



# Kazakhstan Business Activity Index

October 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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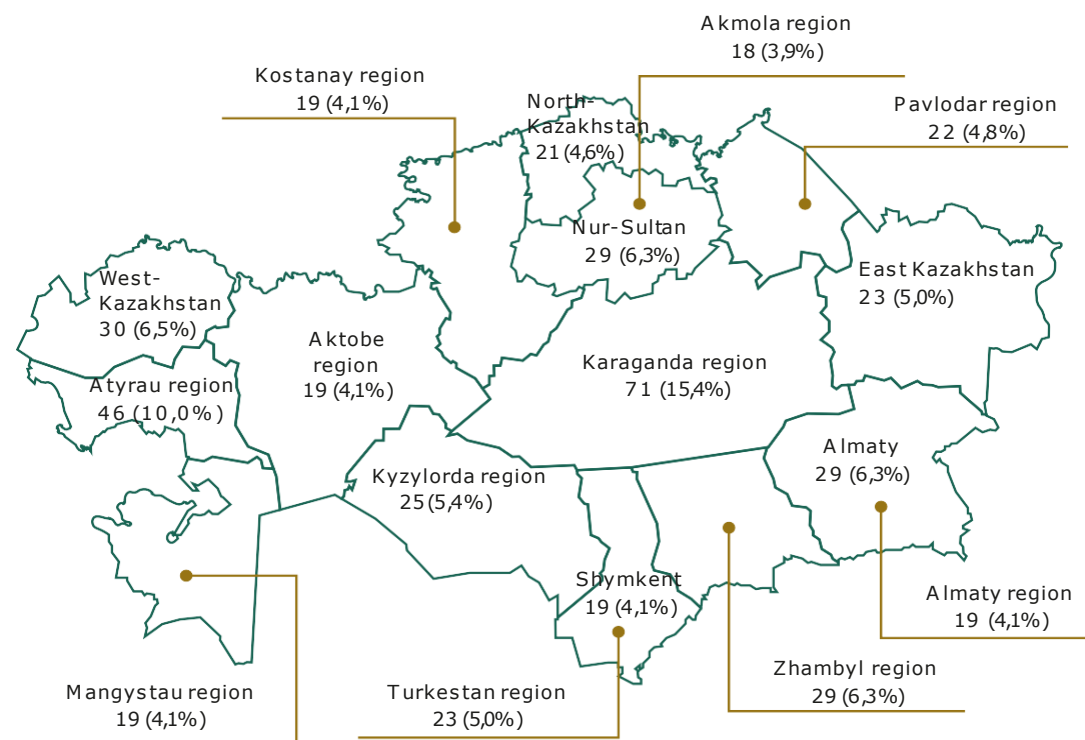
Business Climate Index



# 01

## SAMPLE INFORMATION

Number of respondents in October 2021 - 461 enterprises

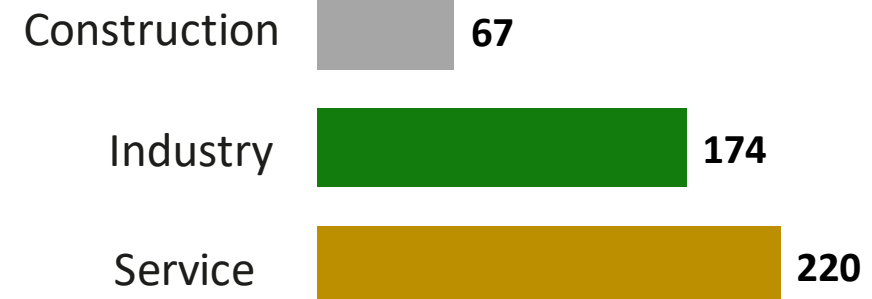


- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey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

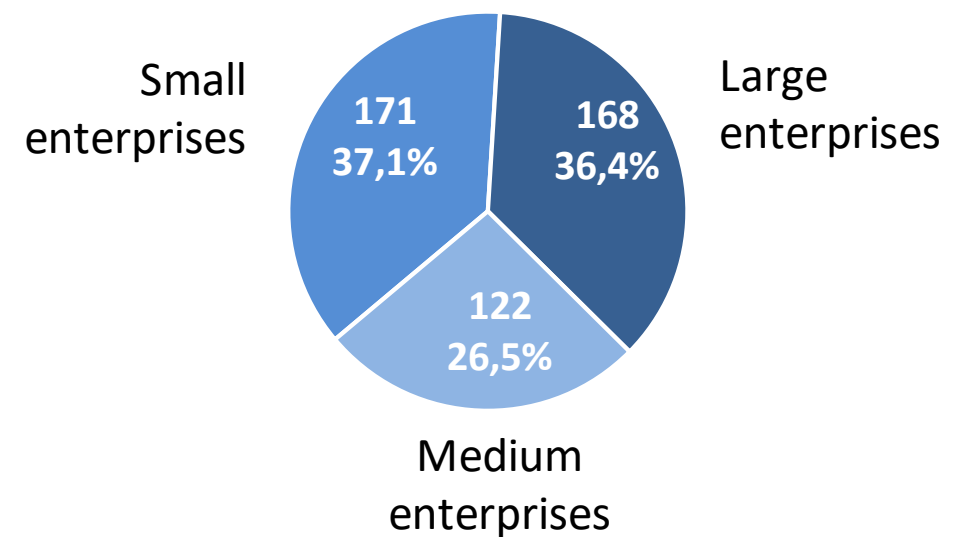




## ENTERPRISES-RESPONDENTS BY SECTOR



## ENTERPRISES-RESPONDENTS BY SIZE



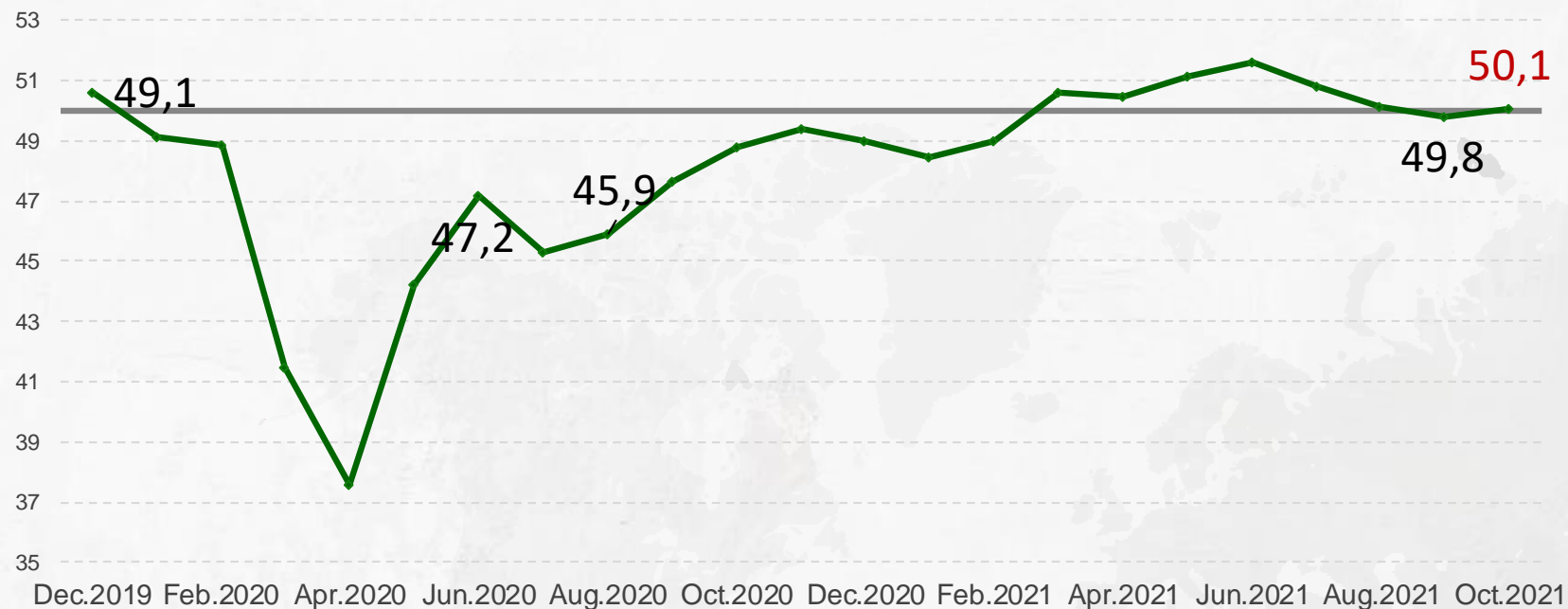


**02**

**CONSOLIDATED BUSINESS  
ACTIVITY INDEX BY  
ECONOMY**



# CONSOLIDATED BUSINESS ACTIVITY INDEX (BAI) BY ECONOMY



According to the results of a monthly survey of 461 enterprises in the real sector in October 2021 the business activity index increased by 0,3 points, amounting to **50,1** (in September – 49,8).

In the service sector the index formed at **49,7**, in industry – **50,6**, in construction – **49,9** (in September – 49,1, 50,9, 49,3, 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  
**50,1**



BAI  
in construction  
**49,9**



BAI  
in service  
**49,7**



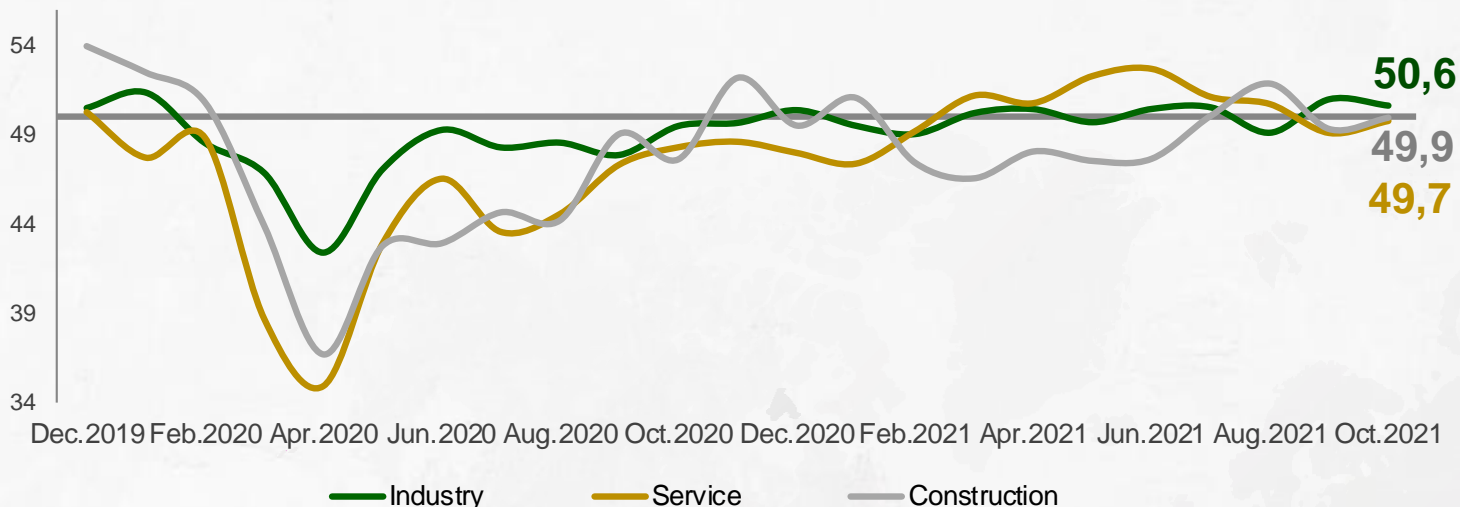
BAI  
in industry  
**50,6**



# 03

## BUSINESS ACTIVITY INDEX BY SECTOR

# BUSINESS ACTIVITY INDEX (BAI) BY SECTOR



Business activity index was in the positive area only in **industry**, which slightly slowed down by 0,3 points, amounting to **50,6** due to the reduction of the volume of new orders.

In **construction** and **service** sectors the indices were **49,9** and **49,7**, respectively, increasing by 0,6 points. The improvement of the index in construction sector was related with an increase in employment rate and in service sector – with an increase in new orders.

\* 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

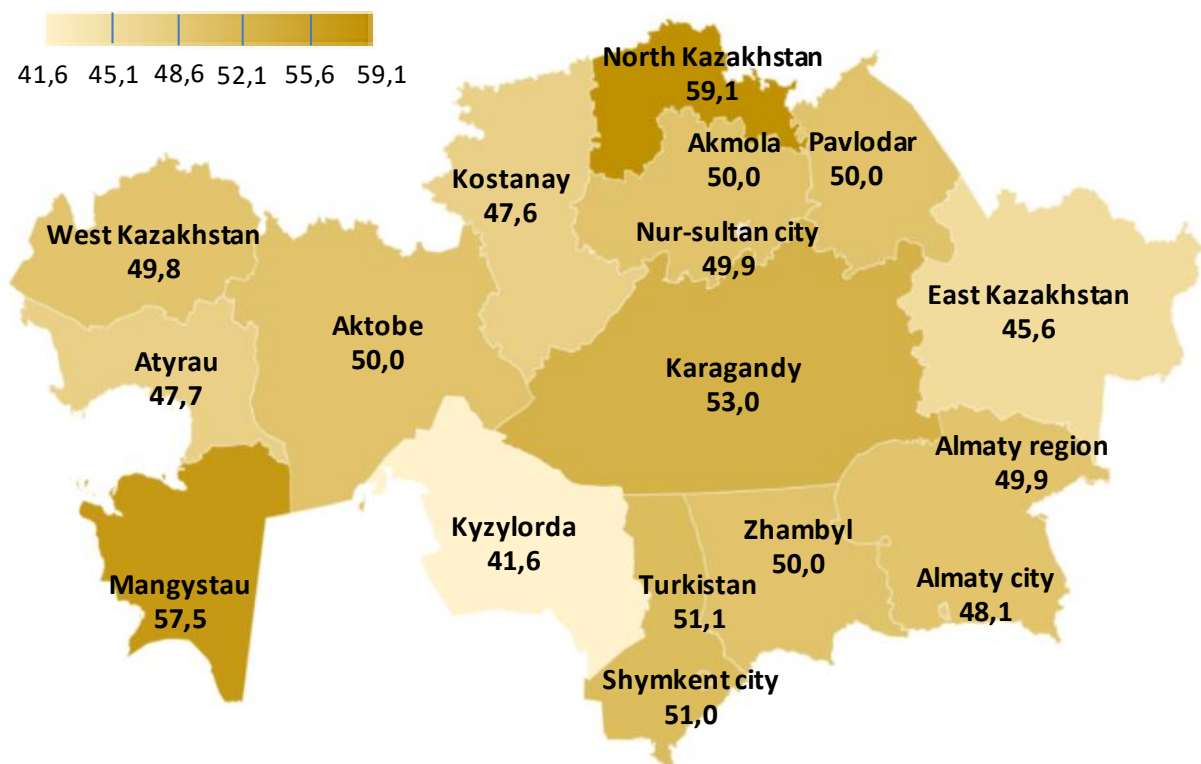
Business Activity Index in Service



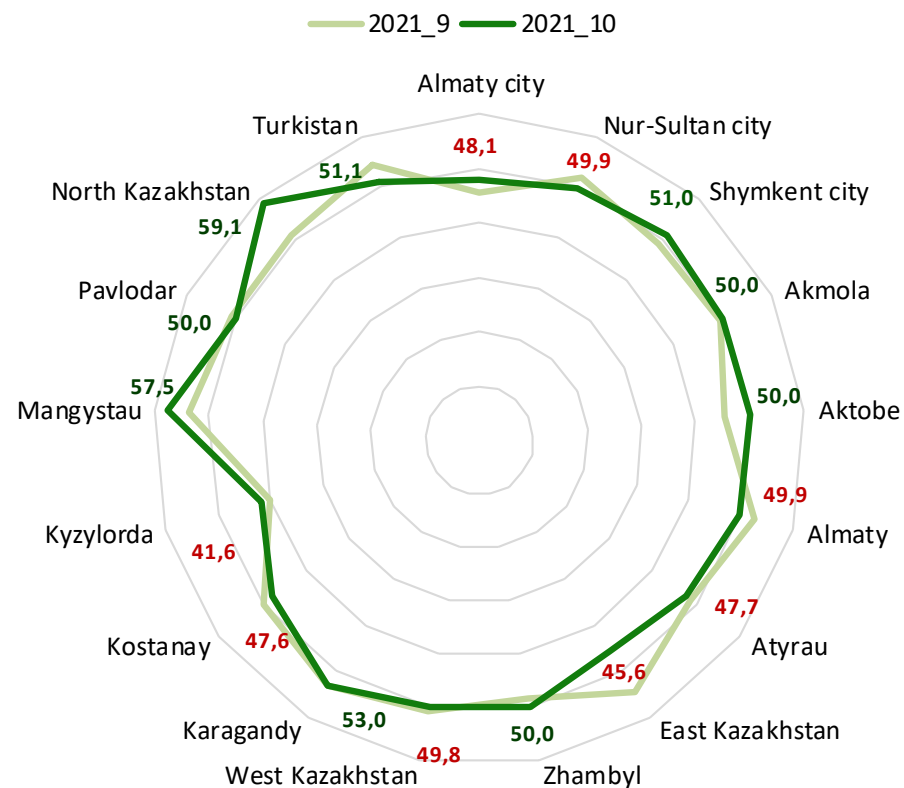
# 04

## BUSINESS ACTIVITY INDEX BY REGIONS

### BAI in October 2021 by region



### BAI dynamics for September – October 2021



In the context of the regions, an improvement in the business activity was observed in 9 regions of Kazakhstan: North Kazakhstan (**59,1**), Mangystau (**57,5**), Karagandy (**53,0**), Turkistan (**51,1**) regions, Shymkent city (**51,0**), Pavlodar (**50,0**), Akmola (**50,0**), Aktobe (**50,0**) and Zhambyl (**50,0**) regions.

The deterioration of the business activity was observed in 8 regions of Kazakhstan: Kyzylorda (**41,6**), East Kazakhstan (**45,6**), Kostanay (**47,6**), Atyrau (**47,7**) regions, Almaty city (**48,1**), West -Kazakhstan (**49,8**), Almaty (**49,9**) regions and Nur-Sultan city (**49,9**).

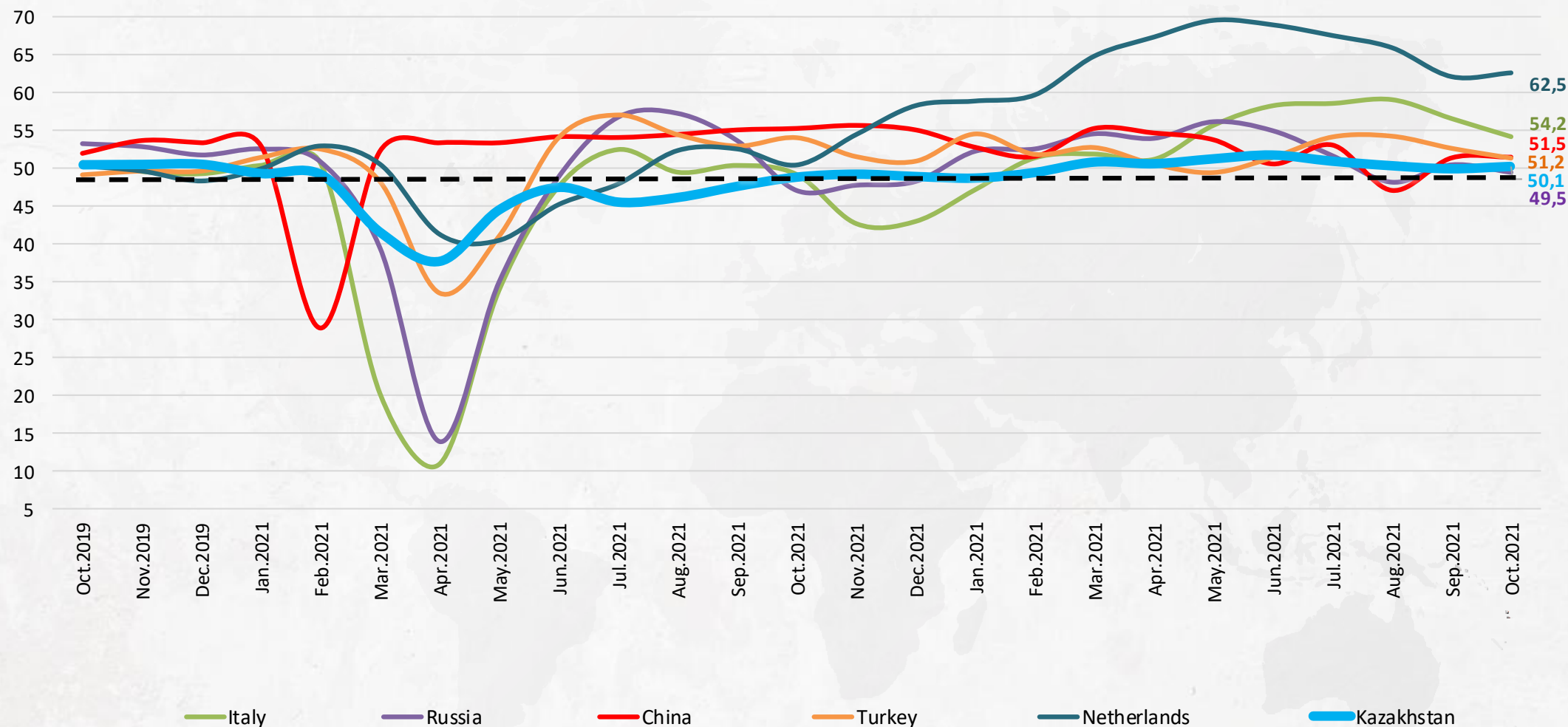


**05**

**PMI BY COUNTRY**



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



Data as for 09.11.2021

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

Industry PMI for Turkey and the Netherlands



**06**

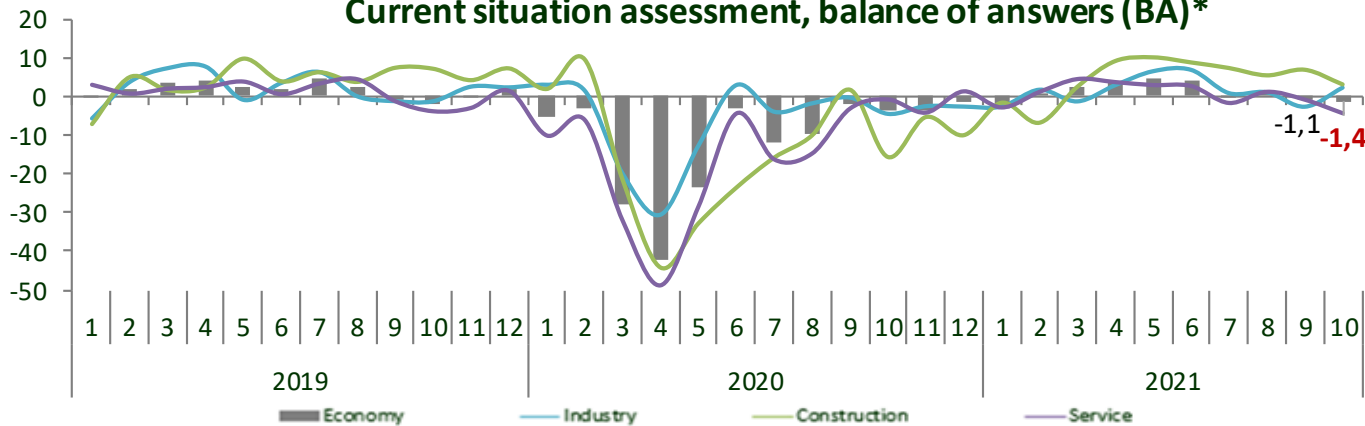
**BUSINESS CLIMATE  
INDEX (BCI)**



# BUSINESS CLIMATE INDEX (BCI)

## Current situation assessment

Current situation assessment, balance of answers (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.

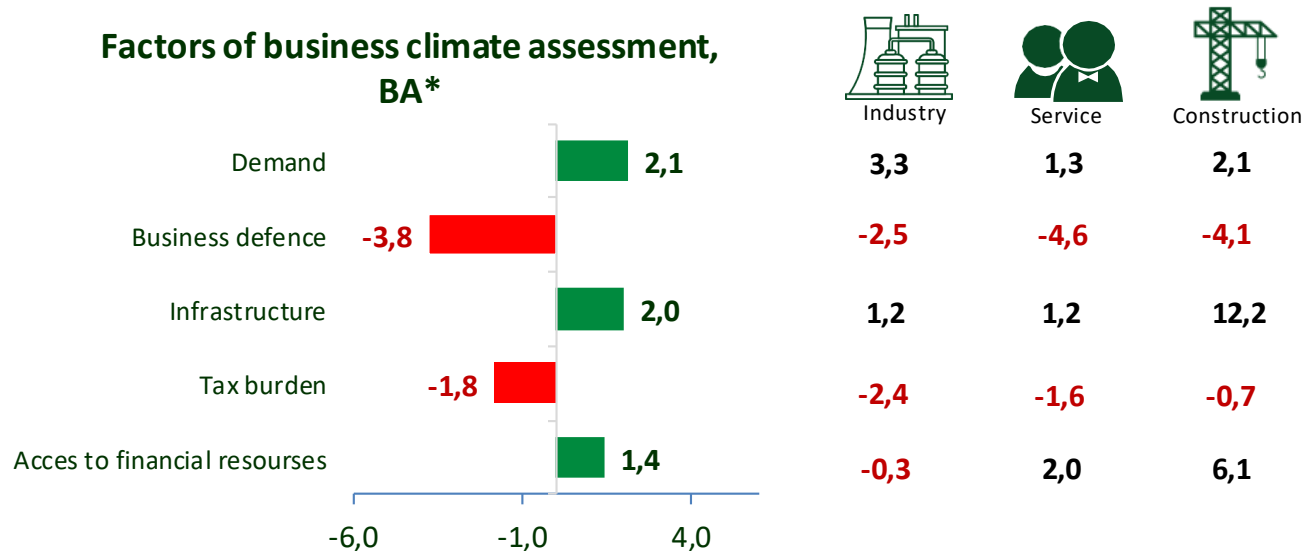
According to respondents, in October 2021 the **current business conditions worsened** compared to September. The balance of answers\* decreased from **(-)1,0** to **(-)1,4** due to the acceleration of the negative assessment in service sector (from **(-)0,9** to **(-)4,6**), which was related with business protection matters.

The indicator in industry amounted to 2,3, in construction – 3,0, in service sector **(-)4,6**.

Respondents positively assessed the demand for products/services **(2,1)**, access to communications **(2,0)** and access to finance/loans **(1,4)**.

Business protection and tax burden, as well as a month earlier, was assessed negatively, **(-)3,8** and **(-)1,8**, respectively.

Factors of business climate assessment, BA\*



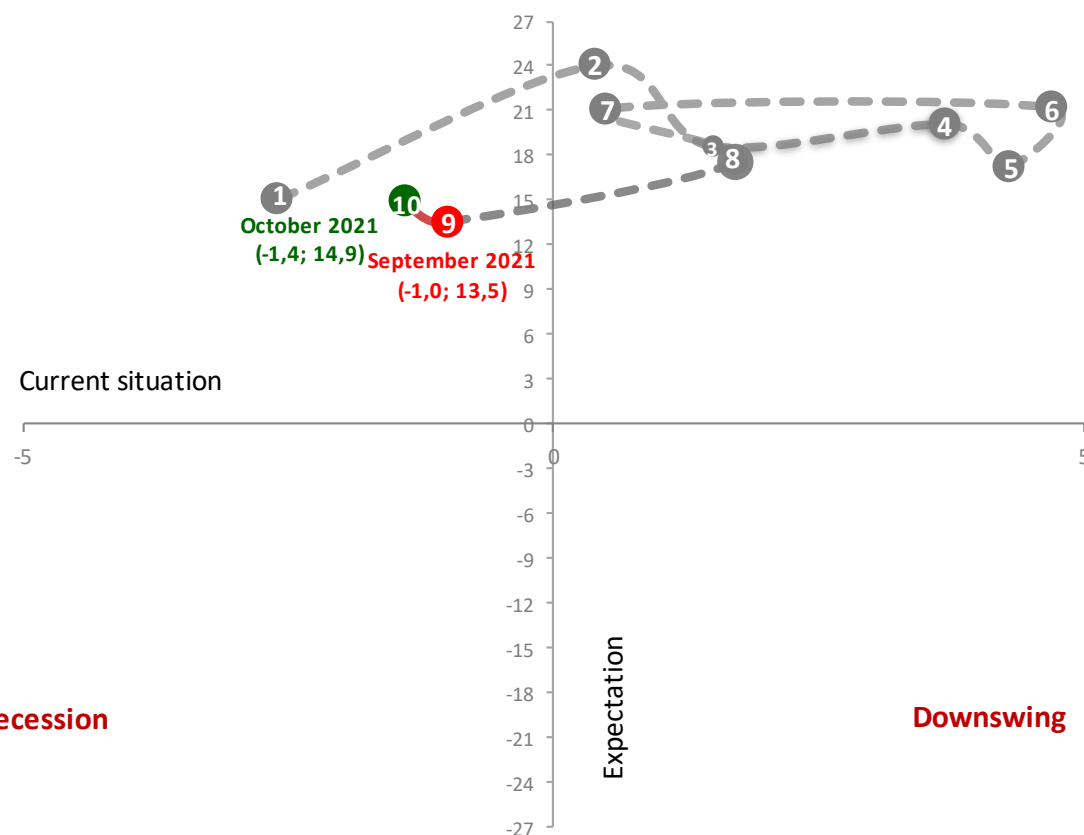
# BUSINESS CLIMATE INDEX (BCI)

## Business cycle clock

### Business cycle clock

Upswing

Boom



Recession

Downswing



Economy  
BCI  
6,6



Construction  
BCI  
2,7



Service  
BCI  
5,3



Industry  
BCI  
9,1

In October 2021 according to the respondents the balance of answers of the **current business conditions** assessment was **(-)1,4** (in September **(-)1,0**). The balance of answers on **expectations** for the next **6 months** was **14,9** (in September – 13,5). Despite the improvement in the confidence about future, due to the negative assessment of the current situation, in October economy remains in the area of **upswing** of the business cycle "clock".

The **business climate index**, which is an average assessment of current and future business conditions, improved slightly in the economy, amounting to **6,6** (in September – 6,1). The increase in the BCI was related with an increase in the confidence about future business conditions (from 13,5 to 14,9). In industry BCI was 9,1. The indicators in construction and service sectors turned out to be lower than in the economy (6,6), amounting to 2,7 and 5,3, respectively.



\*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





## 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