



Kazakhstan Business Activity Index

February 2021





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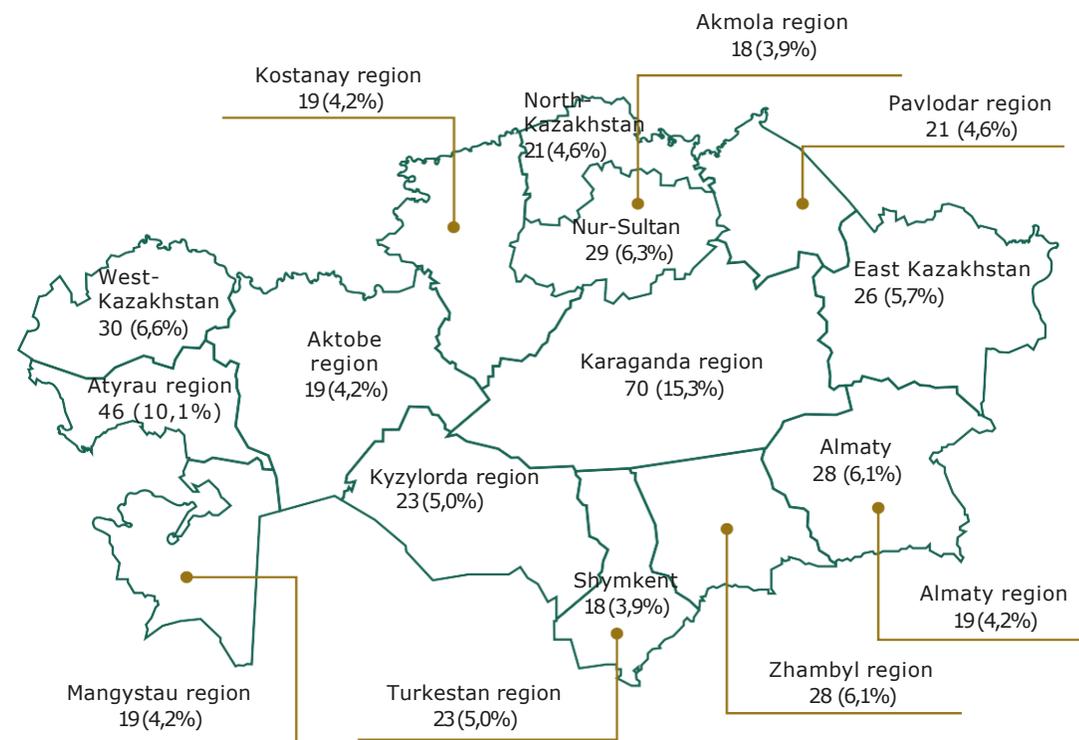
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01

SAMPLE INFORMATION

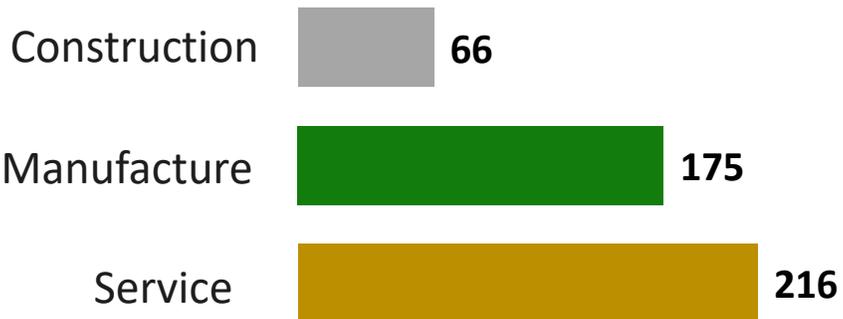
Number of respondents in February 2021 - 457 enterprises



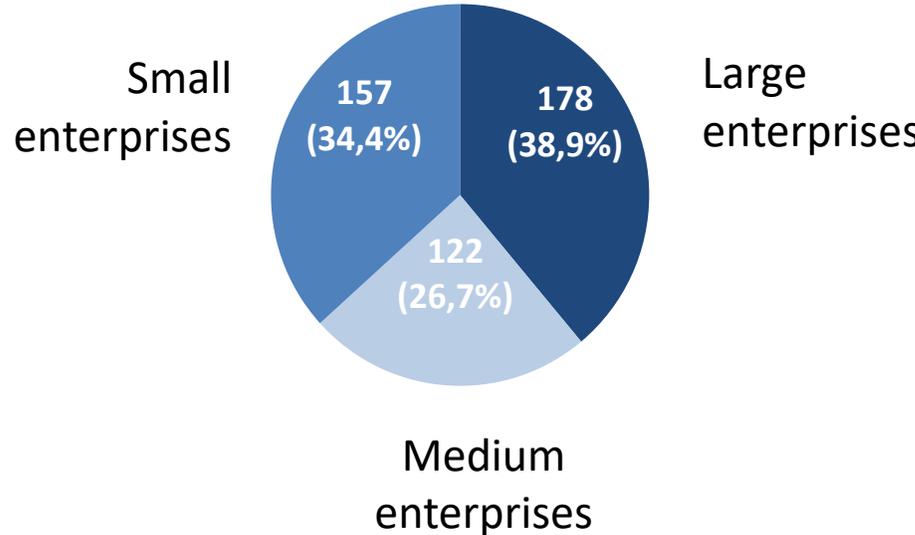
- *The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.*
- *The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY INDUSTRY



ENTERPRISES-RESPONDENTS BY SIZE

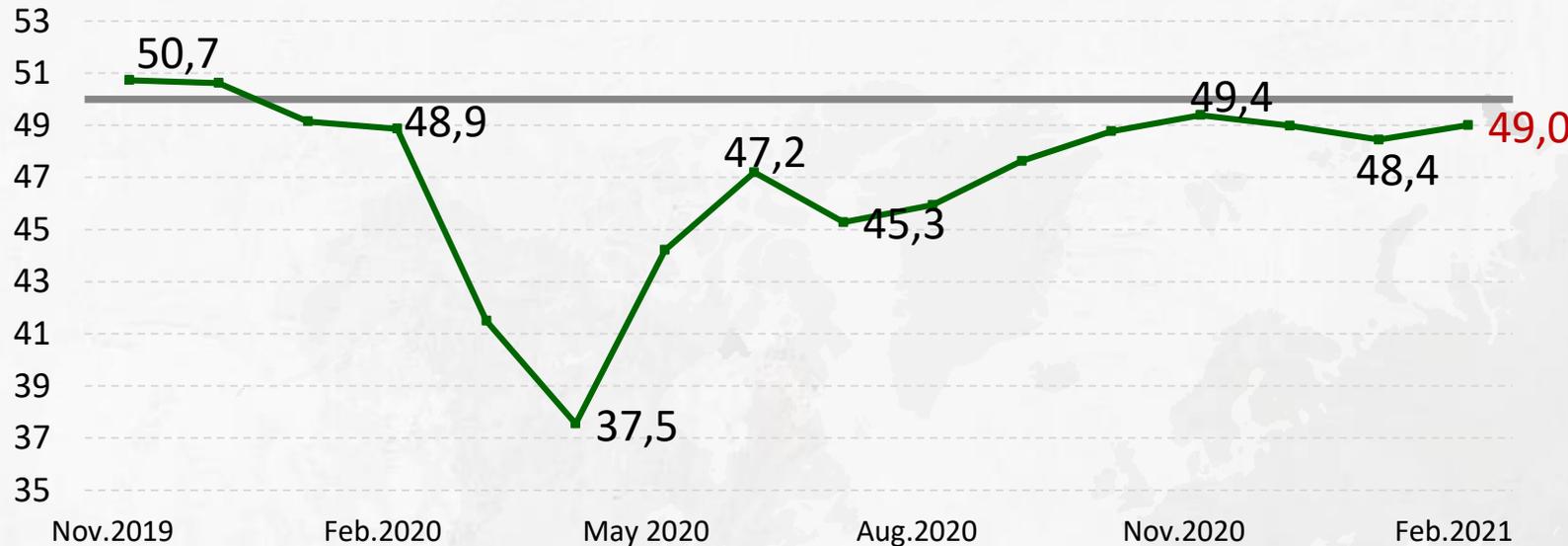




02

CONSOLIDATED BUSINESS
ACTIVITY INDEX BY
ECONOMY

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY



According to the results of a monthly survey of 457 enterprises in the real sector, in February 2021 the business activity index increased by 0,6 points, and amounted to 49,0 (in January - 48,4).

In the service sector the index formed at 49,2, in manufacture - 49,0, in construction - 47,4 (in January - 47,4, 49,4 and 51,1, 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
49,0



BAI
in construction
47,4



BAI
in service
49,2



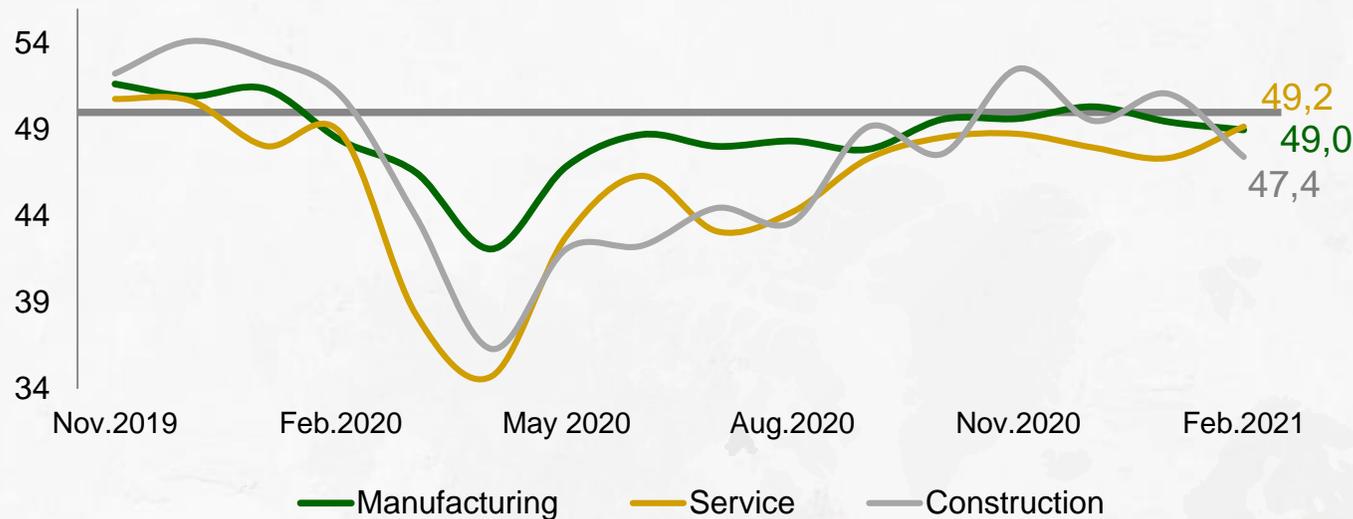
BAI
in manufacturing
49,0



03

BUSINESS ACTIVITY
INDEX BY SECTOR

BUSINESS ACTIVITY INDEX BY SECTOR



Business activity index among all the surveyed sectors is below the threshold level (in the area of decline). The lowest value was observed in construction, where the index fell to 47,4 due to a decrease in the volume of new orders and employment rate.

In the service sector, there is a relative improvement in the situation with business activity. Indicator reached maximum since January 2020, and amounted to 49,2. The increase was observed in all the components.

In the manufacturing industry, the index fell by 0,4 points and formed at 49,0.

* 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

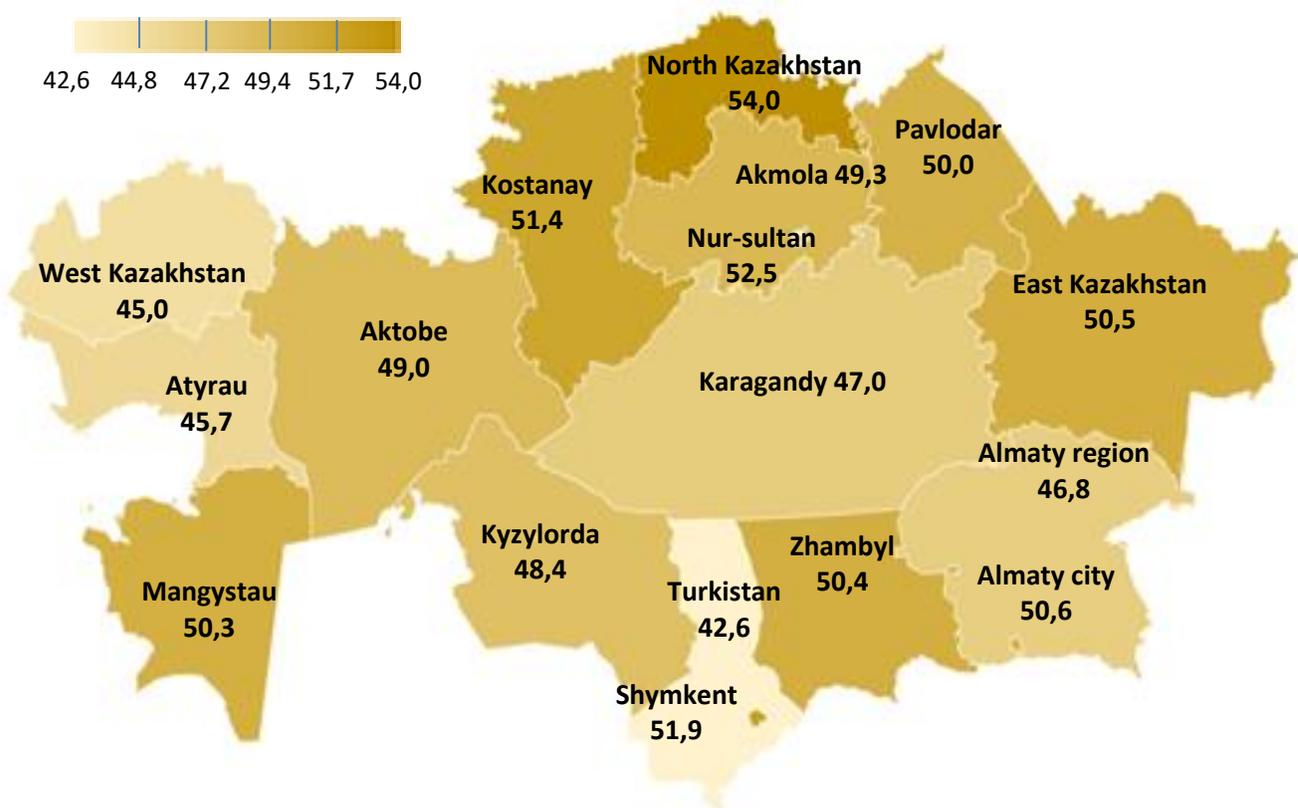
Business Activity Index in construction

Business Activity Index in Service

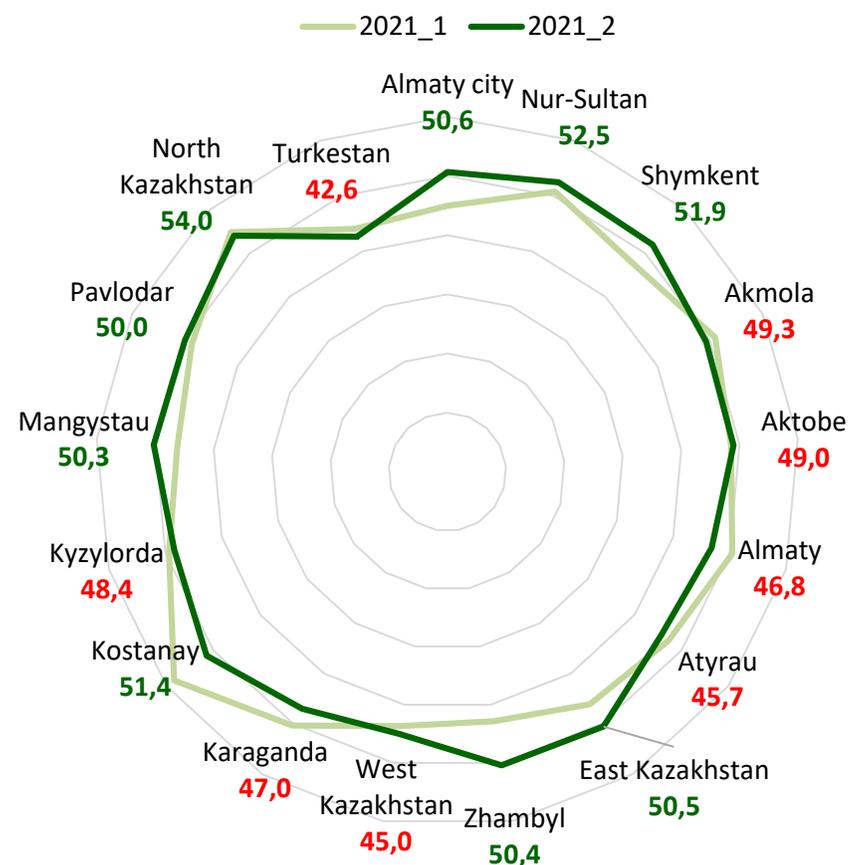
04

BUSINESS ACTIVITY INDEX BY REGIONS

BAI in February 2021 by region



BAI dynamics for January – February 2021



In the context of the regions of Kazakhstan, an improvement in the business activity of enterprises was observed in 9 regions: North Kazakhstan region (**54,0**), Nur-Sultan city (**52,5**), Shymkent city (**51,9**), Kostanay region (**51,4**), Almaty city (**50,6**), East Kazakhstan region (**50,5**), Zhambyl region (**50,4**), Mangystau region (**50,3**) and Pavlodar region (**50,0**).

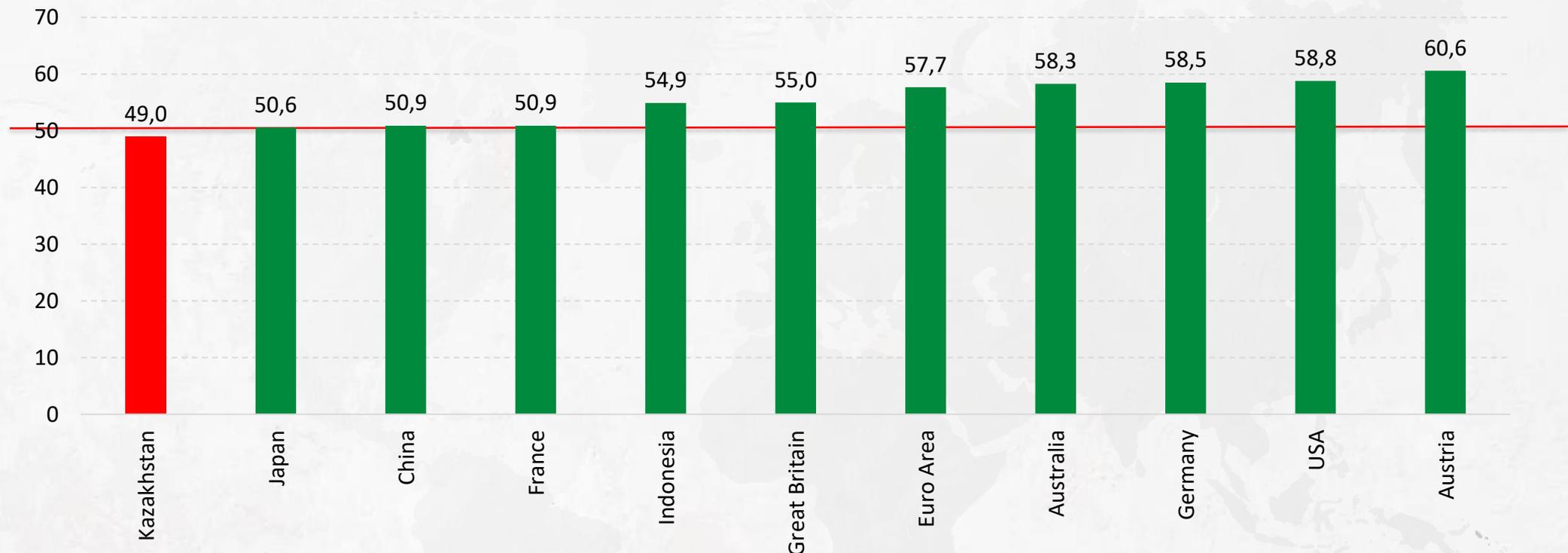
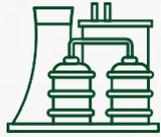
The deterioration was observed in 8 regions: Turkistan (**42,6**), West Kazakhstan (**45,0**), Atyrau (**45,7**), Almaty (**46,8**), Karagandy (**47,0**), Kyzylorda (**48,4**), Aktobe (**49,0**), and Akmola (**49,3**) regions.



05

PMI BY COUNTRY

PMI BY COUNTRY



Data as for 01.03.2021

Source: G20 Industrial PMI

<https://tradingeconomics.com/forecast/manufacturing-PMI?continent=g20>, Kazakhstan - BAI by economy

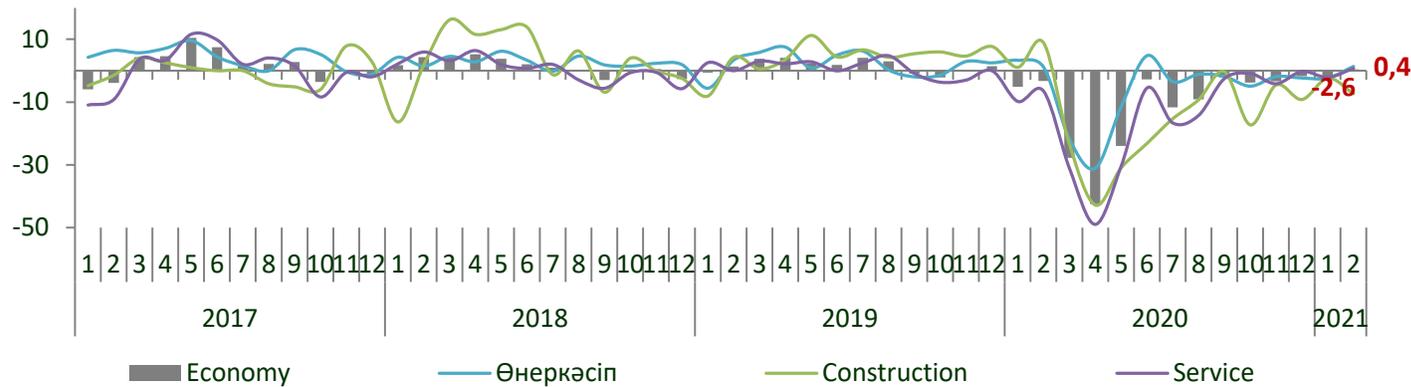


06

BUSINESS CLIMATE INDEX (BCI)

BUSINESS CLIMATE INDEX (BCI) Current situation assessment

Current situation assessment, balance of answers (BA)*

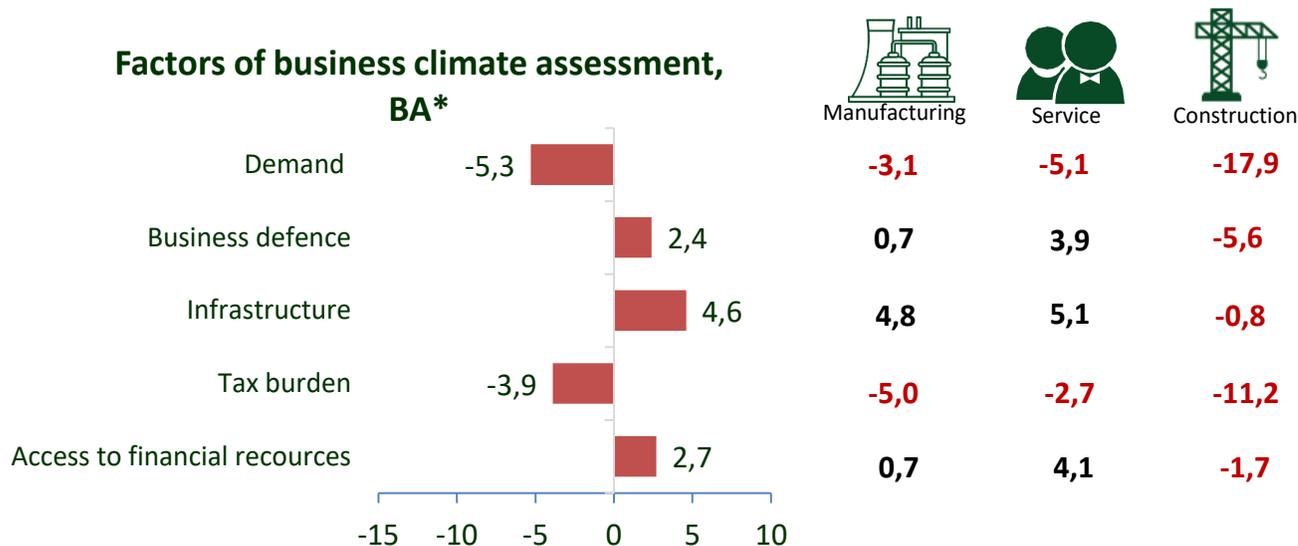


*Balance of answers (BA) is difference between positive and negative answers. Enterprises asked to assess the current business situation choosing one of the given answers «favorable», «unfavorable» and «neutral». Answers are weighted by respondents' size.
If index is above 0 improvement, if below 0 –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

In February 2021, according to respondents, the current business conditions improved slightly. The indicator increased from **-2,6** to **0,4**, and moved to the positive area first time since the beginning of 2020. There was an improvement in the manufacturing and services, but, decrease in the construction.

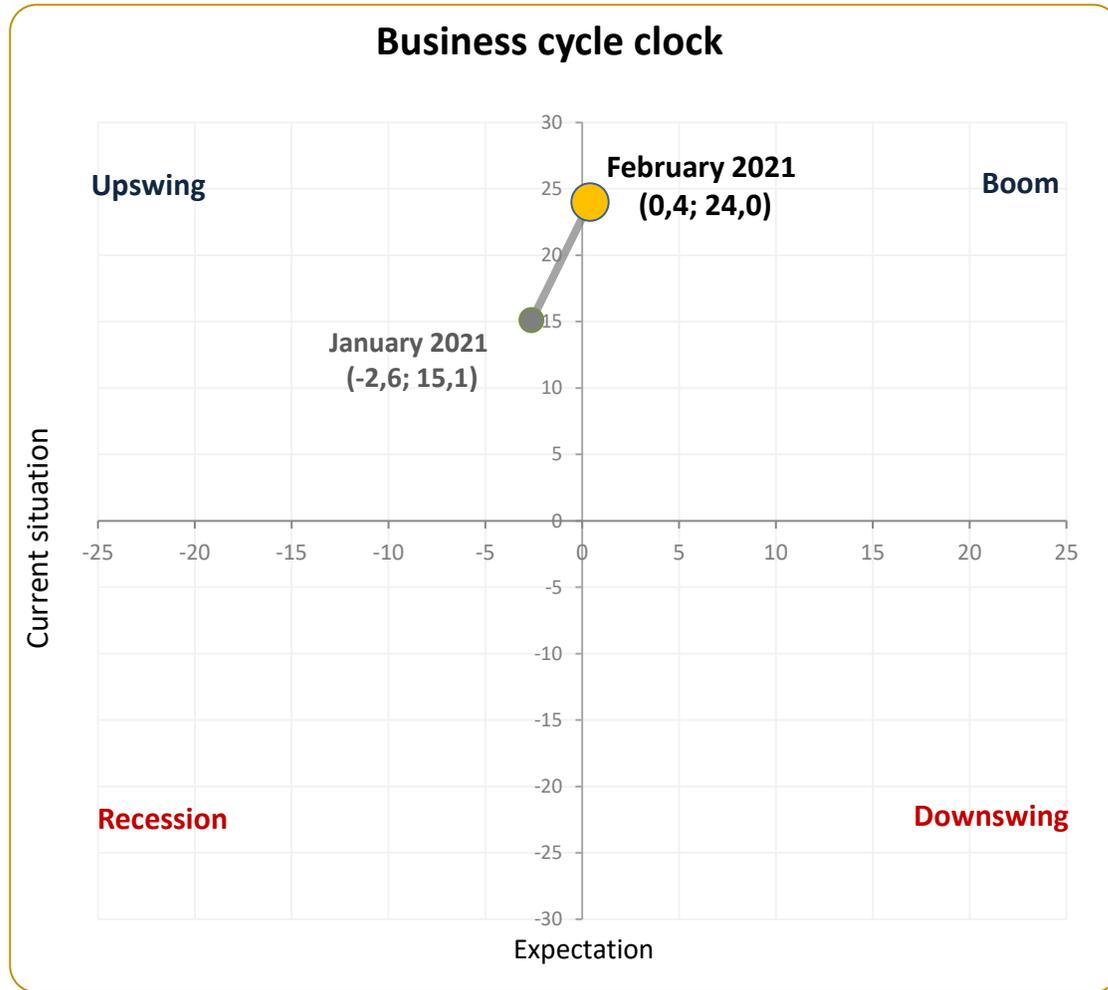
Enterprises of all sectors reported a decline in demand. The balance of answers* in the economy was **-5,3** (in January **(-)8,0**). Also, the assessment of the current situation was negatively affected by the tax burden **(-3,9)**. The respondents positively assessed the infrastructure, access to finance/loans and business defence (**4,6**, **2,7** and **2,4**, respectively), however, enterprises in construction believe that these factors have slightly worsened.

Factors of business climate assessment, BA*



BUSINESS CLIMATE INDEX (BCI)

Business cycle clock



Economy
BCI
11,9



Construction
BCI
7,2



Service
BCI
13,2



Manufacturing
BCI
10,0

In February 2021, according to the respondents the current business environment estimation was at **0,4**. Expectations for the next **6 months** were significantly higher (**24,0**). Optimistic expectations with a neutral assessment (0,4) of the current situation corresponds to the area between **upswing** and **boom** of the business cycle clock. That is, according to the results obtained, we can conclude that the economy in February 2021 has almost recovered from recession caused by the consequences of coronavirus infection.

The business climate index, which is an average assessment of current and future business conditions, improved, and amounted to **11,9 (in January – 6,0)**. In construction, the indicator is significantly lower (**7,2**), while in the service sector, the indicator turned out to be higher than in the economy (**13,2**). The BCI in the manufacture was **10,0**.



*BCI is geometrical mean of current situation assessment and expectation

Business Climate Index (BCI)

Current situation (SIT)

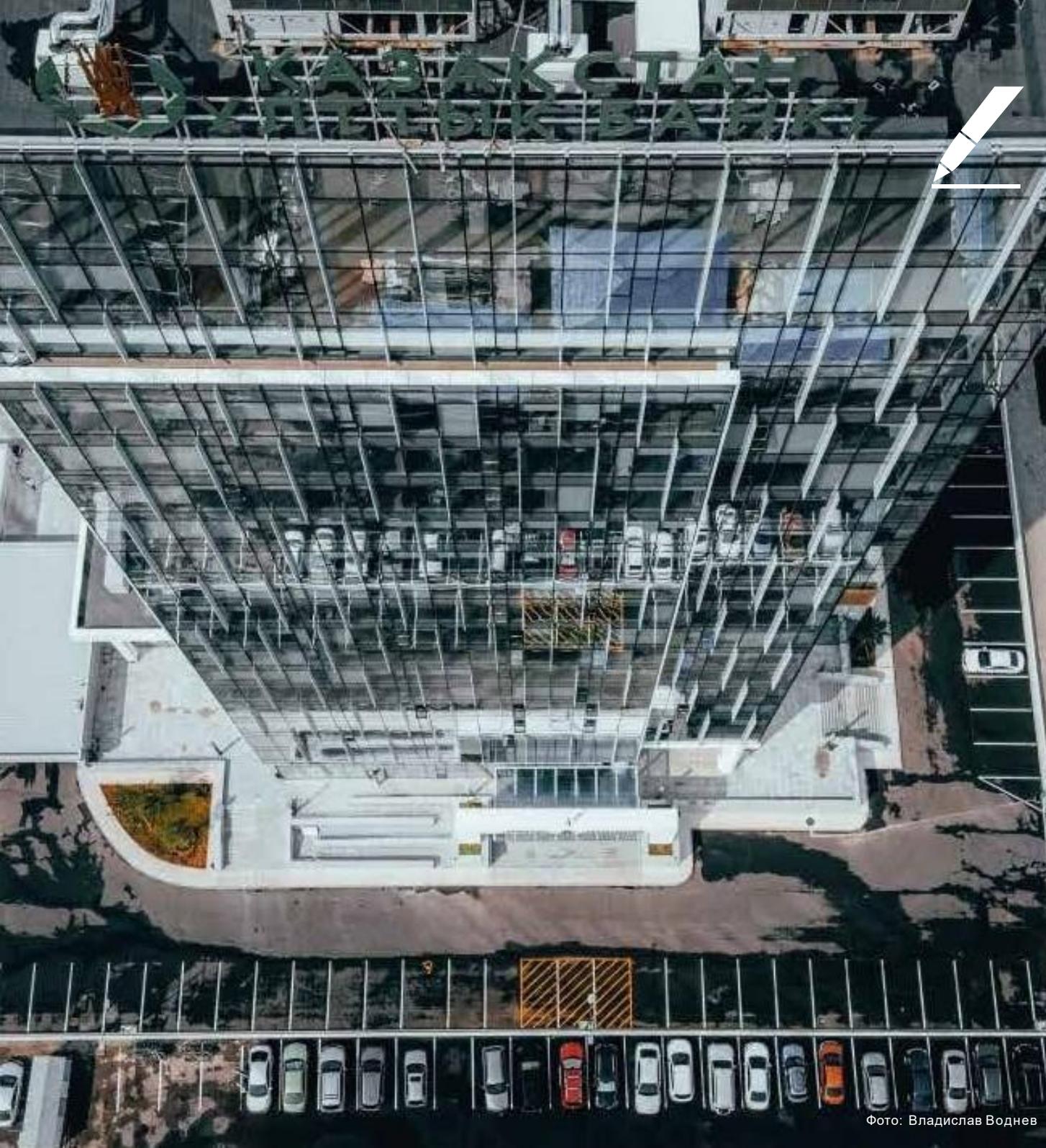
Expectation (EXP)

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

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 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