



Kazakhstan Business Activity Index

July 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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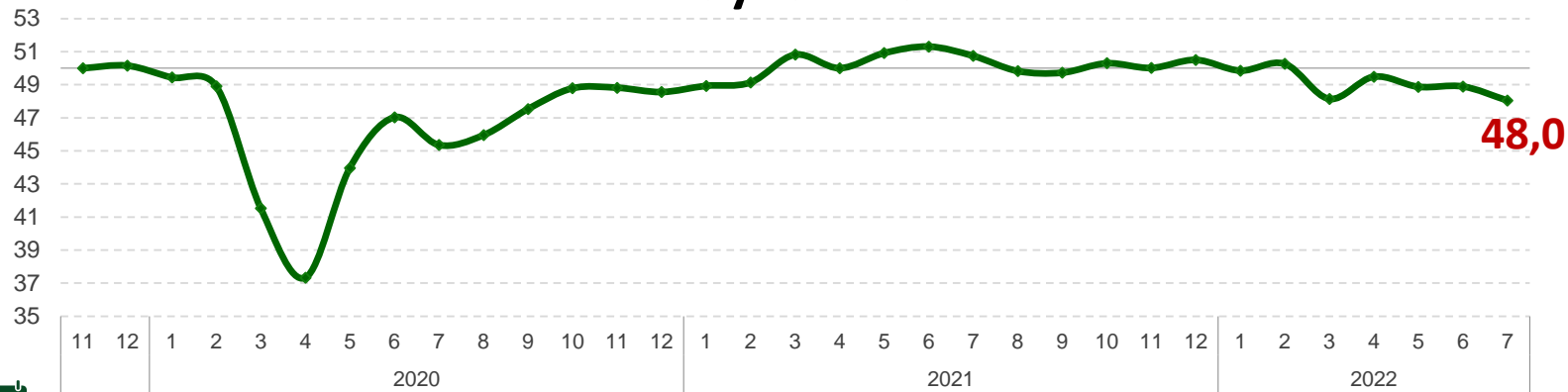
Methodological comment



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.

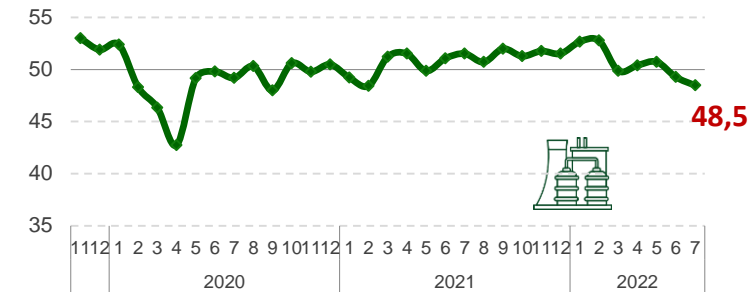
According to the results of a monthly survey of 469 enterprises in the real sector, business activity deteriorated slightly in July 2022, amounting to **48.0** (in June – 48.9).

In the service sector, the index remained almost unchanged, amounting to **48.6** (in June – 48.7), while in other sectors the index declined. The index in production fell to **48.5** (from 49.3 in June), in the mining industry – to **46.2** (from 49.9 in June), in construction – to **47.0** (from 47.5 in June).

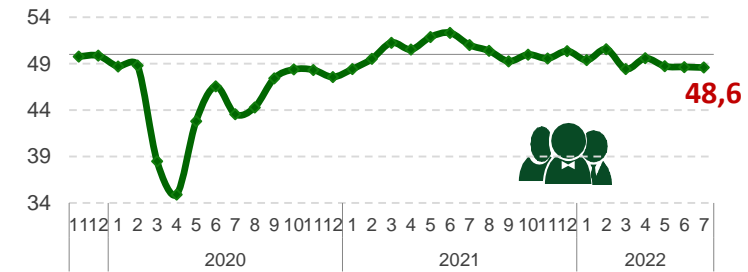


- The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.
- The National Bank of Kazakhstan conducts a survey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

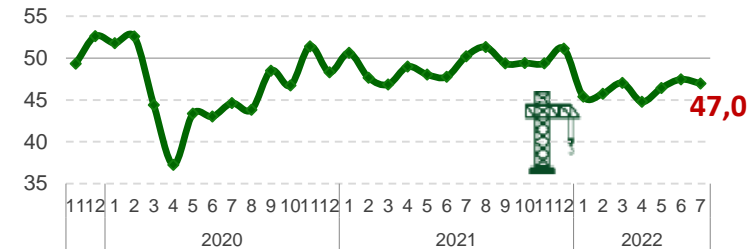
Production



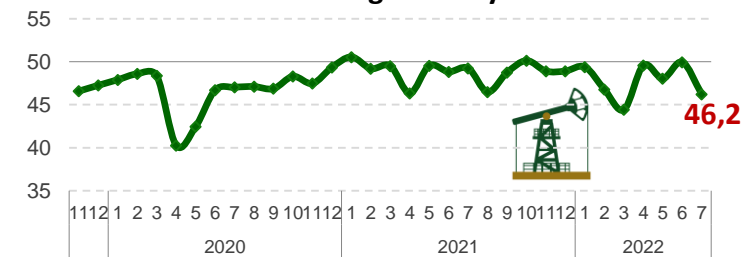
Service



Construction

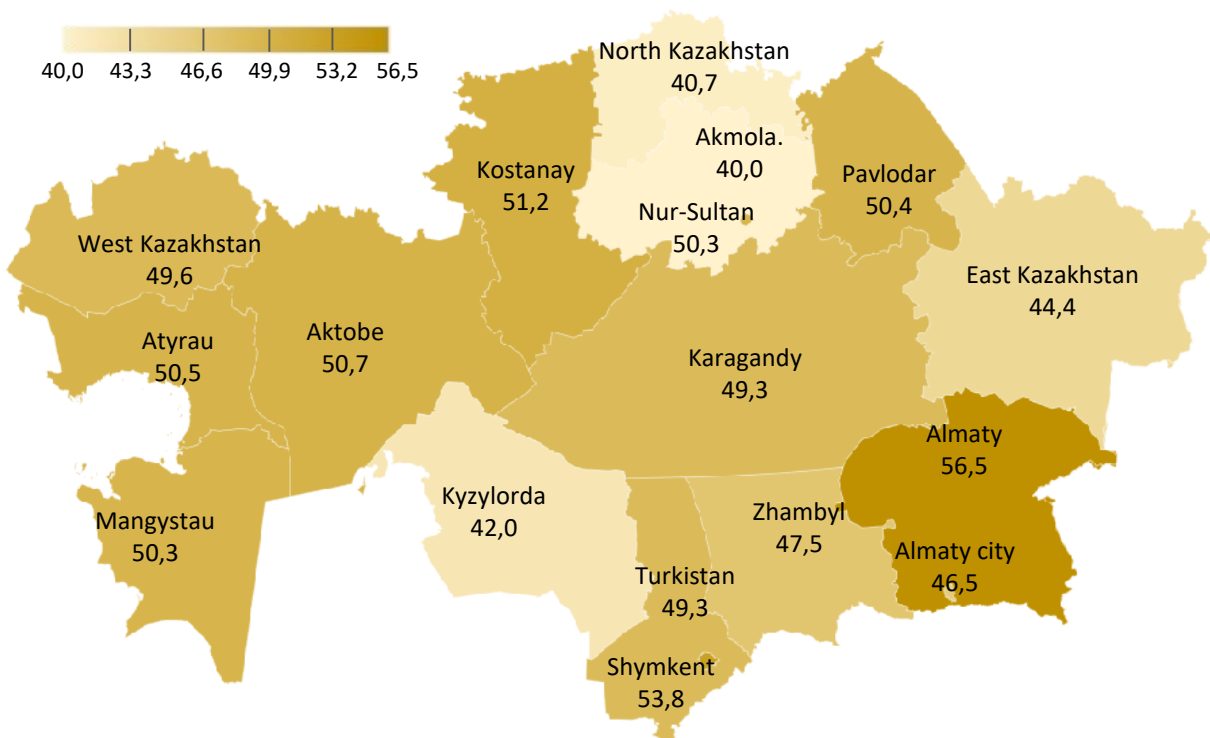


Mining industry

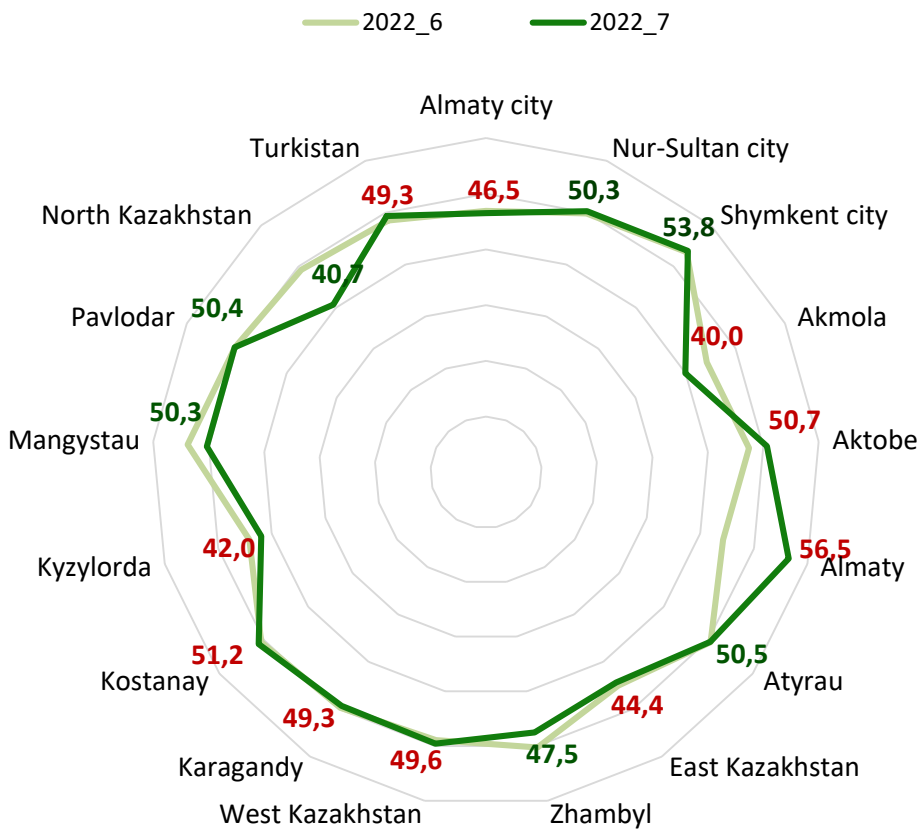


BUSINESS ACTIVITY INDEX BY REGIONS

BAI in July 2022 by regions



BAI dynamics for June - July 2022



By region, business activity is in the positive area in 8 regions of Kazakhstan: Almaty region (**56.5**), Shymkent city (**53.8**), Kostanay (**51.2**), Aktobe (**50.7**), Atyrau (**50.5**), Pavlodar (**50.4**), Mangystau (**50.3**) regions and Nur-Sultan city (**50.3**).

In 9 regions of Kazakhstan, business activity was in decline: Akmola (**40.0**), North Kazakhstan (**40.7**), Kyzylorda (**42.0**), East Kazakhstan (**44.4**) regions, Almaty city (**46.5**), Zhambyl (**47.5**), Turkistan (**49.3**), Karaganda (**49.3**) and West Kazakhstan (**49.6**) regions.

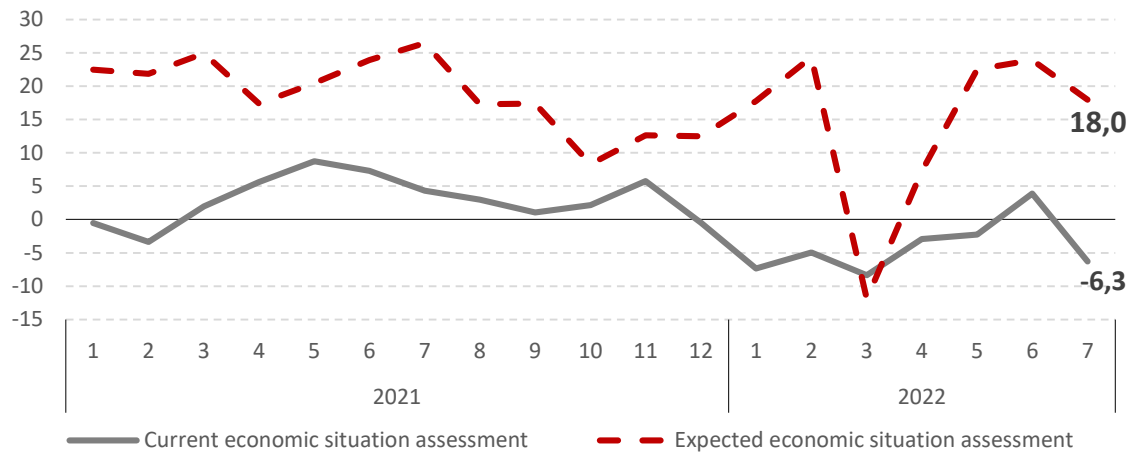


BUSINESS CLIMATE INDEX

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.

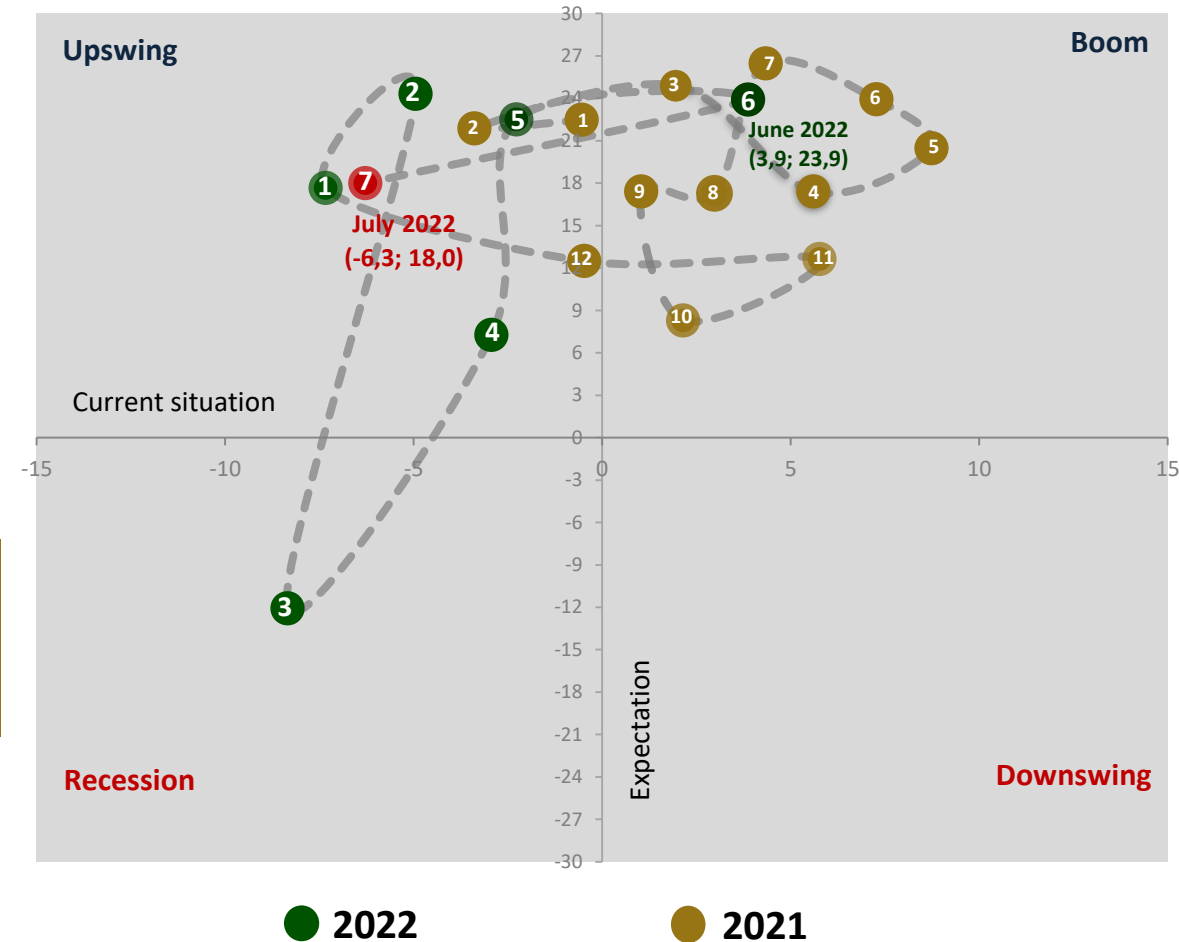
If index is above 0 improvement, if below 0 – worsening.

In July 2022, the assessment of enterprises of **current** business conditions deteriorated to **(-)6.3** (from 4.0 in June). Balance of responses (BO)* turned out to be negative due to an increase in the number of respondents who noted a negative change.

Estimates of **future** business conditions for the next 6 months also decreased, amounting to **18.0** (in June - 23.9).

As a result, the business cycle "clock" indicator moved into the **upswing** area in July.

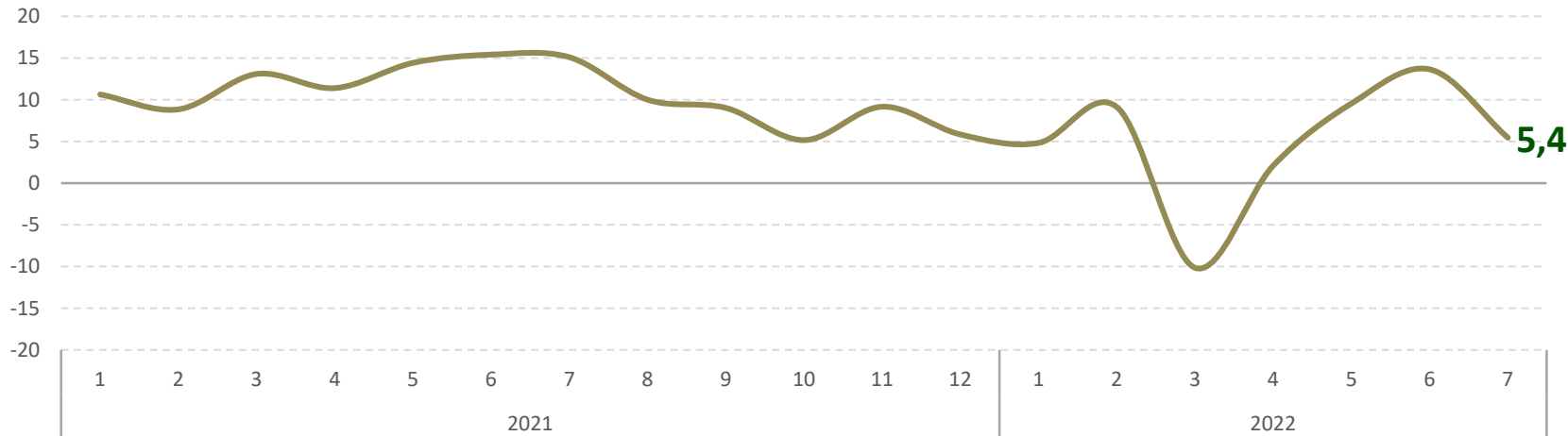
Business cycle clock



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

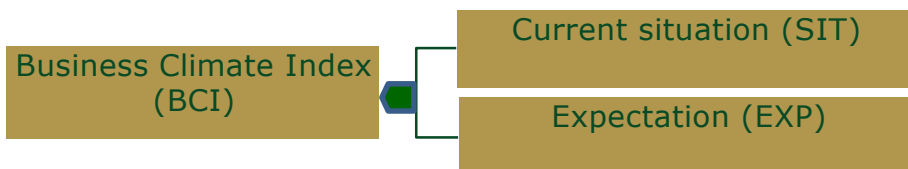


The **business climate index**, which is an average assessment of current and future business conditions, decreased to **5.4** (from 13.6 in June) due to the deterioration of the current business conditions, especially for mining and construction enterprises.

BCI in the construction and service sector decreased to **10.7** (from 23.4 in June) and **3.7** (from 4.8 in June), respectively. In the mining industry and in the production sector, the indicator turned out to be negative, amounting to **(-)4.2** and **(-)1.0**, respectively.



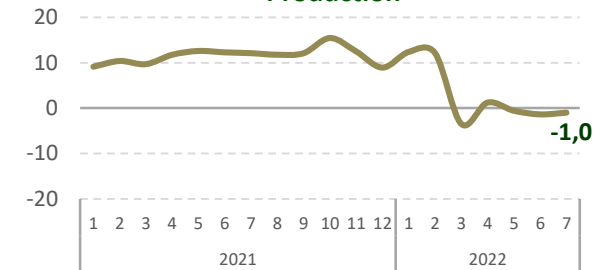
*BCI is geometrical mean of current situation assessment and expectation



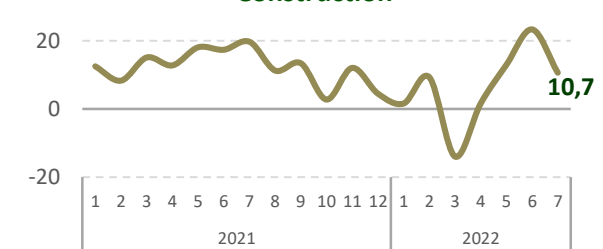
$$BCI^* = \sqrt{(BA(SIT) + 200) * (BA(EXP) + 200)} - 200$$

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

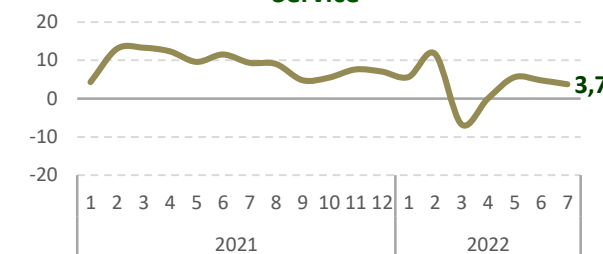
Production



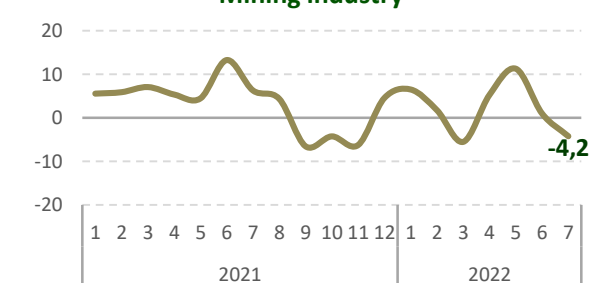
Construction



Service

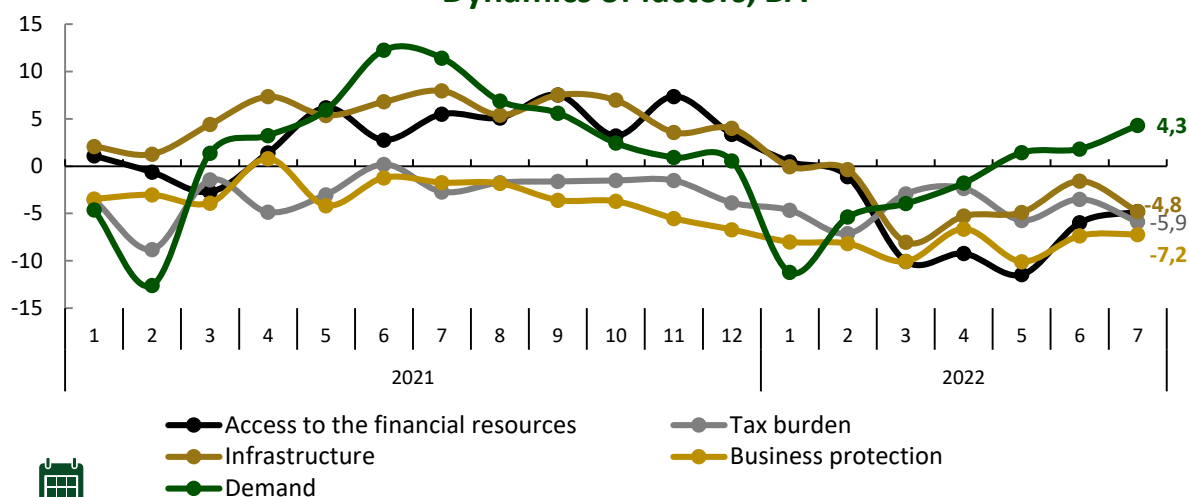


Mining industry



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 July 2022, negative responses prevailed among the assessments of business conditions factors. The improvement was noted only on demand. The balance of responses on demand was **4.3** (in June – 1.8).

The assessment of the tax burden and access to communications deteriorated to **(-)5.9** and **(-)4.8**, respectively. At the same time, despite the predominance of negative assessments, there was an improvement in estimates on access to finance/loans to **(-)4.8**.

By sector, respondents estimate that demand is recovering in production, construction and services, where positive responses prevail. A decrease in demand was noted in the mining industry. Other factors, enterprises of all sectors, evaluated more negatively than positively.

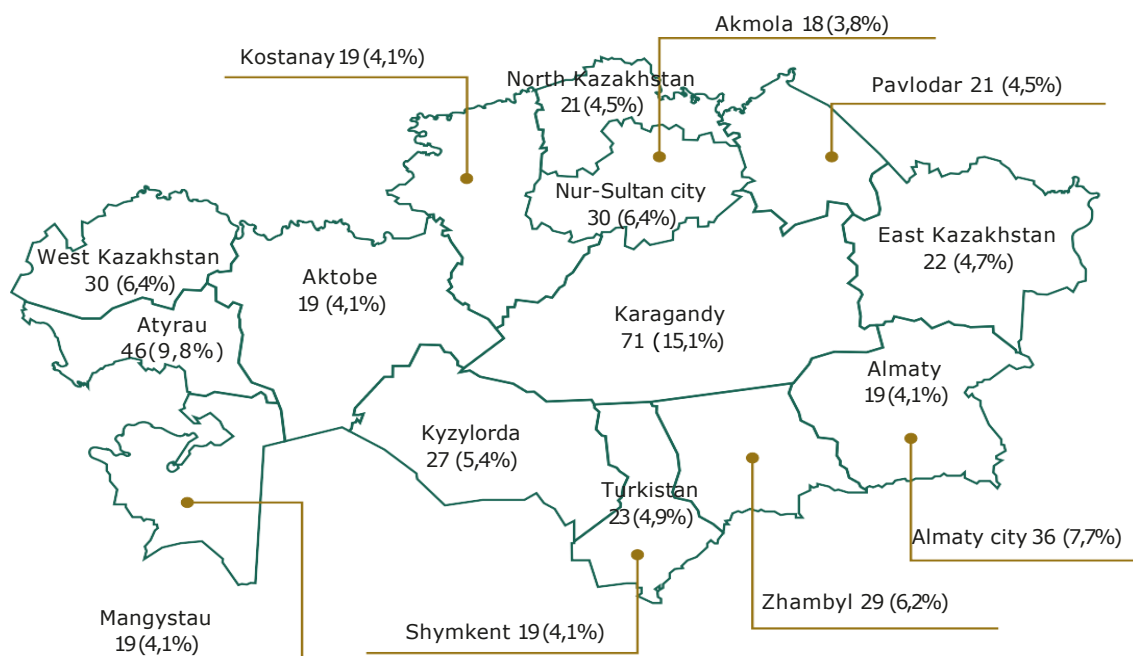
Assessment of factors in July 2022, share of answers in %



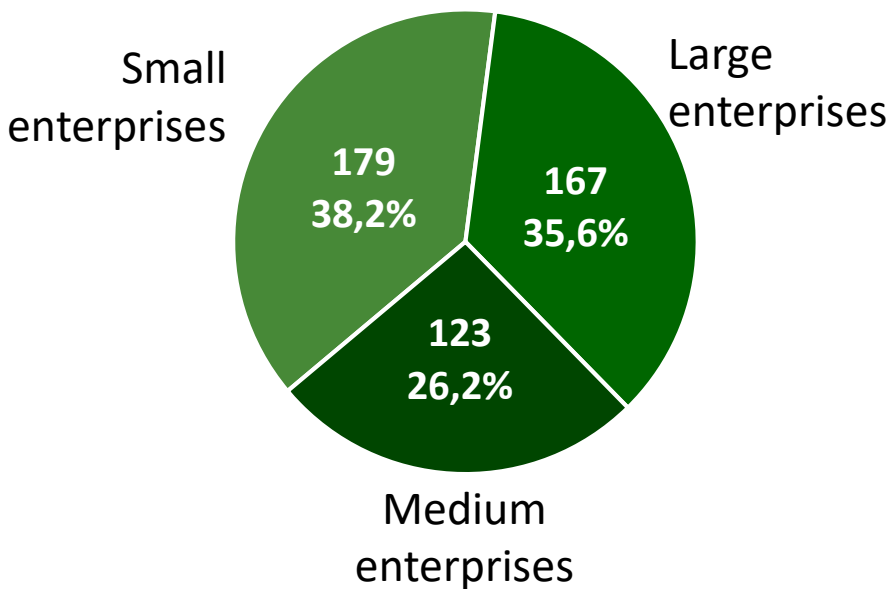
*The share of neutral (no change) answers are not presented

SAMPLE INFORMATION

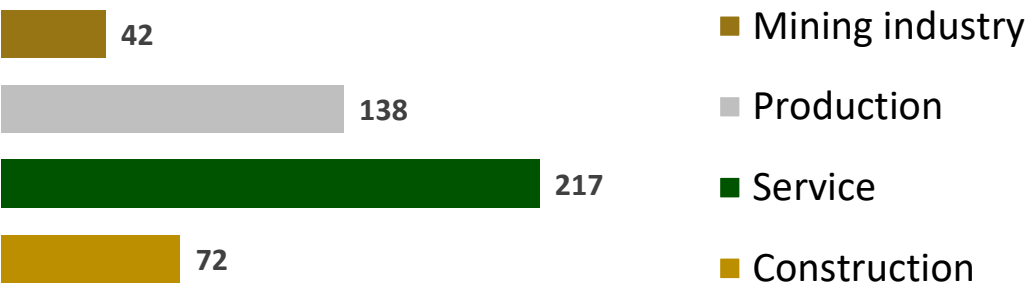
THE NUMBER OF RESPONDENTS IN JULY 2022 - 469 ENTERPRISES



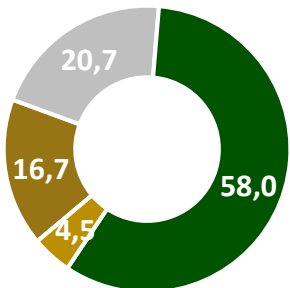
ENTERPRISES-RESPONDENTS BY SIZE




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