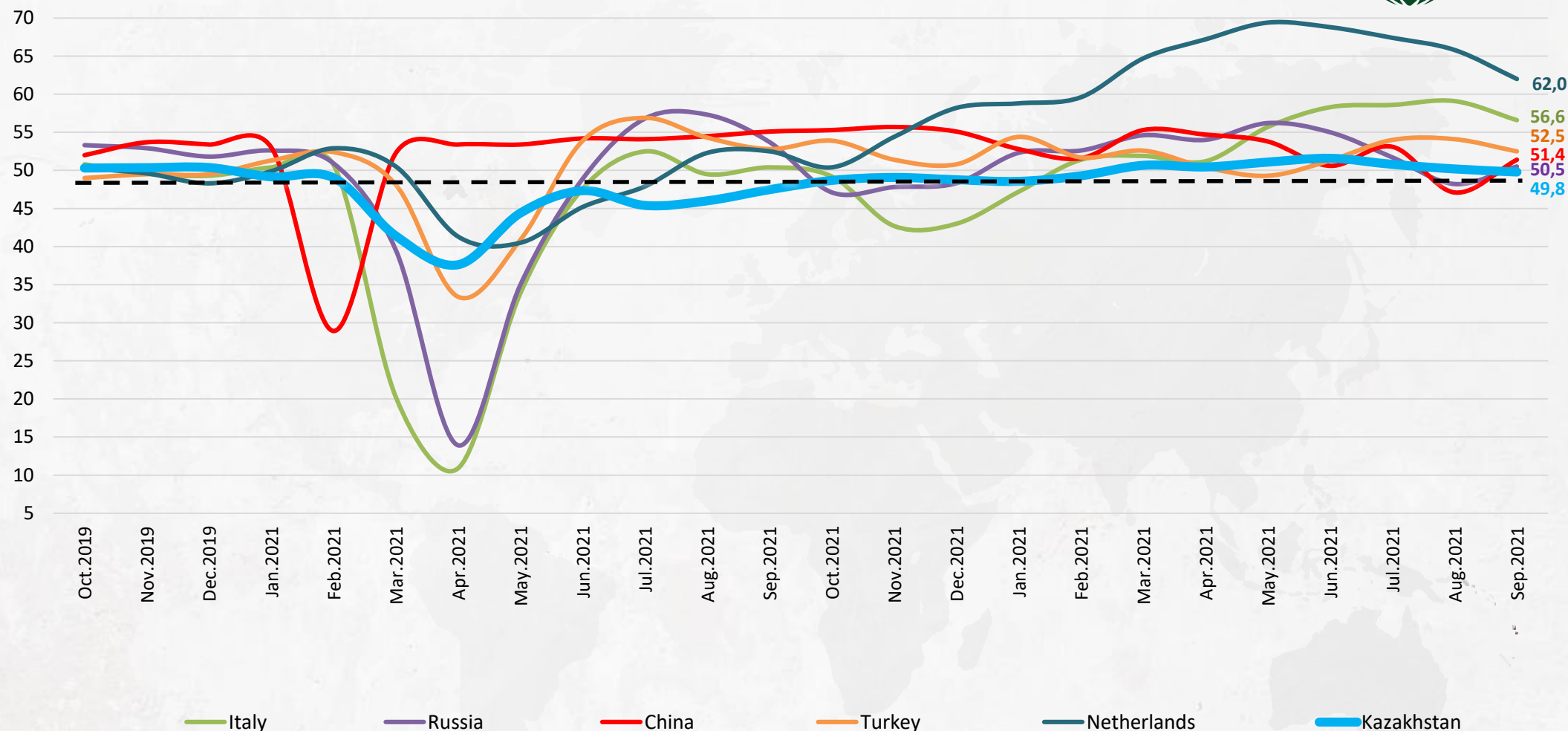
The deterioration of the business activity was observed in 4 regions of Kazakhstan: Kyzylorda (**40,2**), Aktobe (**44,9**) regions, Almaty city (**45,8**), Shymkent city (**48,5**), Zhambyl (**48,6**), Atyrau (**49,0**) and Akmola (**49,7**) regions.



05

PMI BY COUNTRY

DYNAMICS OF COMPOSITE PMI BY COUNTRIES, MAJOR TRADING PARTNERS OF KAZAKHSTAN



Data as for 08.10.2021

Sources: Thomson Reuters; <https://tradingeconomics.com>

Industry PMI for Turkey and the Netherlands

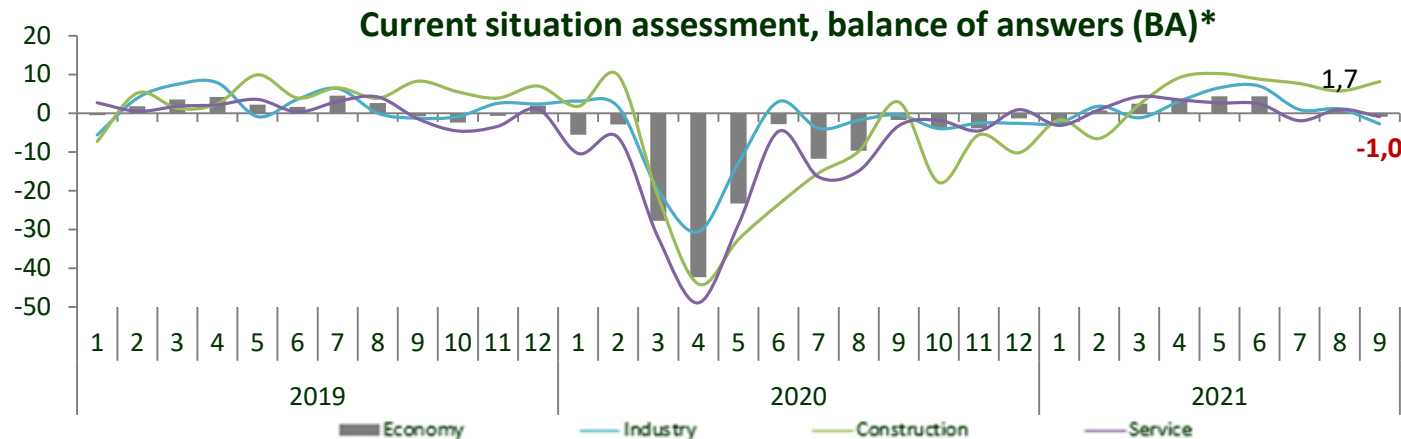


06

**BUSINESS CLIMATE
INDEX (BCI)**

BUSINESS CLIMATE INDEX (BCI)

Current situation assessment



**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.*

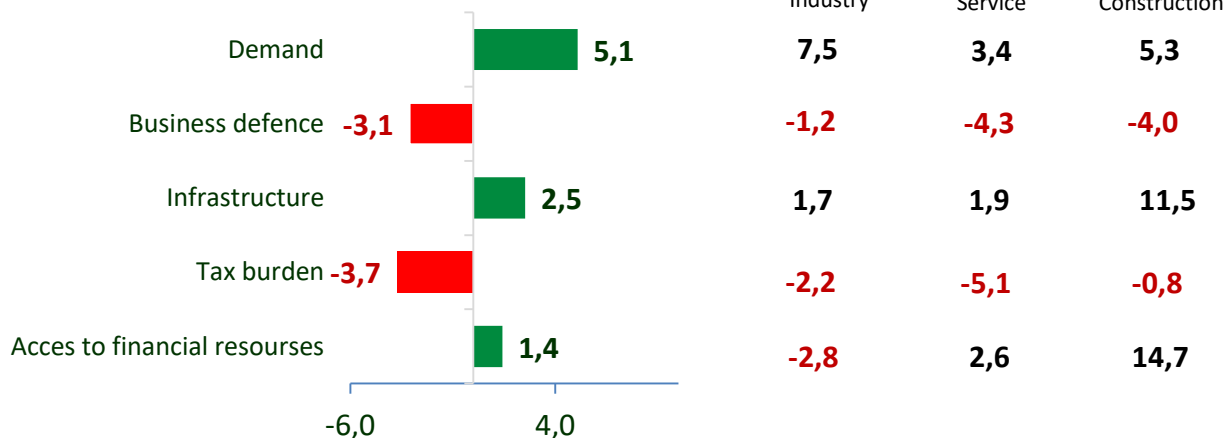
According to respondents, in September 2021 the **current business conditions worsened** compared to August. The balance of answers* decreased from **1,7** to **(-)1,0** due to ongoing quarantine restrictions, the easing of which in September was insignificant.

The indicator in industry was (-)2,8, in construction – 8,1, in service sector (-)0,9.

Respondents positively assessed the demand for products/services (**5,1**), access to communications (**2,5**) and access to finance/loans (**1,4**).

Business protection and tax burden, as well as a month earlier, received negative ratings **(-)3,1** and **(-)3,7**, respectively.

Factors of business climate assessment, BA*



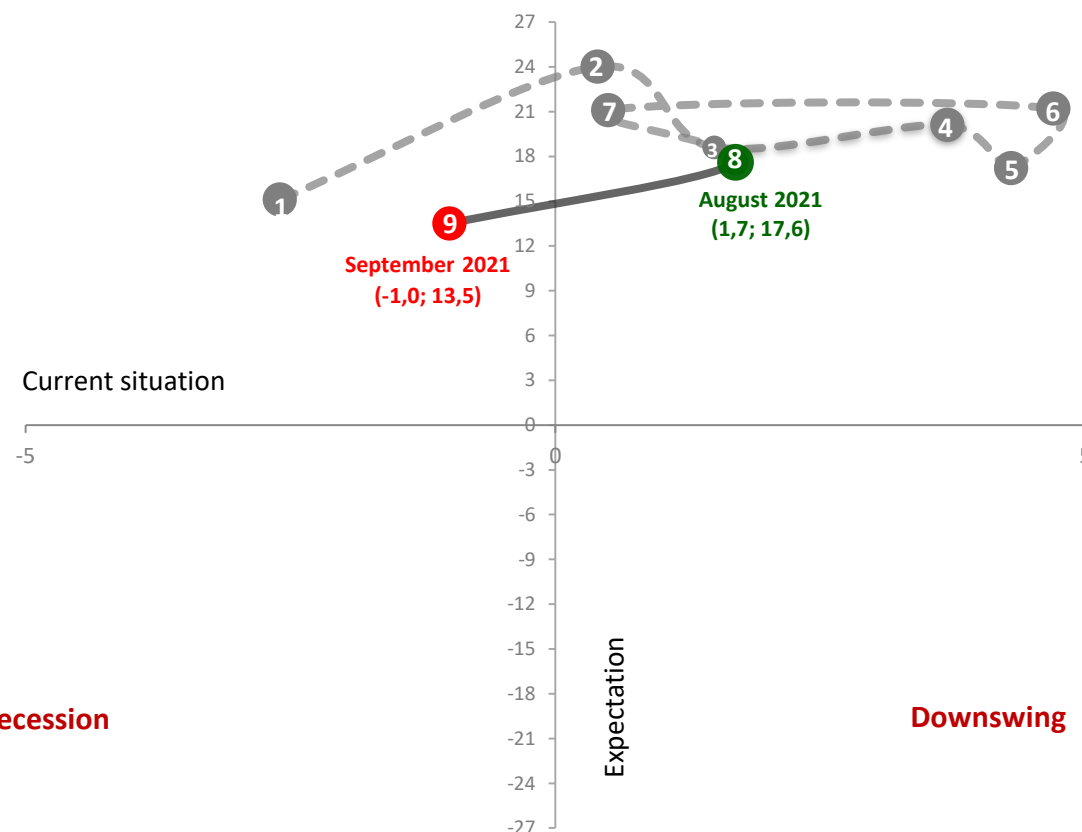
BUSINESS CLIMATE INDEX (BCI)

Business cycle clock

Business cycle clock

Upswing

Boom



Economy
BCI
6,1



Construction
BCI
13,9



Service
BCI
4,7



Industry
BCI
6,7

In September 2021 according to the respondents the balance of answers of assessing the **current** business conditions was **(-)1,0** (in August + 1,7). The balance of answers on **expectations** for the next **6 months** was **13,5** (in August - 17,6). Optimistic expectations with a negative assessment of the current situation correspond to the area of **upswing** of the "clock" of the business cycle. Thus, economic activity in the country has slowed down and moved back to the area of upswing.

The **business climate index** which is an average assessment of current and future business conditions worsened in the economy, amounting to **6,1** (in August - 9,5). The decrease in the BCI is related with a decrease in optimism in the assessment of current (from 1,7 to (-)1,0) and future (from 17,6 to 13,5) business conditions. In construction and industry, BCIs were 13,9 and 6,7, respectively. The indicator in service sector turned out to be lower than in the economy (6,1), amounting to 4,7.



*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 9



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 and half of the responses unchanged. 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.
- ✓ 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.

Monetary Policy Department
NATIONAL BANK OF KAZAKHSTAN