Kazakhstan Business Activity Index

April 2021

CONTENT

01
SAMPLE INFORMATION

Number of respondents in April 2021 - 458 enterprises

Akmola region
18 (3,9%)

Kostanay region
19 (4,1%)

North-Kazakhstan
21 (4,6%)

Pavlodar region
21 (4,6%)

Nur-Sultan
29 (6,3%)

East Kazakhstan
24 (5,2%)

West-Kazakhstan
30 (6,6%)

Aktobe region
19 (4,1%)

Karaganda region
70 (15,3%)

Atyrau region
46 (10,0%)

Almaty
28 (6,1%)

Kyzylorda region
25 (5,5%)

Shymkent
18 (3,9%)

Almaty region
19 (4,1%)

Mangystau region
19 (4,1%)

Turkestan region
23 (5,0%)

Zhambyl region
29 (6,3%)
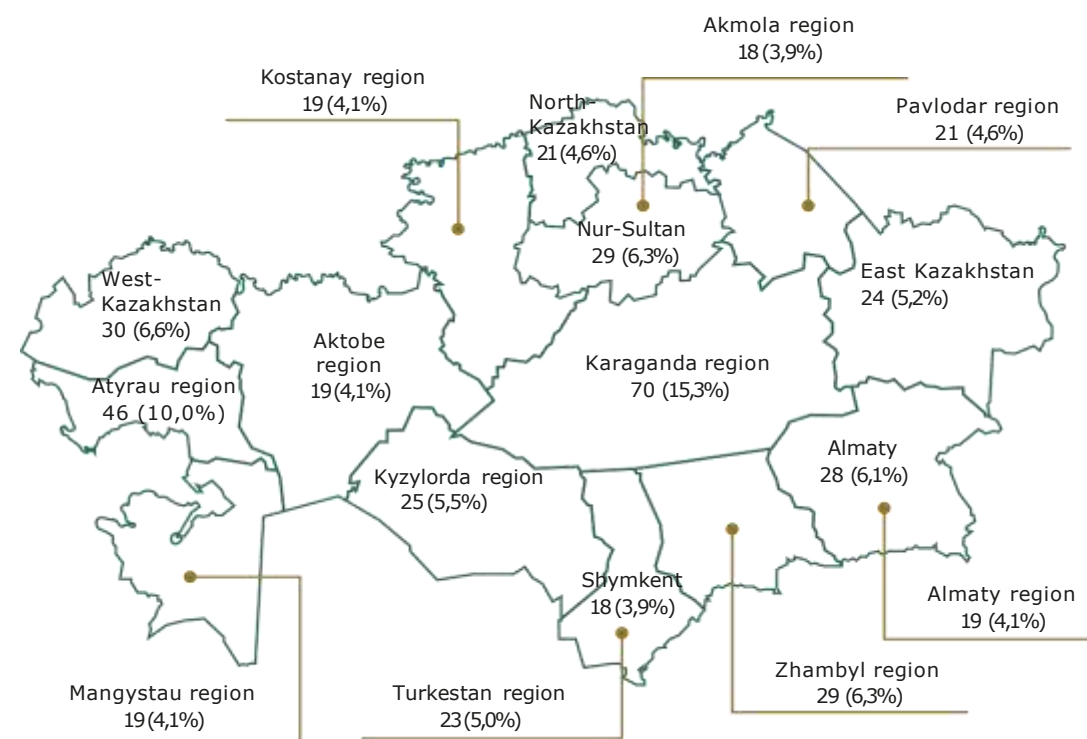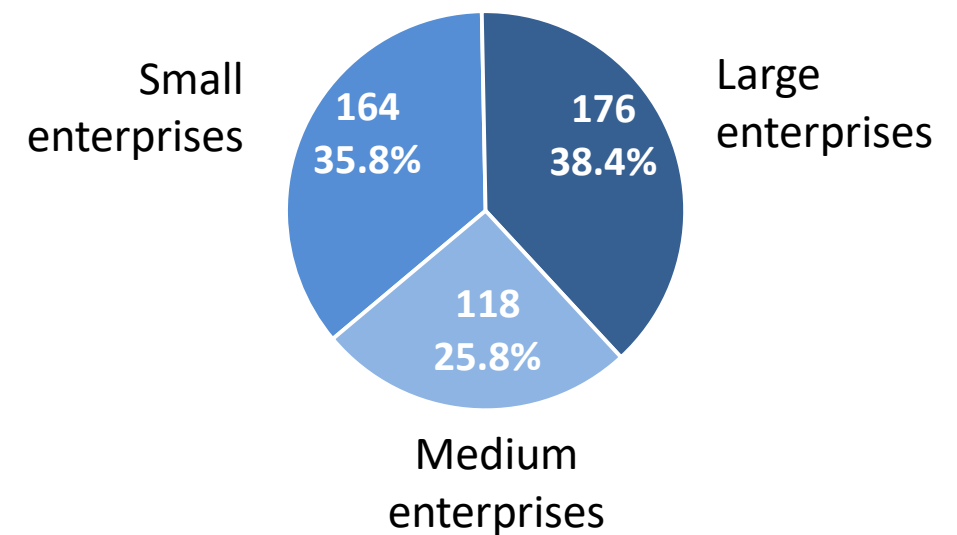
- *The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.*
- *The National Bank of Kazakhstan conducts a survey of enterprises participating in the monitoring of the real sector on a monthly basis*

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ENTERPRISES-RESPONDENTS BY INDUSTRY

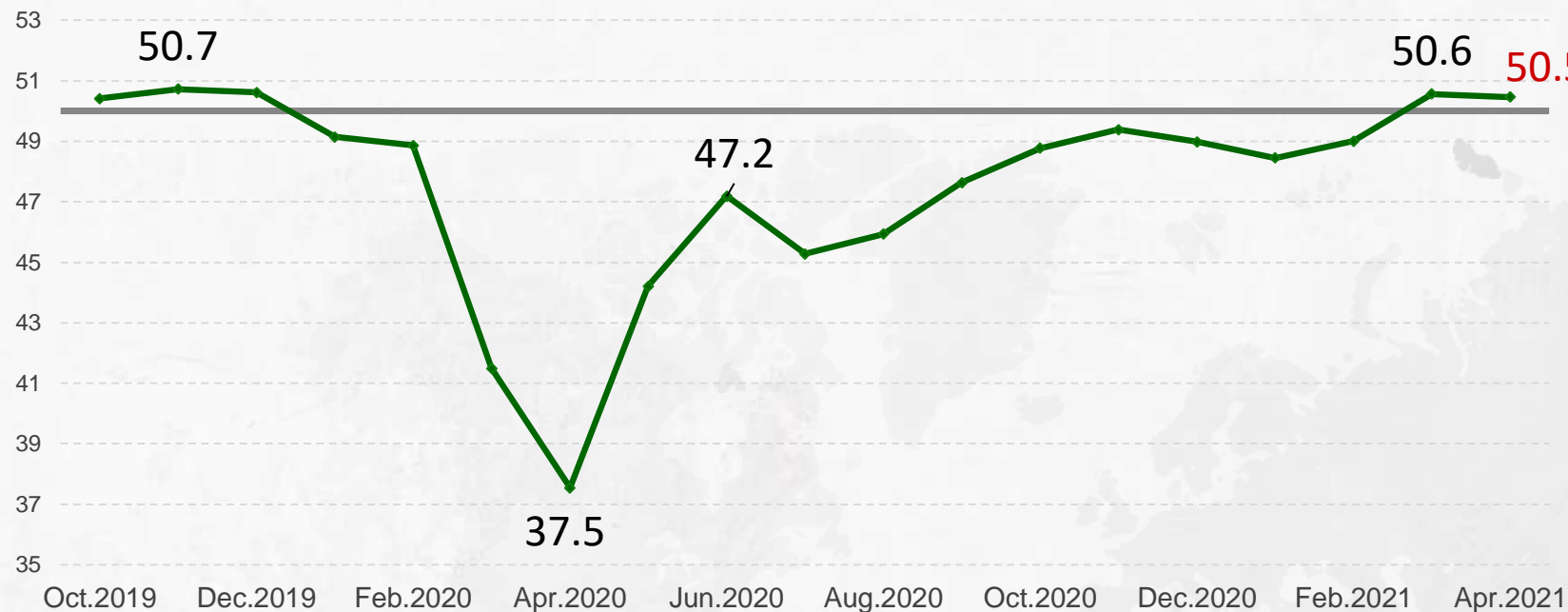|	
Construction	67
Manufacture	172
Service	219

ENTERPRISES-RESPONDENTS BY SIZE

Small enterprises
164
35.8%

Large enterprises
176
38.4%

Medium enterprises
118
25.8%

3
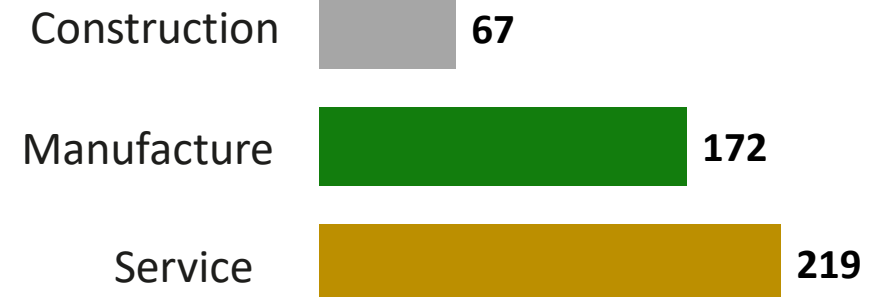
02

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY

CONSOLIDATED BUSINESS ACTIVITY INDEX (BAI) BY ECONOMY

50.7

37.5

47.2

50.6

50.5

| Oct.2019 | Dec.2019 | Feb.2020 | Apr.2020 | Jun.2020 | Aug.2020 | Oct.2020 | Dec.2020 | Feb.2021 | Apr.2021 |

According to the results of a monthly survey of 458 enterprises in the real sector in April 2021 the process of recovery in business activity slightly slowed down to **50,5** (in March – 50,6).

In the service sector the index formed at **50,7**, in manufacture – **50,4**, in construction – **48,0** (in March – 51,2, 50,2, 46,5, 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
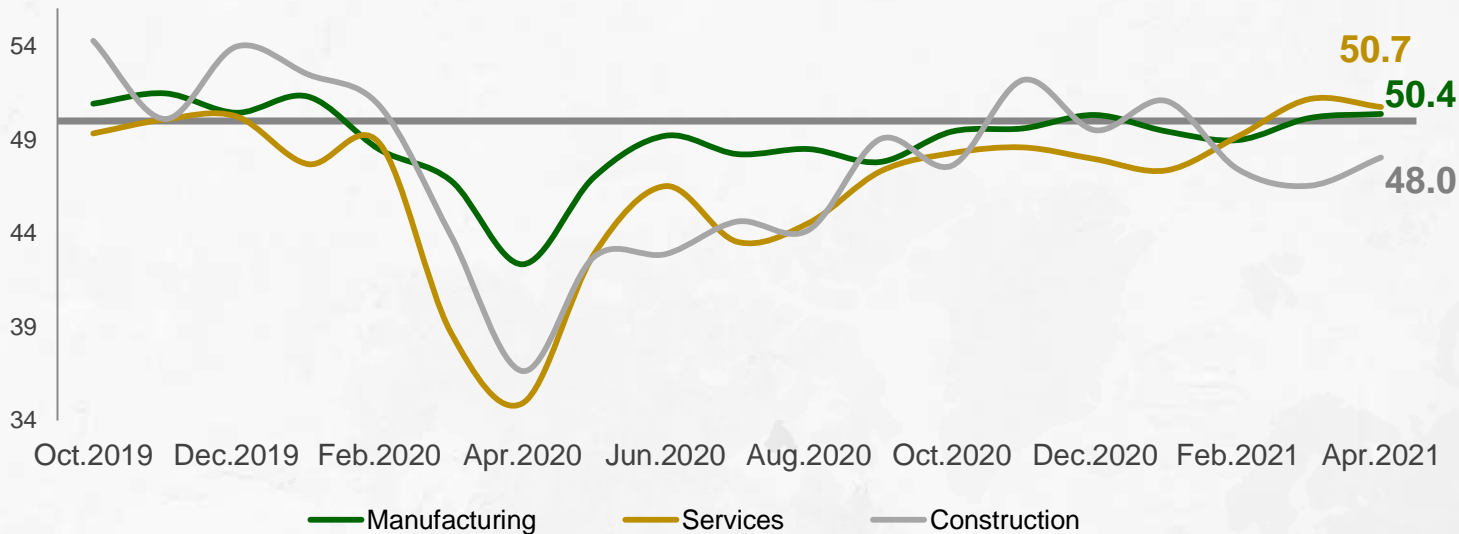
50,5

BAI
in construction

48,0

BAI
in service

50,7

BAI
in manufacturing

50,4

4

03

BUSINESS ACTIVITY

INDEX BY SECTOR

BUSINESS ACTIVITY INDEX (BAI) BY SECTOR

Manufacturing — Services — Construction

50.7
50.4
48.0

In the **service sector** the growth rate of BAI slowed down. The index fell by 0,5 points, and amounted to **50,7** due to an increase in delivery times.

In **construction** the indicator increased to **48,0** due to the improvement in all components of the index.

The indicator in **manufacture** slightly improved, and amounted to **50,4**.

*** 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 manufacture

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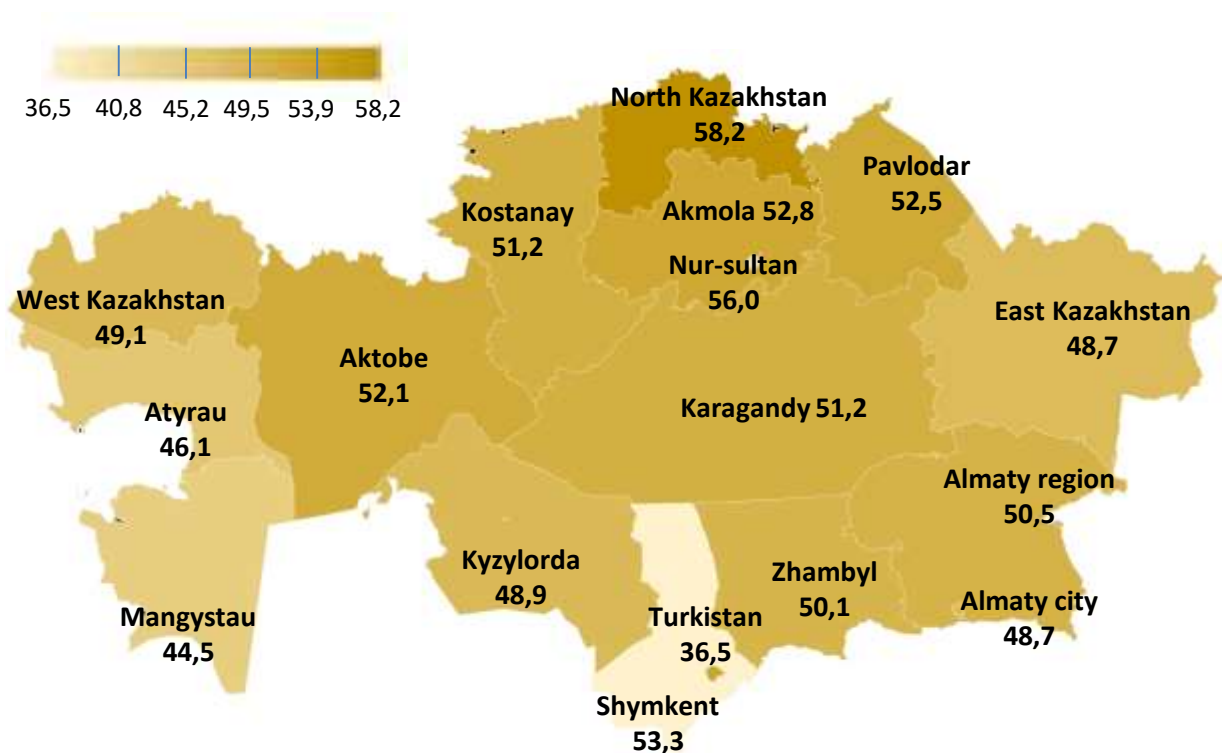- Employment rate
- New orders
- Business activity

Business Activity Index in construction
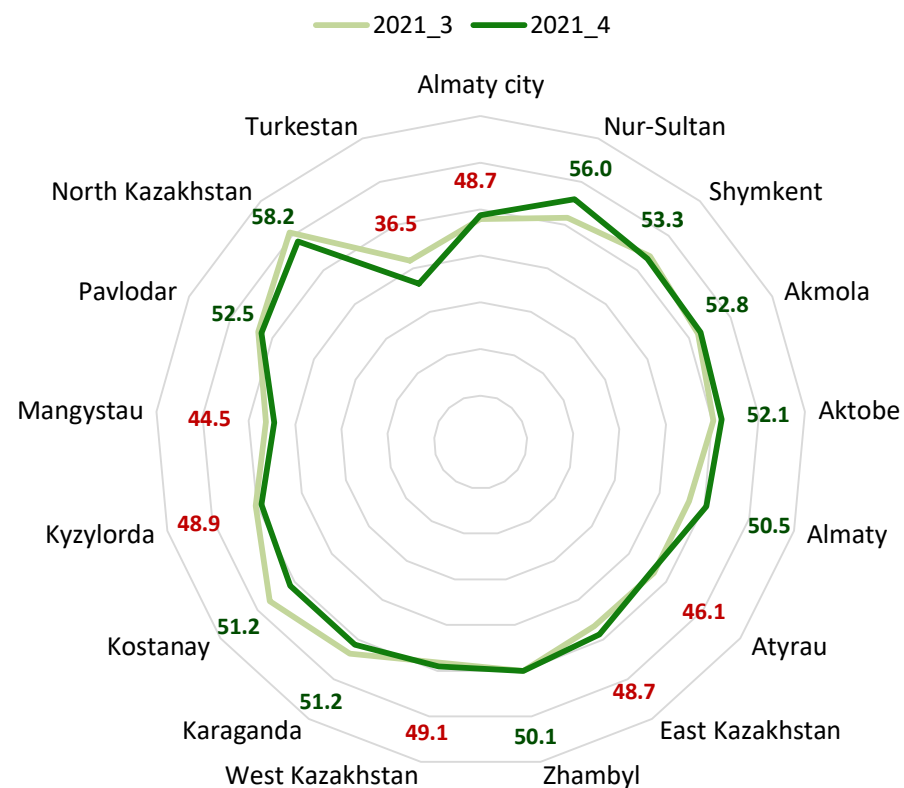
Business Activity Index in Service

BAI in April 2021 by region

36,5 40,8 45,2 49,5 53,9 58,2

North Kazakhstan 58,2

Pavlodar 52,5

Kostanay 51,2

Akmola 52,8

Nur-sultan 56,0

West Kazakhstan 49,1

East Kazakhstan 48,7

Aktobe 52,1

Atyrau 46,1

Karagandy 51,2

Almaty region 50,5

Kyzylorda 48,9

Zhambyl 50,1

Turkistan 36,5

Almaty city 48,7

Mangystau 44,5

Shymkent 53,3

BAI dynamics for March – April 2021

2021_3   2021_4

Almaty city

Turkestan — 48.7 — Nur-Sultan 56.0

North Kazakhstan 58.2   36.5   Shymkent 53.3

Pavlodar 52.5   Akmola 52.8

Mangystau 44.5   Aktobe 52.1

Kyzylorda 48.9   Almaty 50.5

Kostanay 51.2   Atyrau 46.1

Karaganda 51.2   East Kazakhstan 48.7

West Kazakhstan 49.1   Zhambyl 50.1

In the context of the regions, an improvement in the business activity was observed in 10 regions of Kazakhstan: North Kazakhstan region (**58,2**), Nur-Sultan city (**56,0**), Shymkent city (**53,3**), Akmola (**52,8**), Pavlodar (**52,5**), Aktobe (**52,1**), Karaganda (**51,2**), Kostanay (**51,2**), Almaty (**50,5**) and Zhambyl (**50,1**) regions.
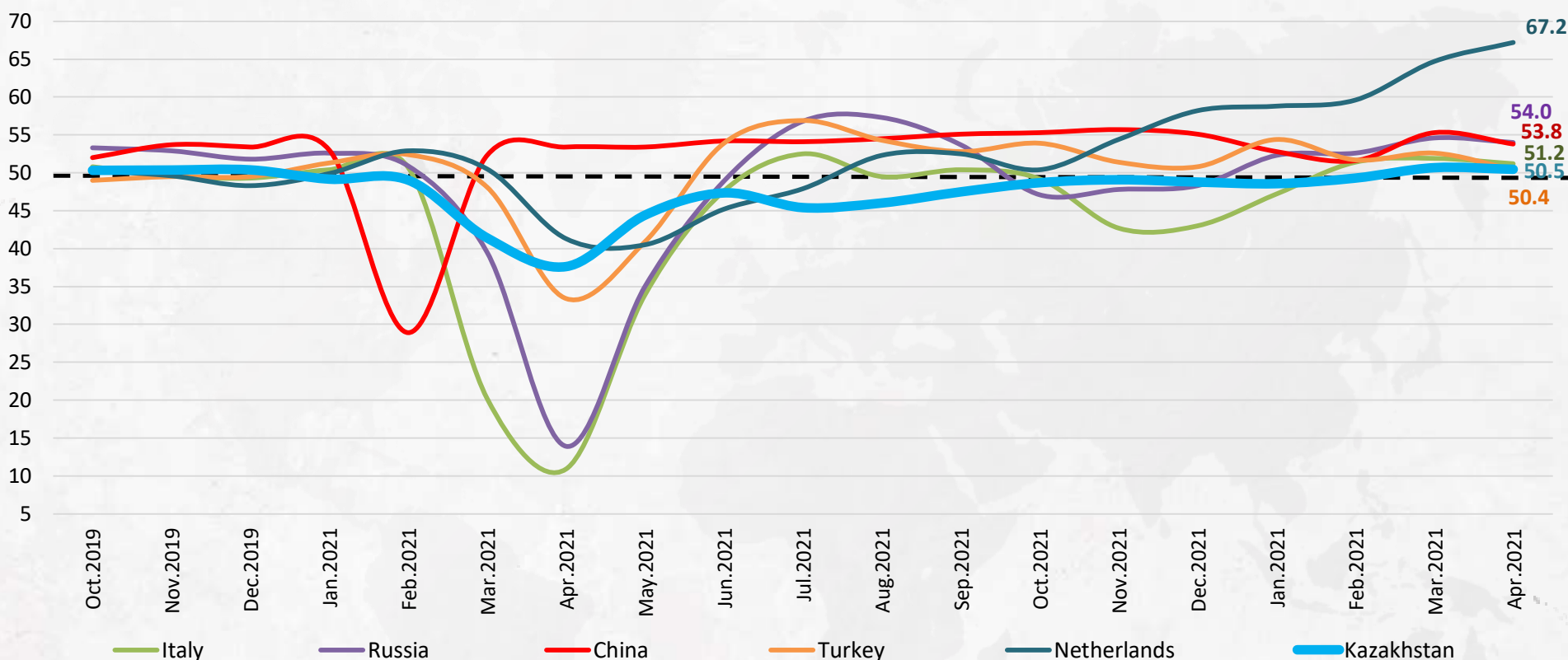
The deterioration of the business activity was observed in 7 regions: Turkestan (**36,5**), Mangistau (**44,5**), Atyrau (**46,1**), East Kazakhstan (**48,7**) regions, Almaty city (**48,7**), Kyzylorda (**48,9**) and West Kazakhstan (**49,1**) regions.

05

PMI BY COUNTRY

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

Legend: Italy, Russia, China, Turkey, Netherlands, Kazakhstan

Values shown: 67.2, 54.0, 53.8, 51.2, 50.5, 50.4

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BUSINESS CLIMATE INDEX (BCI)

Current situation assessment, balance of answers(BA)*

Legend: Economy, Manufacturing, Construction, Service
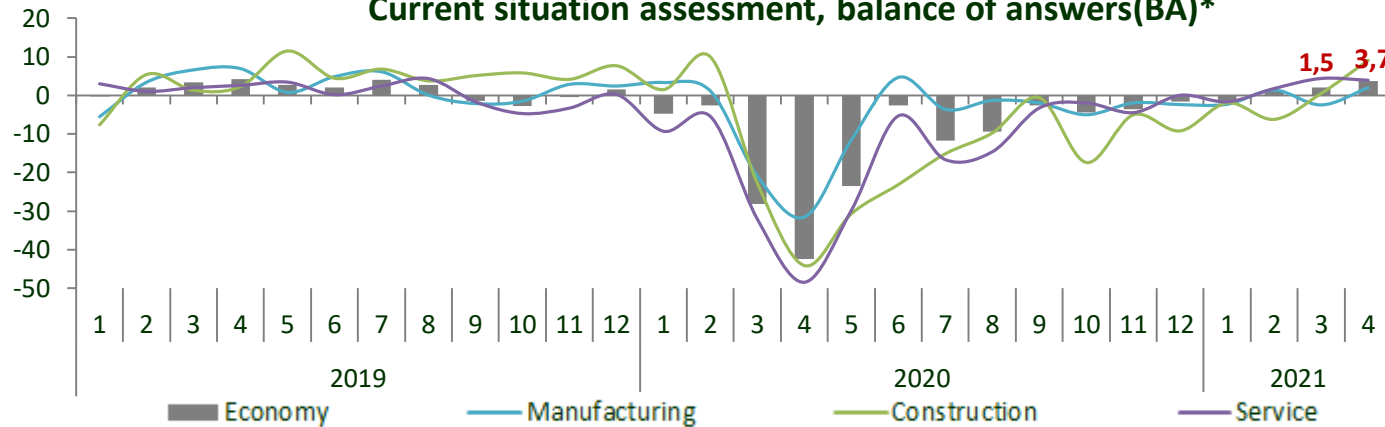
Balance of answers (BA) is difference between positive and negative answers. Enterprises asked to assess the current business situation choosing one of the given answers «favorable», «unfavorable» and «neutral». Answers are weighted by respondents' size.
If index is above 0 improvement, if below 0 – worsening.

Factors of business climate assessment, BA*

Factor	BA*	Manufacturing	Service	Construction
Demand	3.8	3,7	3,9	2,6
Business defence	0.4	-1,0	0,9	2,8
Infrastructure	2.5	3,3	1,3	10,7
Tax burden	-4.9	-5,0	-4,8	-4,8
Acces to financial resourses	2.5	-3,8	5,4	4,0
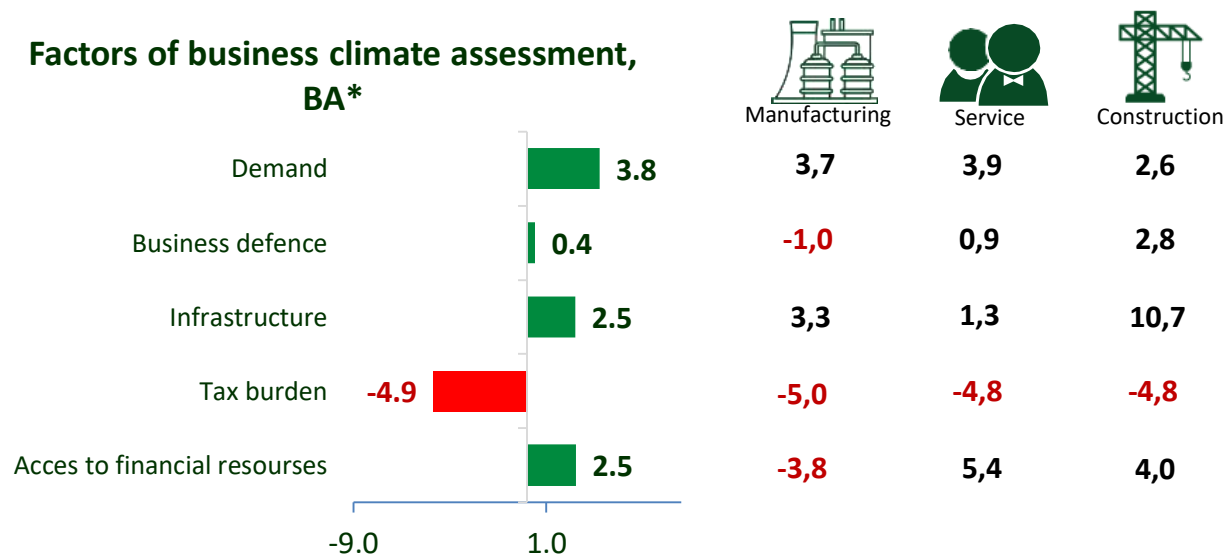
In April 2021, according to respondents, the current business conditions improved compared to March. The balance of answers* increased from **1,5** to **3,7.**
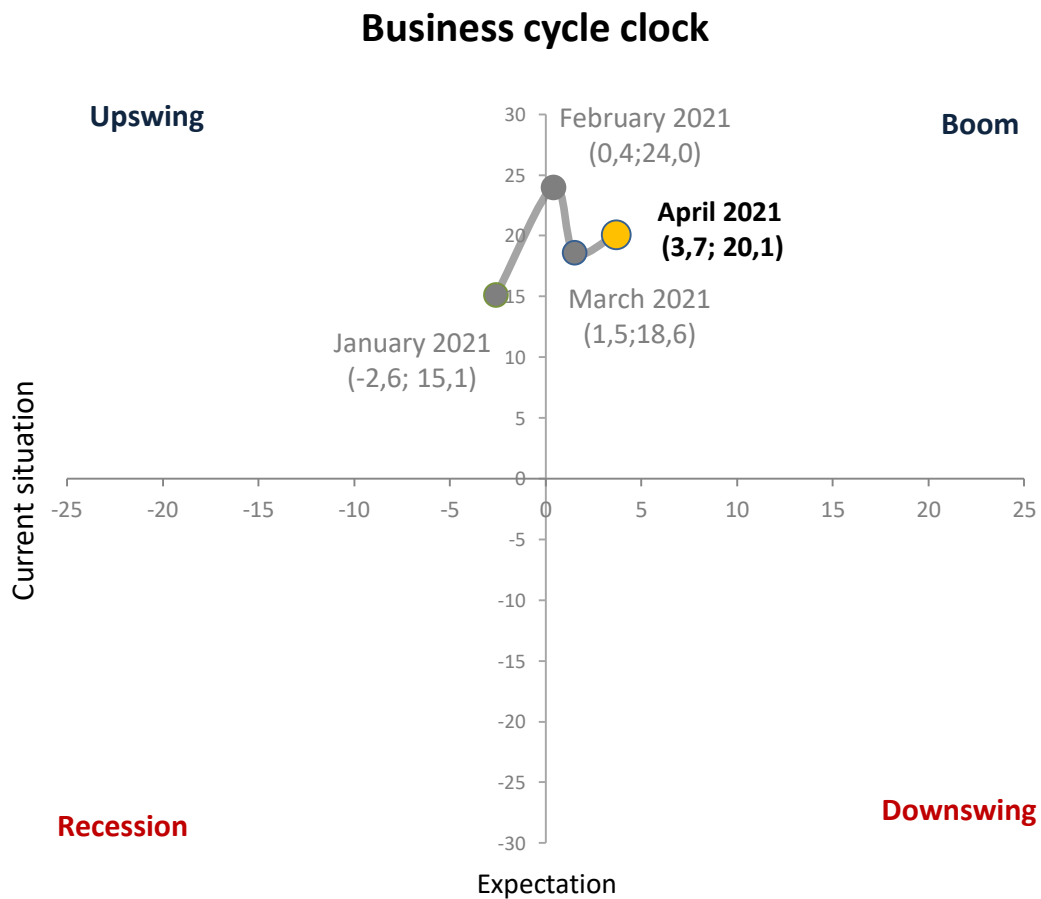
The respondents rated positively the change in demand (**3,8**), infrastructure (**2,5**) and access to finance/loans (**2,5**). At the same time, enterprises in manufacturing indicate a deterioration in access to finance/loans (**(-)3,8**).

Business defense issues were assessed negatively by enterprises in manufacturing (**(-)1,0**), while construction and services companies assessed it positively (2,8 and 0,9, respectively). As a result, the overall assessment for the economy turned out to be almost neutral (**0,4**).

The tax burden (**(-)4,9**) remains a factor negatively affecting the business environment assessment. This factor was negatively assessed by enterprises of all sectors.

Business cycle clock

Upswing

Boom

February 2021
(0,4;24,0)

**April 2021
(3,7; 20,1)**

March 2021
(1,5;18,6)

January 2021
(-2,6; 15,1)

Current situation

Expectation

Recession

Downswing

| Economy BCI	Construction BCI	Service BCI	Manufacturing BCI
11,8	13,5	12,5	9,8

In April 2021 according to the respondents the balance of answers on the current business conditions evaluation was **3,7** (in March - 1.5). The balance of answers on expectations for the next **6 months** was **20,1** (in March – 18,6). Improvement in the current situation and expectations assessment allows to remain in the area of **boom** of the business cycle "clock".

The business climate index, which is an average assessment of current and future business conditions, improved in the economy as a whole, amounting to 11,8 (in March – 9,9). In construction and service sector the BCI were 13,5 and 12,5, respectively. The indicator in manufacturing turned out to be lower than the indicator in the economy (11,8) and amounted to 9,8.

*BCI is geometrical mean of current situation assessment and expectation

Business Climate Index (BCI)

Current situation (SIT)
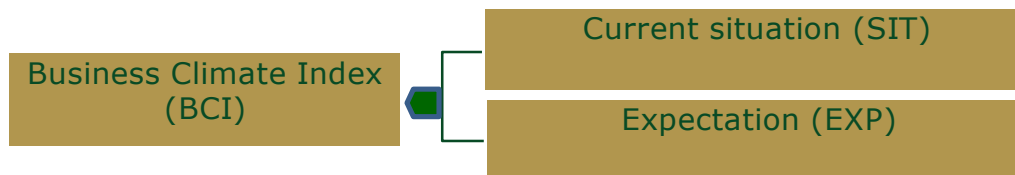
Expectation (EXP)

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

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

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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 GDP 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

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