

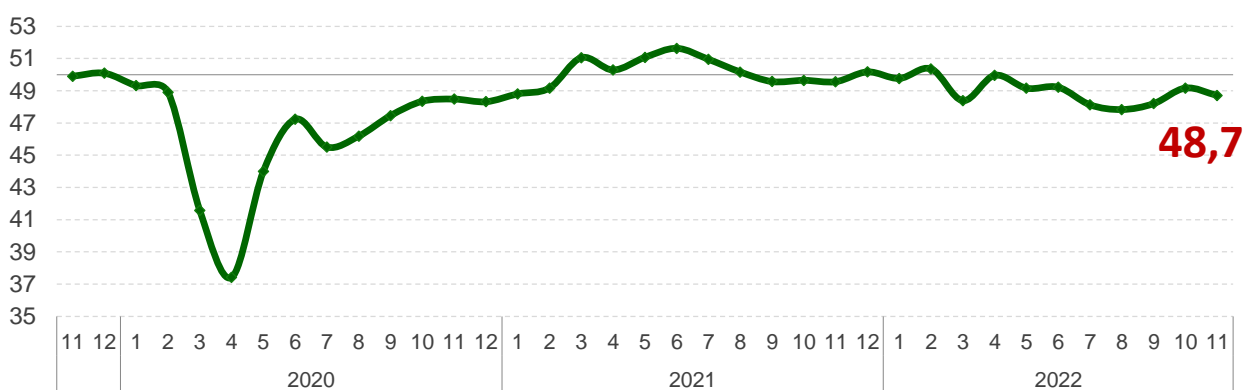


# Business activity index

November 2022

**Business activity slightly worsened due to lower new orders and employment in certain sectors. A noticeable deterioration was noted in construction.**

Graph 1. Dynamics of business activity index (BAI)\*



\* 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.

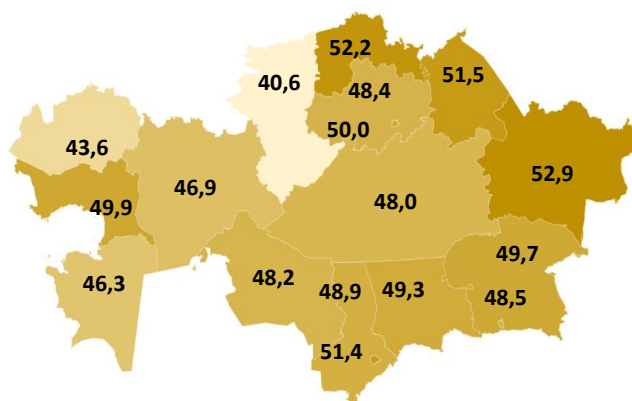
## The business activity index fell to 48.7 from 49.2 in October.

A decrease in business activity was noted in all sectors except production, where the indicator increased slightly, amounting to 48.8 (in October - 48.6). In construction and mining the business activity index fell to 44.7 and 48.4, respectively (from 47.2 and 50.4 in October). In service sector the index value remained almost at the level of the previous month, amounting to 49.2 (49.3 in October).

Graph 2. BAI in November by regions

**In 4 regions business activity improved, in 12 regions it worsened, in 1 region it did not change.**

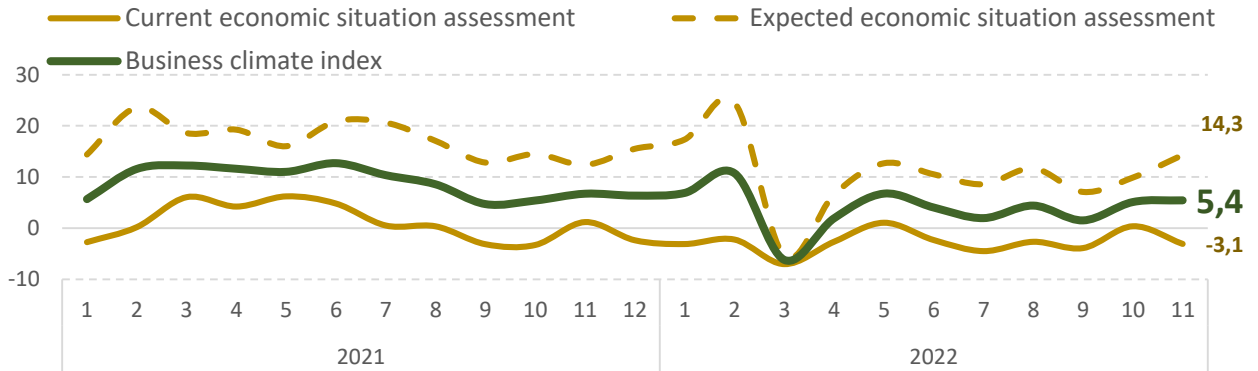
The highest index value was recorded in the East Kazakhstan region (52.9), the lowest - in the Kostanay region (40.6).



# Business climate index

The business climate index increased due to the improvement in the mining industry. The indicator has noticeably worsened in construction.

Graph 3. Dynamics of business climate index (BCI)\*



\* To assess current and future business conditions, a balance of responses (BO) is used, which is calculated as the difference between the shares of positive and negative answers to questions about changes in business conditions. An index value above 0 indicates an improvement, below 0 indicates a deterioration of the situation.

**In November 2022 businesses assess that current business conditions worsened, while optimism about future conditions improved.**

Enterprises gave a weak but positive assessment of the change in access to communications and demand for finished products. According to assessments of other factors of business conditions (tax burden, access to finance/credits and business protection issues), negative assessments prevail.

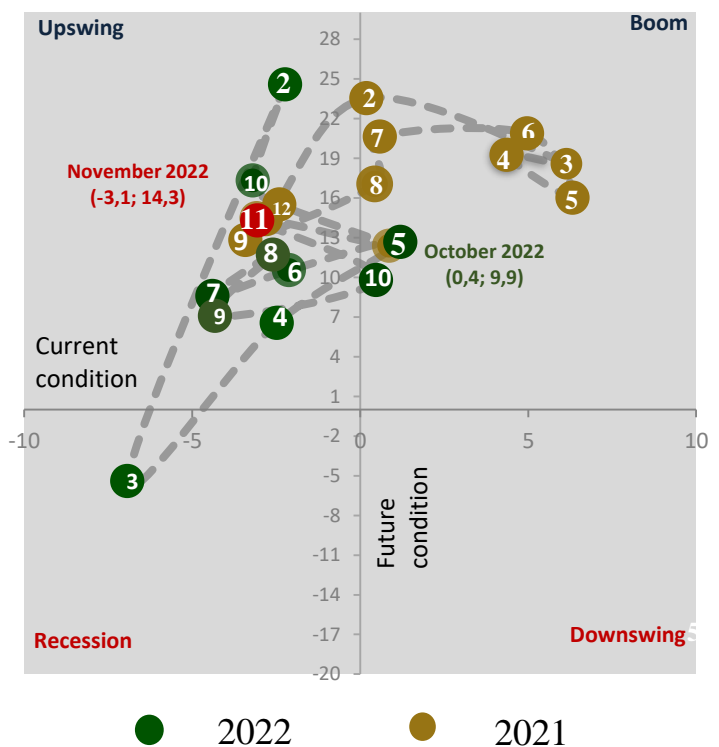
**In November 2022 the indicator of business cycle clock was in the upswing area.**

Enterprises' assessment of the current business conditions turned out to be negative, amounting to (-)3.1 (from 0.4 in October).

Assessment of future business conditions for the next 6 months have improved, amounting to 14.3 (in October - 9.9).

\* 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.

Graph 4. Business cycle clock



## METHODOLOGICAL COMMENT

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<sup>1</sup> The information was prepared based on the results of monthly survey of enterprises participating in the monitoring of the real sector.

<sup>2</sup> The business activity index is calculated as an aggregated change in such indicators of enterprises as the volume of new orders, the level of employment, the volume of new products, the volume of inventories, delivery times.

<sup>3</sup> 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.

<sup>4</sup> To calculate the business climate index (BCI), according to the methodology of the Ifo Institute, a balance of answers (BA) on indicators of business conditions in the current month (SIT) and expected changes in business conditions in the next 6 months (EXP) is used:

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

where, BA – balance of answers

SIT – current economic condition

EXP – expected economic condition

<sup>5</sup> The BA (balance of answers) is calculated as the difference between the shares of positive and negative responses to questions about changing business conditions. Enterprises choose one of the three suggested answers "improved", "have not changed" and "worsened". The response shares are calculated using weights.

<sup>6</sup> The business cycle clock, developed by the Ifo Research Institute, is a diagram (coordinate system) divided into four quadrants using the crosshair of two zero lines, which from the point of view of the business situation refer to the four stages of the economic cycle: upswing, expansion, downswing, recession. If the assessment of current conditions is negative and expectations are positive, the economy is in the upswing area, if both the assessment of current conditions and expectations are positive, then the economy is in the expansion phase, etc.

<sup>7</sup> The data in the diagrams are seasonally adjusted (except for the assessment of future conditions and the assessment of factors).

<sup>8</sup> Changes are possible in the previous months dynamics due to seasonal clearing and GVA adjustment.

<sup>9</sup> Detailed information by sector (information about the sample, the dynamics of indicators, the results of the distribution of responses) is presented in the dashboard.