MARKET REVIEW

Enterprises Survey Results in the Real Sector of the Economy

Q3 2021
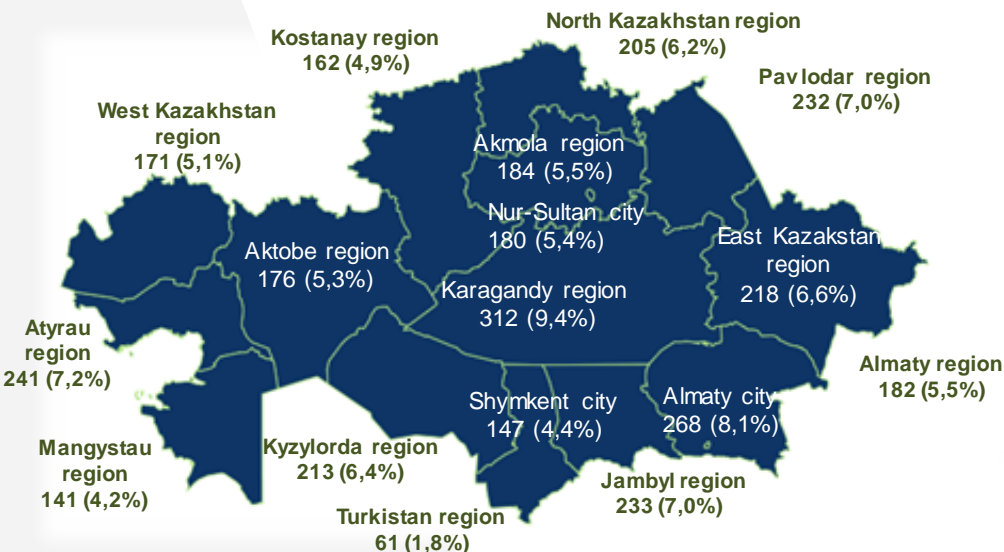
Monetary Policy Department
National Bank of Kazakhstan

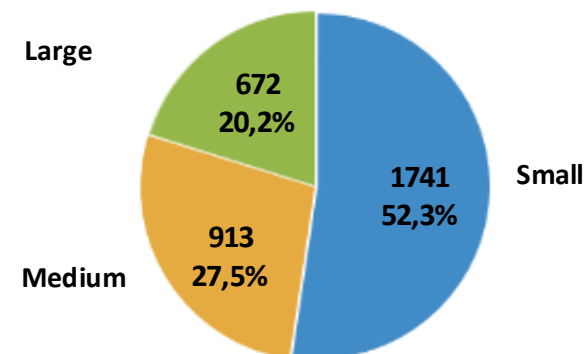# CONTENT

ENTERPRISE SURVEY PARTICIPANTS COMPOSITION

Regional structure of the enterprise survey participants in Q3 2021

Kostanay region
162 (4,9%)

North Kazakhstan region
205 (6,2%)

Pavlodar region
232 (7,0%)

West Kazakhstan region
171 (5,1%)

Akmola region
184 (5,5%)

Nur-Sultan city
180 (5,4%)

East Kazakhstan region
218 (6,6%)

Aktobe region
176 (5,3%)

Karagandy region
312 (9,4%)

Atyrau region
241 (7,2%)

Almaty region
182 (5,5%)

Mangystau region
141 (4,2%)

Kyzylorda region
213 (6,4%)

Shymkent city
147 (4,4%)

Almaty city
268 (8,1%)

Jambyl region
233 (7,0%)

Turkistan region
61 (1,8%)

In Q3 of 2021 the number of respondents increased by 15 enterprises compared to the previous quarter and amounted to 3326. 19 small enterprises were involved in the survey, 3 large enterprises and 1 medium-sized enterprise dropped out.

In the sectoral context, the increase was noted in the manufacturing industry (9), trade (6) and other industries (6).

Survey participants size structure

Large
672
20,2%

Medium
913
27,5%

Small
1741
52,3%

Survey participants sectorial structure

|	2018-I	2018-II	2018-III	2018-IV	2019-I	2019-II	2019-III	2019-IV	2020-I	2020-II	2020-III	2020-IV	2021-I	2021-II	2021-II
Total	2973	3056	3116	3150	3190	3217	3244	3266	3224	3254	3276	3287	3302	3311	3326
Trade	801	832	858	871	871	878	895	898	894	908	920	929	928	932	938
Manufacturing	694	695	697	699	705	705	709	706	690	699	704	704	703	699	708
Others	574	595	598	611	639	645	646	662	651	658	661	667	673	682	688
Construction	314	324	340	337	340	348	355	358	352	349	354	344	351	347	345
Transportation	235	241	244	247	250	257	255	256	248	252	248	250	254	254	253
Agriculture	187	193	198	198	198	195	196	197	199	200	200	197	196	198	195
Mining industry	168	176	181	187	187	189	188	189	190	188	189	196	197	199	199

Mining industry   Agriculture   Transportation   Construction

Others   Manufacturing   Trade

FINAL PRODUCTS DEMAND DYNAMICS

Final goods demand, DI*

Answers of enterprises, %		2020				2021			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4**
Increase	1	12,9	18,7	22,4	22,4	16,4	24,1	24,2	17,1
No changes	2	50,6	47,6	51,8	51,6	51,5	53,1	55,6	39,3
Decrease	3	33,8	30,7	22,6	22,9	28,5	19,1	16,4	11,4
Do not know	4	2,7	3,0	3,2	3,1	3,6	3,7	3,8	32,1
Diffusion index, DI=line1+0.5*(line2+line4)	5	39,6	44,0	49,9	49,7	43,9	52,5	53,9	52,9
DI, seasonal adjusted	6	46,1	42,0	46,8	48,3	51,1	50,3	50,6	51,2
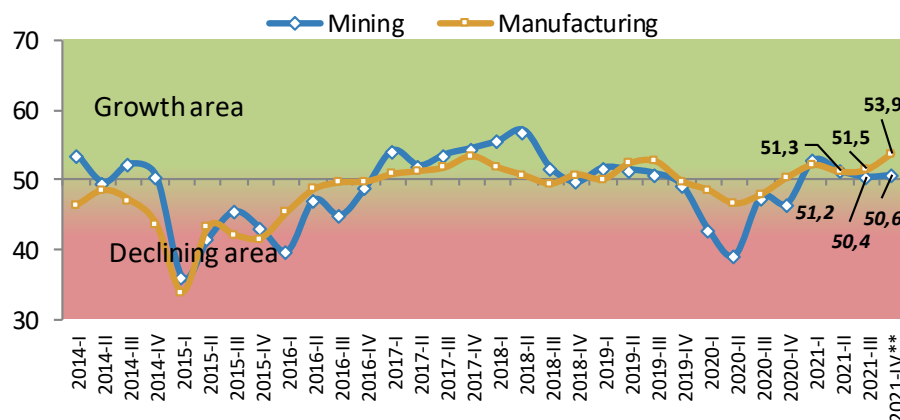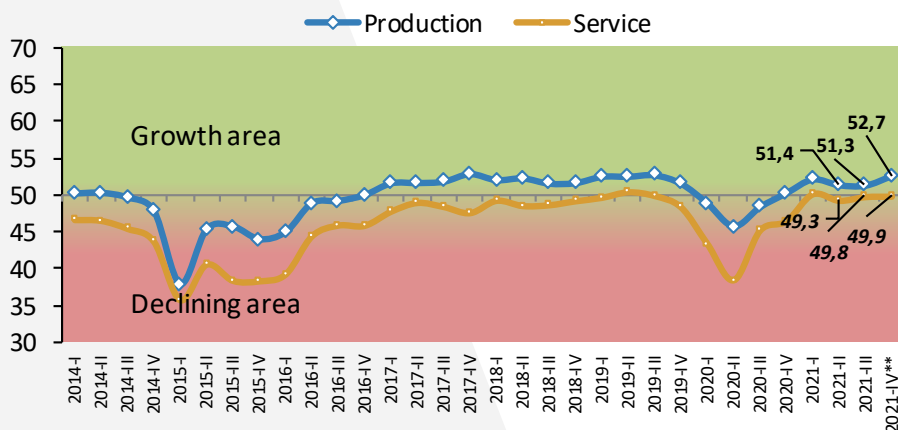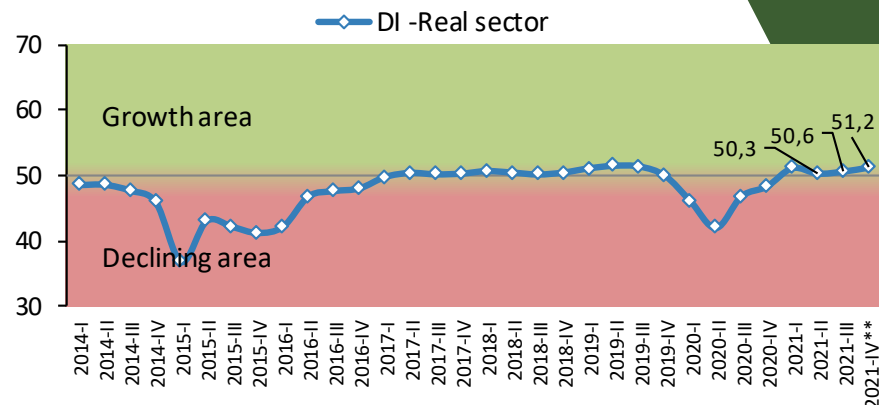
In Q3 of 2021 the demand for final goods in the real sector increased slightly. The diffusion index (hereinafter –DI) was **50,6.** The improvement of the indicator was noted in service sector (49,8) and manufacturing (51,5). The decline is observed in production sector (51,3) and mining industry (50,4).
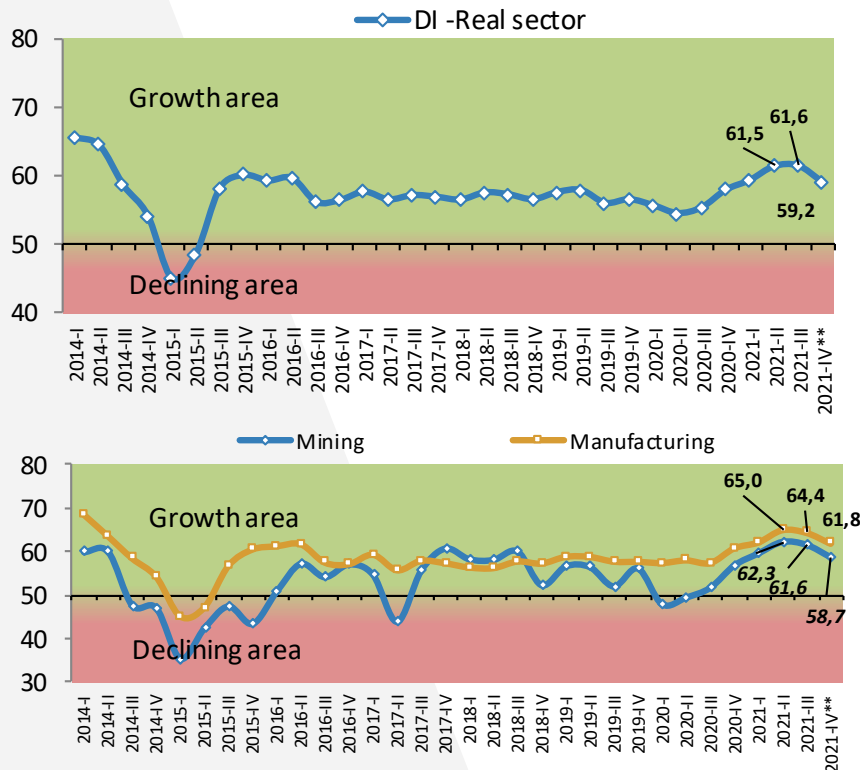
According to the expectations of enterprises in the real sector in Q4 of 2021 the demand recovery process will slightly improve (DI=**51,2**).

PRICES CHANGES IN THE REAL SECTOR

Final goods prices, DI*

DI -Real sector

Growth area

Declining area

61,5 61,6

59,2

Raw materials prices, DI*

DI -Real sector

Growth area

Declining area

77,4 76,4

70,0

Mining — Manufacturing

Growth area

Declining area

65,0 64,4

61,8

62,3 61,6

58,7
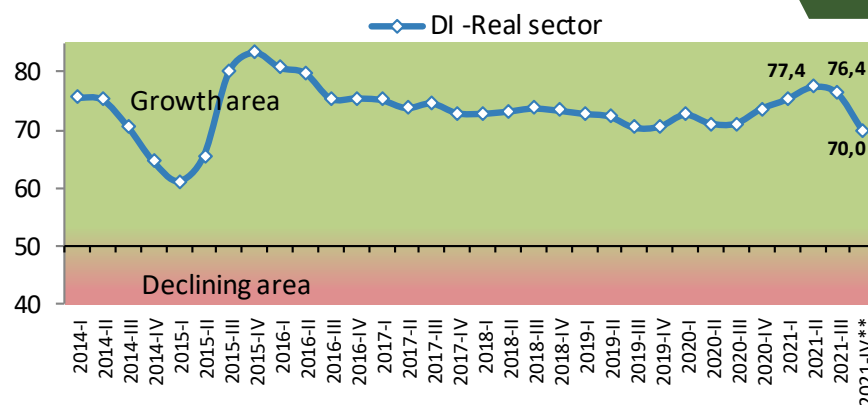
Assessment of pricing factors importance, answers in%

Factor	%
Prices for raw materials	83,1
Demand	82,0
Taxes/fees	71,2
Labor costs	69,8
Productivity	62,9
Exchange rate	58,8
Competitor prices	61,4
Fuel prices	64,4
Other	21,6
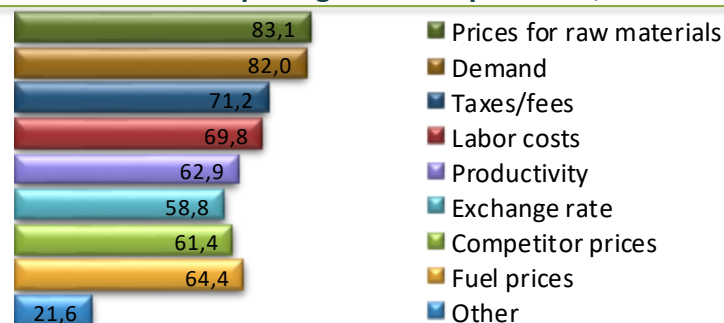
In Q3 of 2021 the growth rate of prices for final goods of enterprises in the economy as a whole remained almost unchanged (DI was **61,6**). There was a slight slowdown in prices in the mining and manufacturing industries (DI changed to 61,6 and 64,4, respectively).

For the vast majority of enterprises the most important factor in setting prices for final goods are the prices of raw materials (for 83,1% of enterprises) and demand (82,0%).

In Q4 of 2021 enterprises expect a slowdown in the growth of prices for raw materials (DI= 70,0) and for final goods (DI = 59,2).
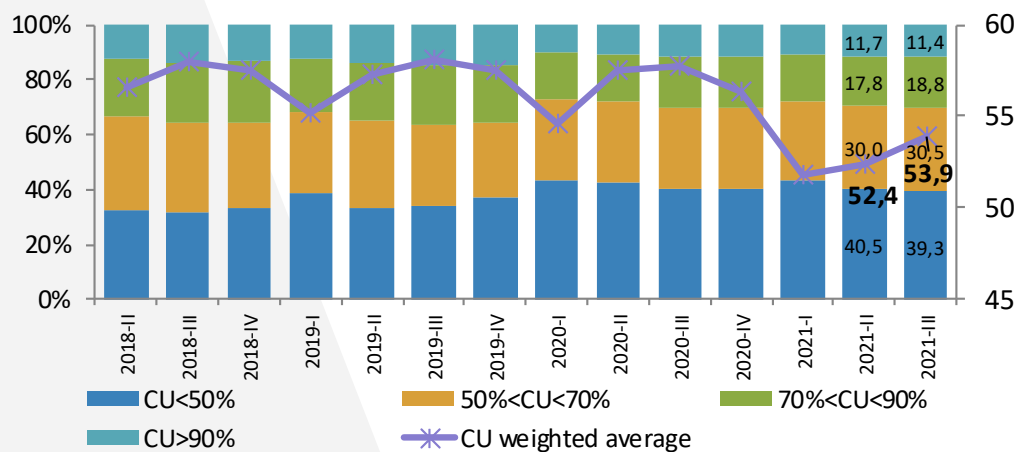
PRODUCTION OUTPUT

Capacity utilization level

(share of respondents, %)

Legend:
- CU<50%
- 50%<CU<70%
- 70%<CU<90%
- CU>90%
- CU weighted average

DI changes in production output , DI*

In Q3 of 2021 the capacity utilization (CU) of enterprises increased slightly. The weighted average* level of the CU was **53,9%**.

Despite this the growth rate of production volumes slowed down slightly in Q3 of 2021. The DI was **53,4.**

In Q4 of 2021 enterprises expect further slowdown in production growth. DI = **50,7.**
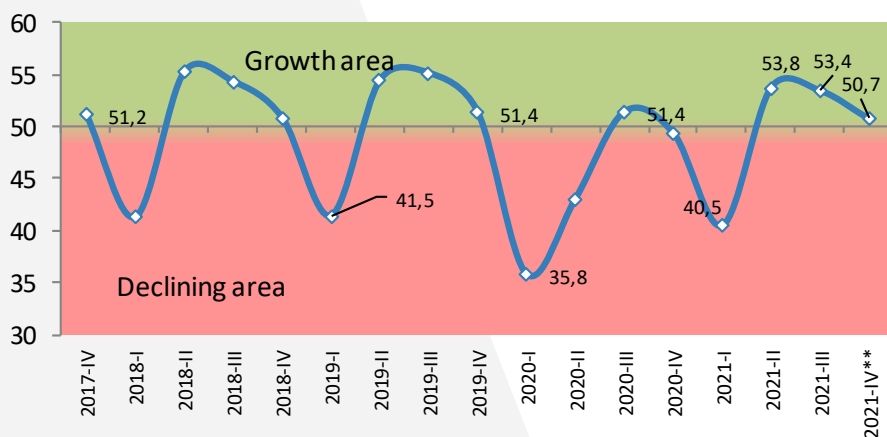
* Arithmetic weighted average is the average value of the interval, weighted by the share of enterprises.
** The higher (lower) the DI from the level of 50, the higher (lower) the growth (fall) rate of the indicator, the level of DI = 50 means no change

BALANCE SHEET STRUCTURE: ASSETS
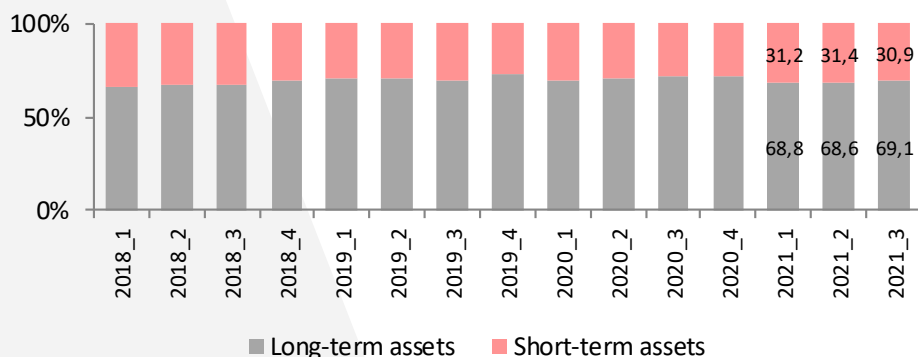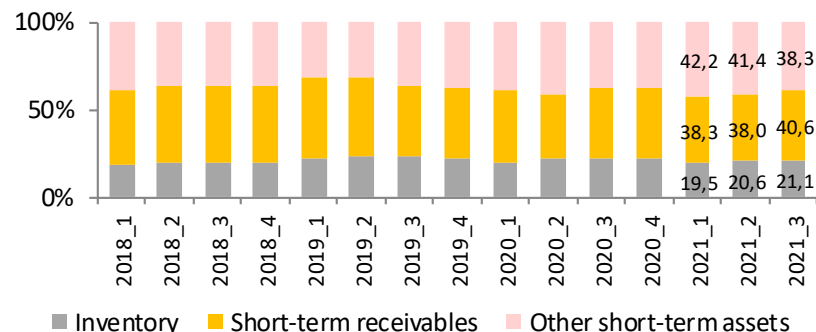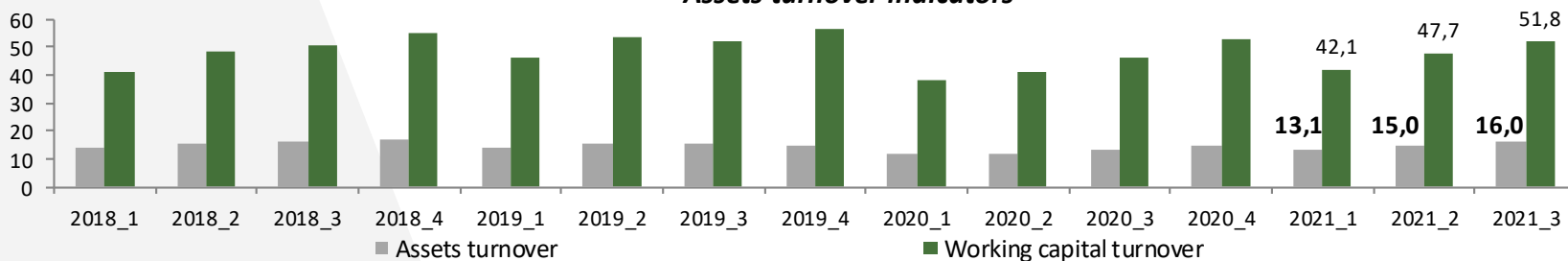
Assets structure

Long-term assets values (bottom): ..., 68,8 (2021_1), 68,6 (2021_2), 69,1 (2021_3)
Short-term assets values (top): ..., 31,2 (2021_1), 31,4 (2021_2), 30,9 (2021_3)

■ Long-term assets   ■ Short-term assets

Short-term assets Structure

Other short-term assets (top): 42,2 (2021_1), 41,4 (2021_2), 38,3 (2021_3)
Short-term receivables (middle): 38,3 (2021_1), 38,0 (2021_2), 40,6 (2021_3)
Inventory (bottom): 19,5 (2021_1), 20,6 (2021_2), 21,1 (2021_3)

■ Inventory   ■ Short-term receivables   ■ Other short-term assets

Assets turnover indicators

Assets turnover: 13,1 (2021_1), 15,0 (2021_2), 16,0 (2021_3)
Working capital turnover: 42,1 (2021_1), 47,7 (2021_2), 51,8 (2021_3)

■ Assets turnover   ■ Working capital turnover

In Q3 of 2021 the share of short-term and long-term assets in structure of assets of companies in the real sector of the economy remained almost unchanged, amounting to **30,9%** and **69,1%** (in Q2 – 31,4% and 68,6%, respectively). The assets turnover* increased to **16,0%**, working capital turnover** - to **51,8%**.

In Q3 of 2021 in the structure of short-term assets the share of shot-term receivable increased to **40,6%** (in Q2 – 38,0%), and the share of inventories increased to **21,1%** (from 20,6% in Q2).
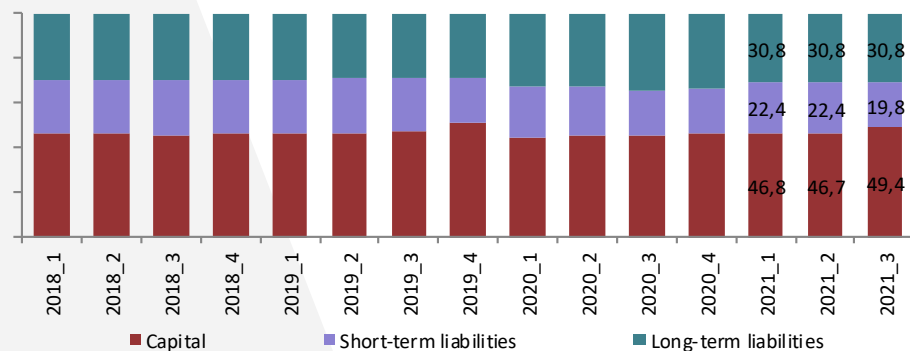
Asset turnover = Income from product sales / Assets 100
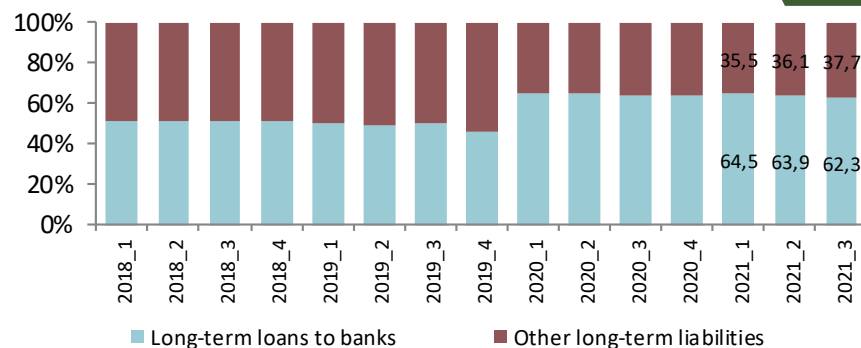**Turnover of current assets = Income from product sales / Short-term assets* 100
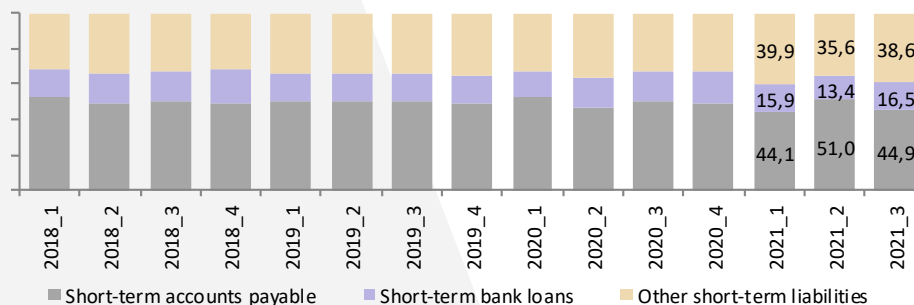
Liabilities structure

Legend: Capital, Short-term liabilities, Long-term liabilities

Values labeled: 30,8 / 30,8 / 30,8 (Long-term liabilities); 22,4 / 22,4 / 19,8 (Short-term liabilities); 46,8 / 46,7 / 49,4 (Capital)

Long-term liabilities structure

Legend: Long-term loans to banks, Other long-term liabilities

Values labeled: 35,5 / 36,1 / 37,7 (Other long-term liabilities); 64,5 / 63,9 / 62,3 (Long-term loans to banks)

Short-term liabilities structure

Legend: Short-term accounts payable, Short-term bank loans, Other short-term liabilities

Values labeled: 39,9 / 35,6 / 38,6 (Other short-term liabilities); 15,9 / 13,4 / 16,5 (Short-term bank loans); 44,1 / 51,0 / 44,9 (Short-term accounts payable)

Share of enterprises with overdue debts

Legend: Accounts receivable, Accounts payable, Bank loans

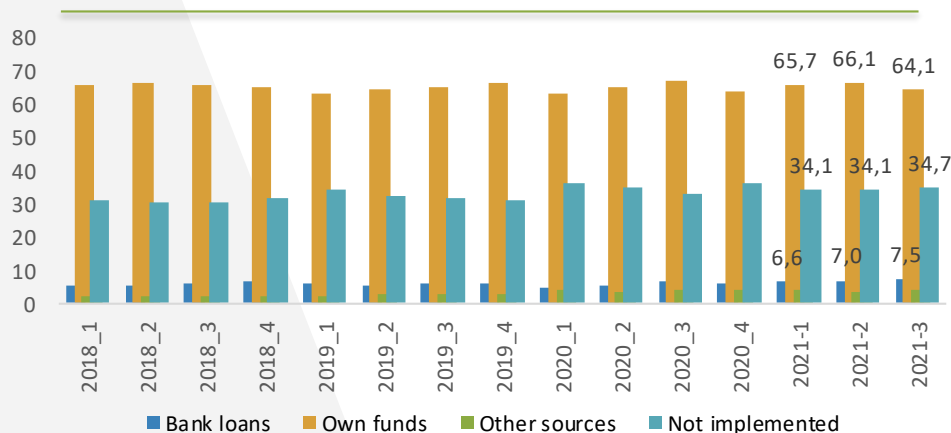Values labeled: 23,9 / 20,5 / 22,5 (Accounts receivable); 7,3 / 20,7 / 7,4

In Q3 of 2021 the structure of liabilities shows a decrease in the share of short-term liabilities and an increase in the share of capital, to **19,8%** and **49,4%**, respectively. In the structure of short-term liabilities the share of short-term accounts payable decreased from 51,0% in Q2 to 44,9% in Q3 of 2021. The share of short-term bank loans increased to 16,5% (in Q2 – 13,4%).

The share of enterprises with overdue accounts payable on the balance sheet, as well as debt on bank loans, remained almost unchanged at the level of **20,7%** and **7,4%**, respectively. At the same time the share of enterprises with overdue accounts receivable decreased (from 23,9% to **22,5%**).
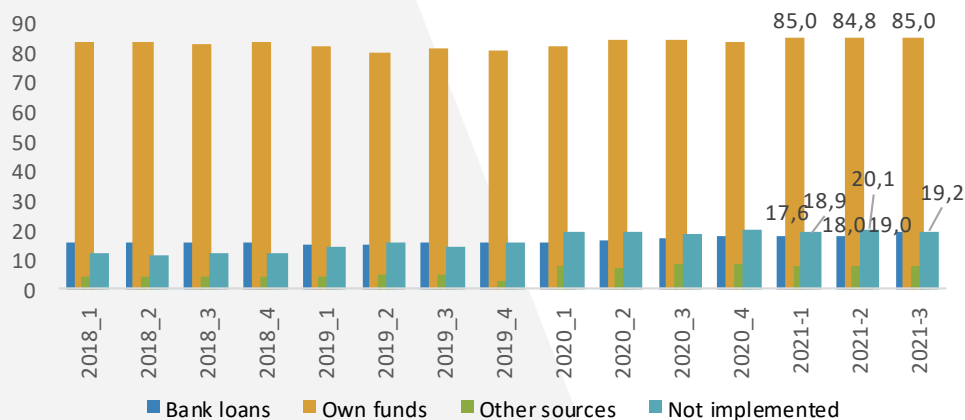
INVESTMENT ACTIVITY

Funding source for fixed assets, %

65,7 66,1 64,1
34,1 34,1 34,7
6,6 7,0 7,5

Legend: Bank loans · Own funds · Other sources · Not implemented

X-axis: 2018_1, 2018_2, 2018_3, 2018_4, 2019_1, 2019_2, 2019_3, 2019_4, 2020_1, 2020_2, 2020_3, 2020_4, 2021-1, 2021-2, 2021-3

Funding source for working capital, %

85,0 84,8 85,0
20,1
17,6 18,9 19,2
18,0 19,0

Legend: Bank loans · Own funds · Other sources · Not implemented

X-axis: 2018_1, 2018_2, 2018_3, 2018_4, 2019_1, 2019_2, 2019_3, 2019_4, 2020_1, 2020_2, 2020_3, 2020_4, 2021-1, 2021-2, 2021-3
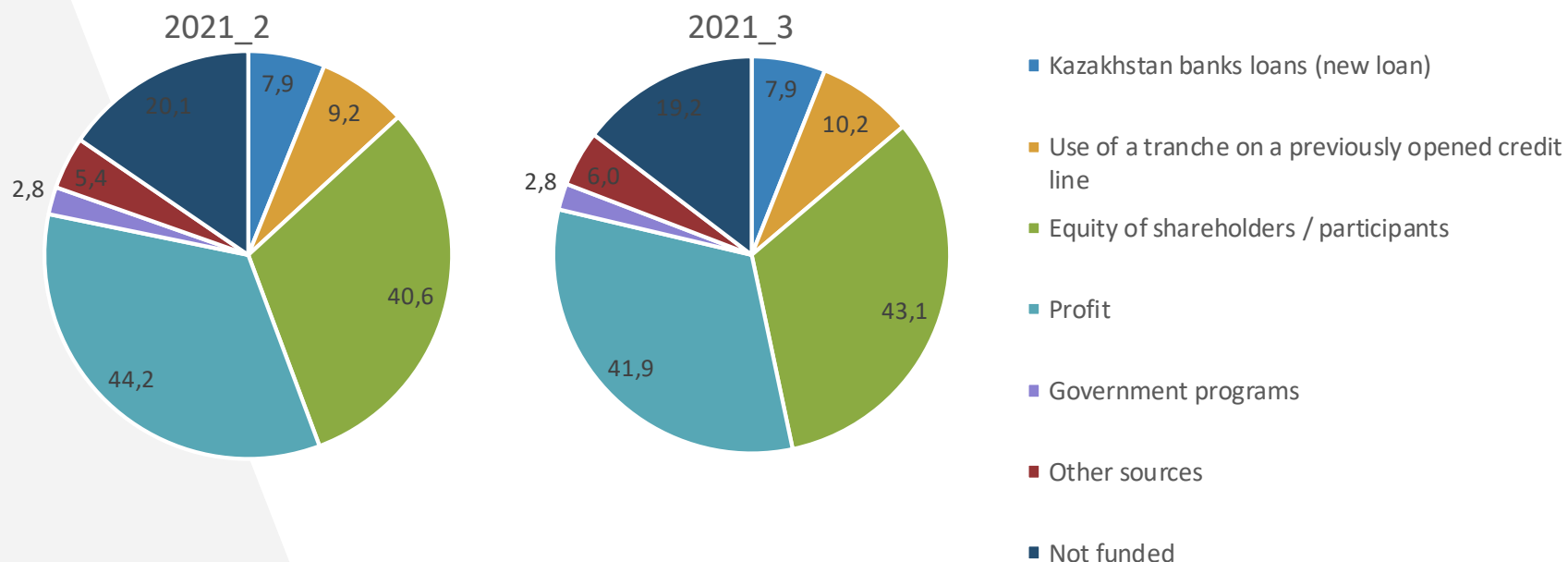
In Q3 of 2021 the investment activity of enterprises decreased slightly compared to Q2: the share of enterprises that financed fixed assets from their own funds decreased (to 64,1%), while the share of bank loans increased (to 7,5%) and the share of enterprises that did not finance fixed assets increased (to 34,7%). As before, most of the enterprises use their own funds to finance fixed and working capital (64,1% and 85,0%, respectively).

SOURCES OF WORKING CAPITAL FINANCING

Sources of working capital financing

2021_2

7,9
9,2
20,1
2,8
5,4
40,6
44,2

2021_3

7,9
10,2
19,2
2,8
6,0
43,1
41,9

- Kazakhstan banks loans (new loan)
- Use of a tranche on a previously opened credit line
- Equity of shareholders / participants
- Profit
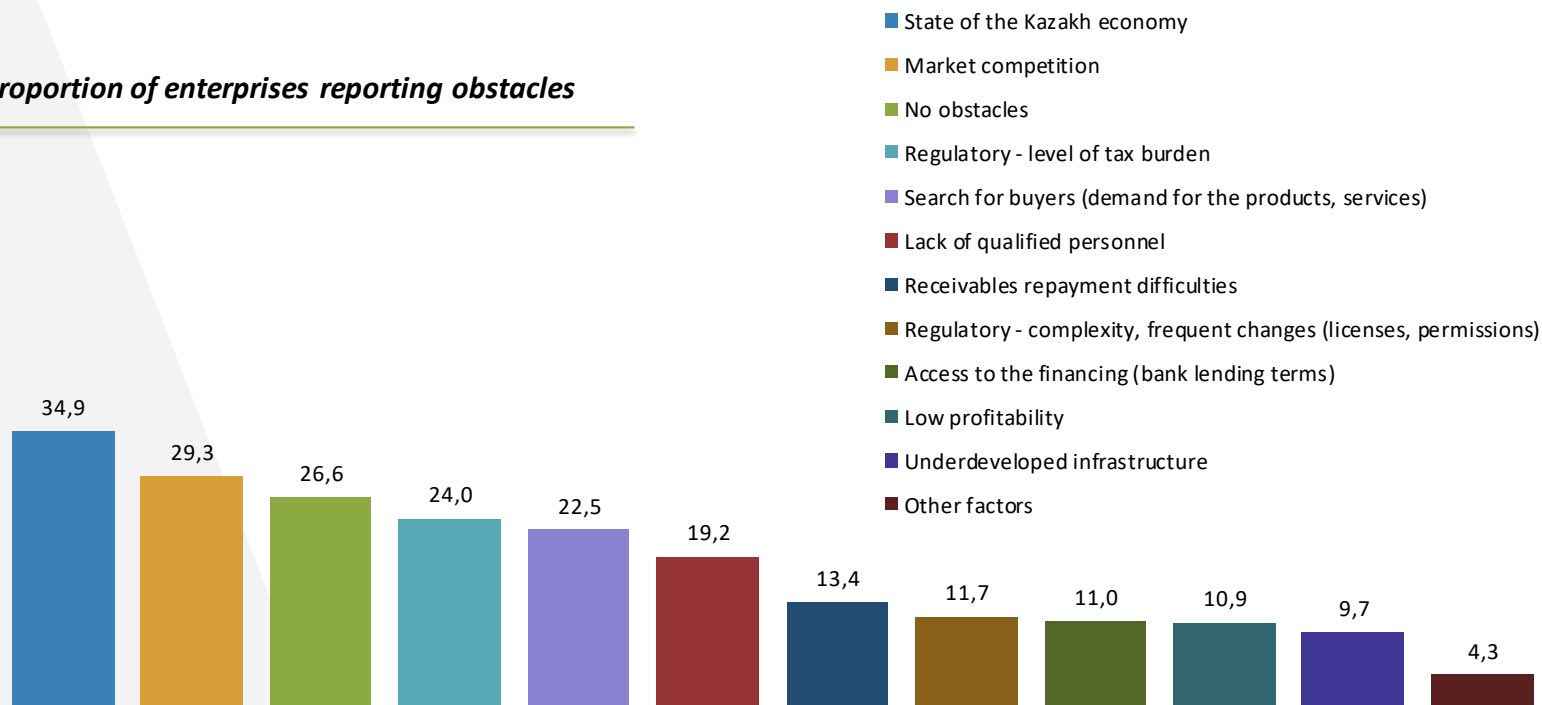- Government programs
- Other sources
- Not funded

To finance **working capital** the majority of enterprises (**85,0%**) used their own funds, of which **43,1%** used their own funds of shareholders/participants, and profit – **41,9%. 19,1%** of enterprises used bank loans for this purpose (of which 10,2% used a tranche on a previously opened credit line, 7,9% issued a new loan from Kazakhstan banks, 0,8% received a loan abroad, 0,2% used loans from microfinance organizations).

Among other sources of financing, in addition to those presented on the graph, enterprises also indicate prepaiments from buyers, intra-group loans (between the parent company and branches) and subsidies.

OBSTACLES FOR DOING BUSINESS

Proportion of enterprises reporting obstacles

Legend:
- State of the Kazakh economy
- Market competition
- No obstacles
- Regulatory - level of tax burden
- Search for buyers (demand for the products, services)
- Lack of qualified personnel
- Receivables repayment difficulties
- Regulatory - complexity, frequent changes (licenses, permissions)
- Access to the financing (bank lending terms)
- Low profitability
- Underdeveloped infrastructure
- Other factors

Chart values: 34,9 | 29,3 | 26,6 | 24,0 | 22,5 | 19,2 | 13,4 | 11,7 | 11,0 | 10,9 | 9,7 | 4,3

According to the results of survey in Q3 of 2021, for **34,9%** of enterprises the state of the economy of Kazakhstan is an obstacle to doing business (in Q2, the share of such enterprises was 34,1%). According to **42,2%** (in Q2 – 46,2%) of respondents, the economic situation in Kazakhstan worsened in Q3 of 2021, **53,0%** believe that it has not changed.

The most important factors for enterprises, apart from the state of the economy, are such factors as market competition (29,3%), the level of tax burden (24,0%), the search for buyers (22,5%), the lack of qualified personnel (19,2%), receivables repayment difficulties (13,4%), regulation complexity, frequent changes (licenses, permits) (11,7%), while **access to the financing is in 9th place in importance (11,0%).**

As other obstacles, enterprises indicated price regulation at the state level, exchange rate, export ban, low purchasing power, as well as quarantine.

In Q3 of 2021 the average* return on sales** of enterprises in the mining industry increased to **45,0%** from 40,0% in Q2. In manufacturing the return on sales decreased to **21,1%** from 21,4% in Q2. As a result, the average return on sales in the economy as a whole remained at the same level, amounting to **23,4%**.

The share of enterprises planning to close the year with profit was **37,8%, 12,3%** believe that the year will end with loss. At the same time, **14,6%** of the surveyed enterprises think to close the year with a balanced budget (without profit and loss), the remaining **35,3%** cannot assess the financial condition of the enterprise by the end of the year.

Return on sales *, in %

Legend: Economy — Manufacturing — Mining industry
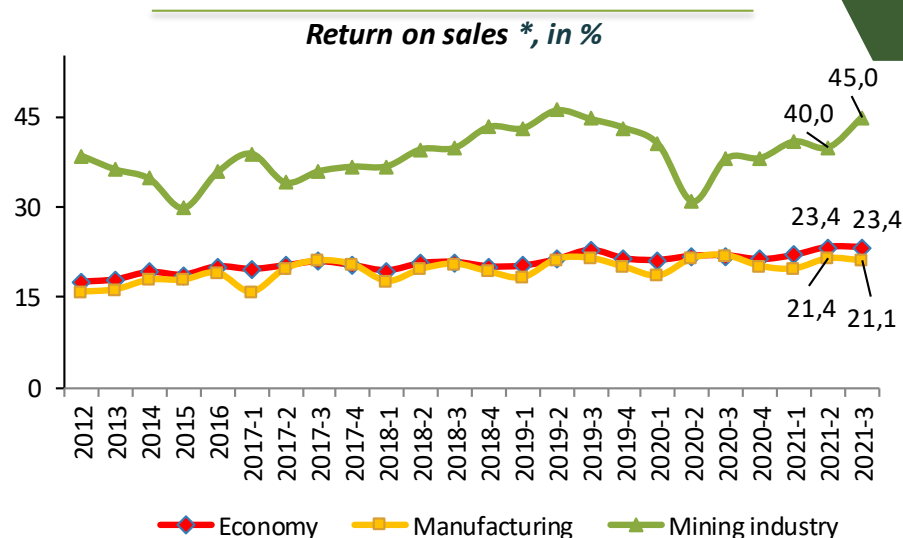
Share of enterprises planning to close the financial year with profit / loss, %

- With a balanced budget 14,6%
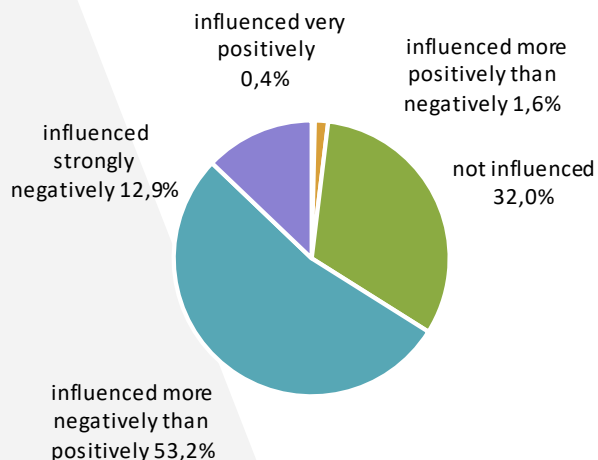- With profit 37,8%
- Do not know 35,3%
- With loss 12,3%
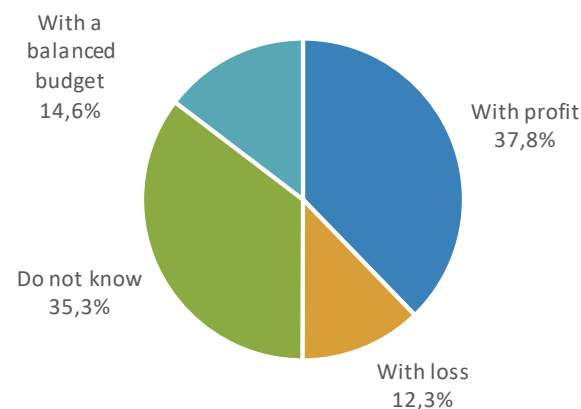
* Average median values are presented as they are less susceptible to extreme emissions than the arithmetic mean

** The sales profitability before expenses deduction on interest, taxes and depreciation is indicated
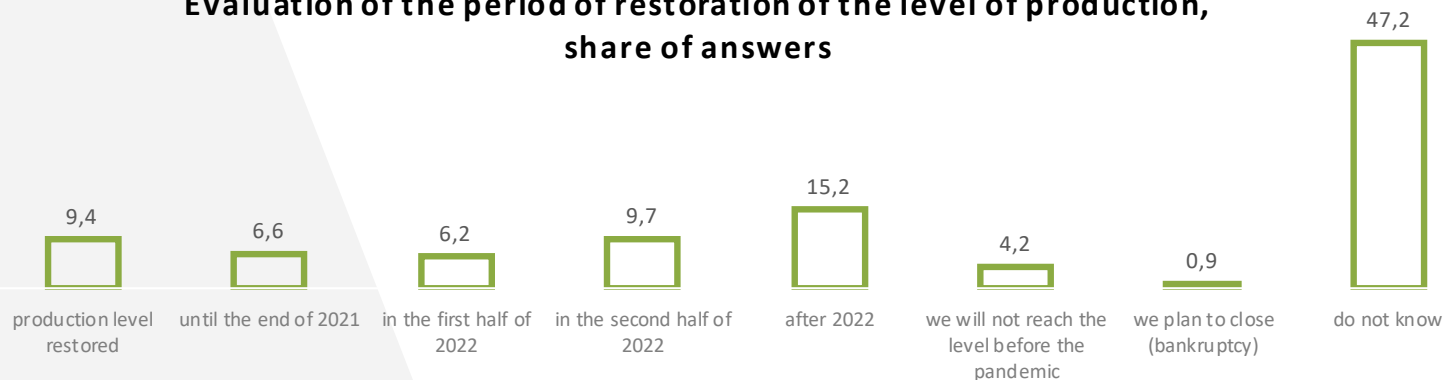
Influence and consequences of pandemics

The impact of pandemics and restrictive measures on the non-spread of infection

- influenced very positively 0,4%
- influenced more positively than negatively 1,6%
- not influenced 32,0%
- influenced strongly negatively 12,9%
- influenced more negatively than positively 53,2%

The majority of enterprises (66,1%) was affected by the COVID-19 pandemic and restrictive measures related to its distribution negatively, of which 12,9% suffered stronger. At the same time, 32,0% of respondents noted that the pandemic did not affect to their business.

Among the enterprises that reported a negative impact, 9,4% claim that the level of production has been restored, and another 6,6% plan to restore by the end of the current year. In 2022 15,9% plan to recover (6,2% in the first half, 9,7% - in the second half) and another 15,2% plan to recover after 2022. At the same time, 4,2% (92 enterprises) believe that they will never be able to restore the level of production and 0,9% (20 enterprises) plan to close.

Evaluation of the period of restoration of the level of production, share of answers

|							
9,4	6,6	6,2	9,7	15,2	4,2	0,9	47,2
production level restored	until the end of 2021	in the first half of 2022	in the second half of 2022	after 2022	we will not reach the level before the pandemic	we plan to close (bankruptcy)	do not know

ASSESSMENT OF THE ENTERPRISES FINANCIAL CONDITION

Dynamics of changes in the financial condition of enterprises *, share in %

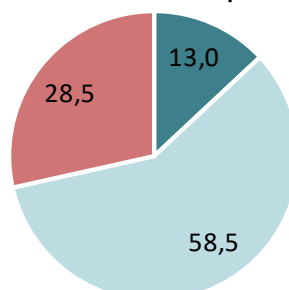Legend: Normal financial condition · Stable financial condition · Critical financial condition
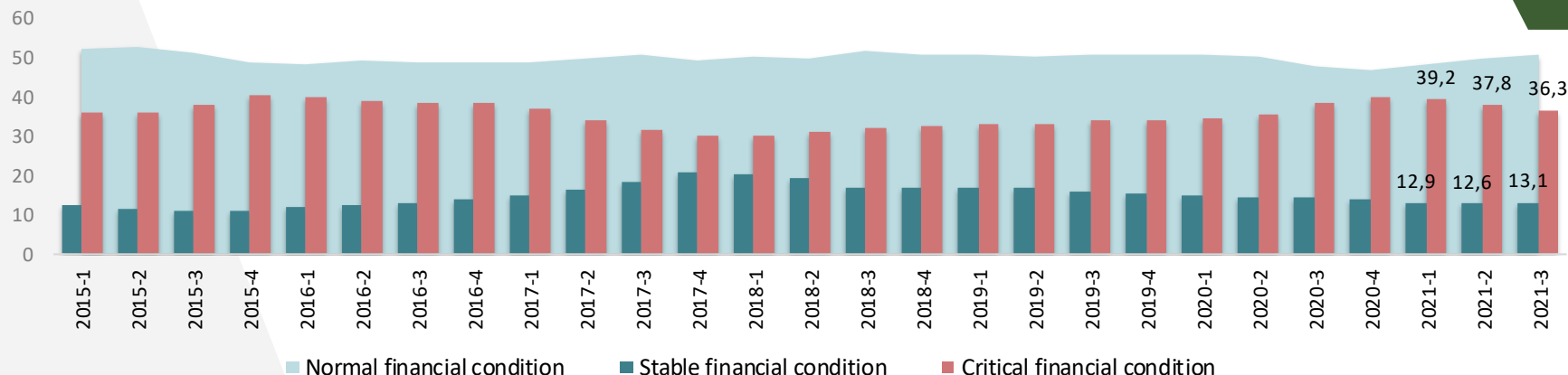
Enterprises distribution by degree of reliability by dimension in Q3 2021, share in %

Large enterprises

11,0 — 25,4 — 63,7

Medium enterprises

13,0 — 28,5 — 58,5

Small enterprises

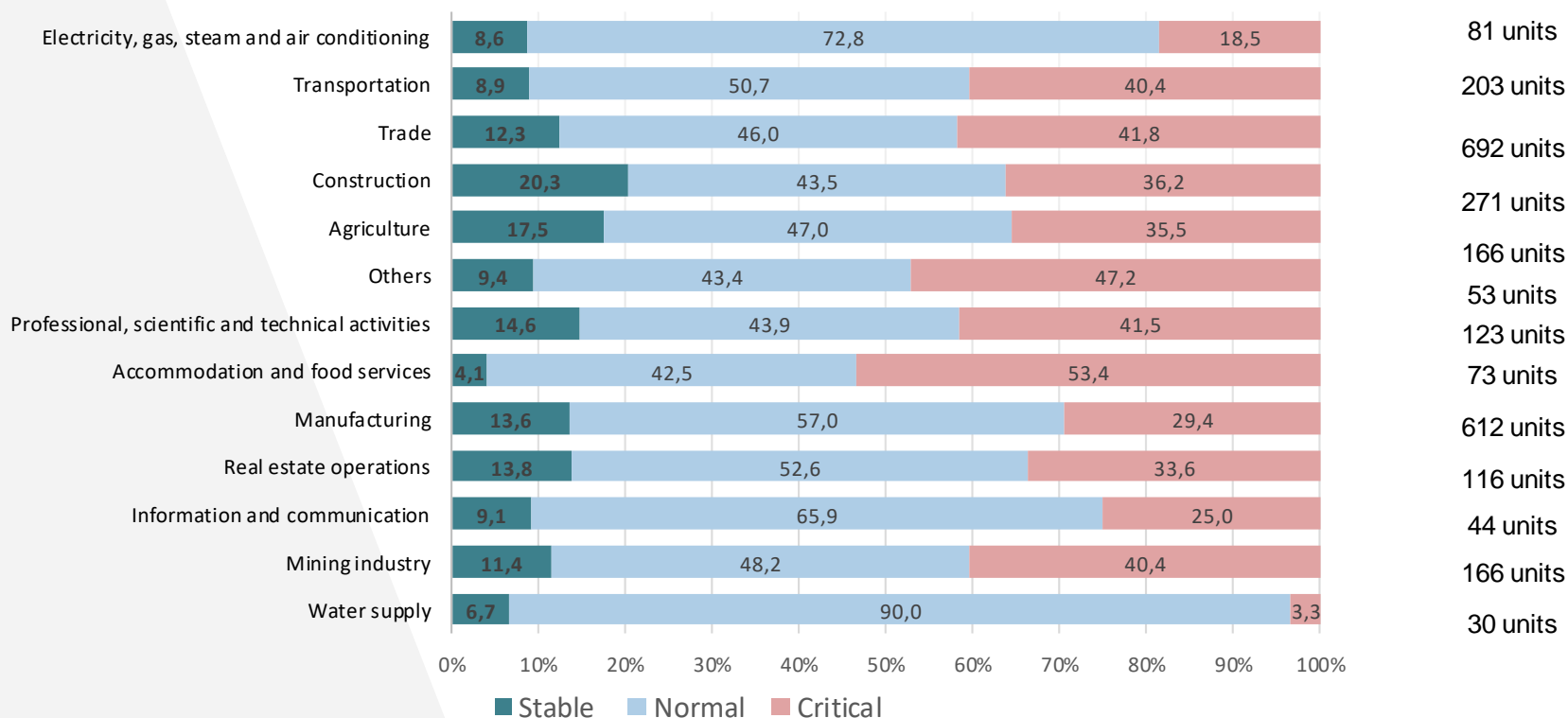13,8 — 42,4 — 43,9
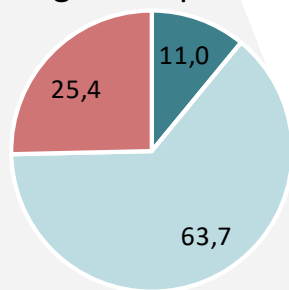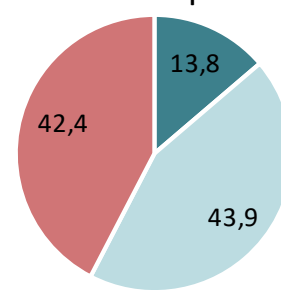
Legend: Stable · Normal · Critical

According to the results of the discriminant analysis based on the assessment of the financial coefficients of enterprises, the share of enterprises with a critical financial condition continued to decline in Q3, their share amounted to **36,3%.**

By dimension, the share of enterprises with a critical financial condition among small enterprises is significantly higher (**42,4%**) than among large (25,4%) and medium-sized (28,5%). At the same time, the share of stable enterprises in the structure of large enterprises is lower than in medium and small ones.

* The respondent enterprises are distributed according to the degree of reliability based on the values of financial indicators according to the results of discriminant analysis.
See the methodological commentary on slide 22.

ASSESSMENT OF THE ENTERPRISES FINANCIAL CONDITION

Enterprises distribution by degree of reliability by type of activity in Q3 2021, share in %

Number of enterprises*

| Type of activity	Stable	Normal	Critical	Number of enterprises*
Electricity, gas, steam and air conditioning	8,6	72,8	18,5	81 units
Transportation	8,9	50,7	40,4	203 units
Trade	12,3	46,0	41,8	692 units
Construction	20,3	43,5	36,2	271 units
Agriculture	17,5	47,0	35,5	166 units
Others	9,4	43,4	47,2	53 units
Professional, scientific and technical activities	14,6	43,9	41,5	123 units
Accommodation and food services	4,1	42,5	53,4	73 units
Manufacturing	13,6	57,0	29,4	612 units
Real estate operations	13,8	52,6	33,6	116 units
Information and communication	9,1	65,9	25,0	44 units
Mining industry	11,4	48,2	40,4	166 units
Water supply	6,7	90,0	3,3	30 units

■ Stable ■ Normal ■ Critical

In Q3 of 2021 in all sectors, except for water supply, the share of enterprises with a critical financial condition was greater than the share of enterprises with a stable financial condition. The largest share of stable enterprises was in construction (**20,3%**). The largest share of enterprises with a critical financial condition is in the "accommodation and food services" industry (**53,4%**). Water supply and electricity supply were the most stable sectors, where the share of enterprises with a normal financial condition was **90,0%** and **72,8%**, respectively.
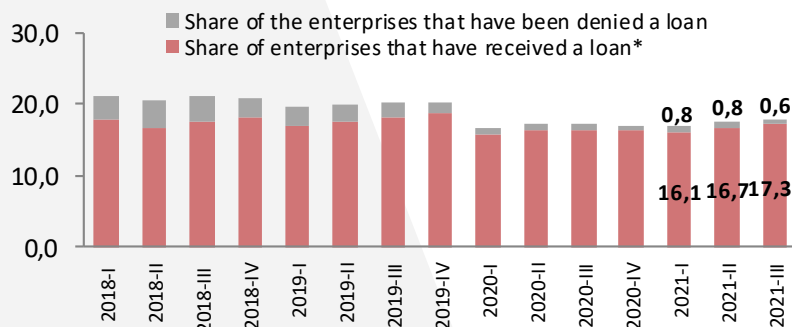
* Companies participating in monitoring have been stable for 3 years

BANKING SYSTEM IMPACT ON THE REAL SECTOR OF THE ECONOMY

Loans demand, %

(share of enterprises applying for a loan from a bank)

Legend: For economy (actual) — For economy (exp.) — Mining (exp.) — Manufacturing (exp.)
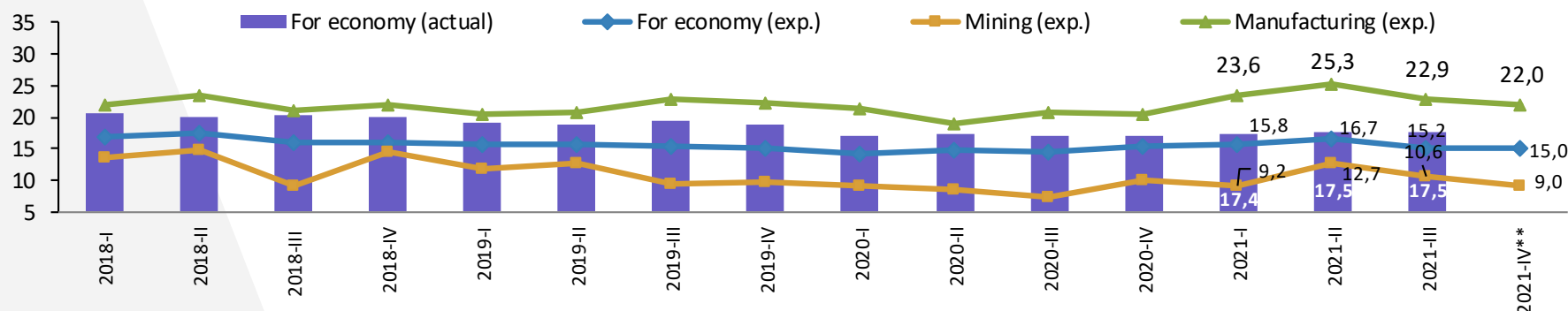
Lending applications consideration

Legend: Share of the enterprises that have been denied a loan; Share of enterprises that have received a loan*

Share of enterprises that have been denied for a loan

Legend: Small and middle; Large; Economy
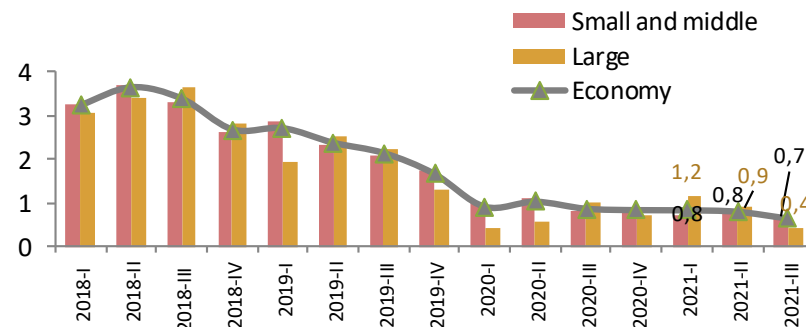
In Q3 of 2021 **17,9%** of the surveyed enterprises applied to the bank for a loan, 17,3% of enterprises received a loan (or 96,6% of the number of those who applied for a loan). The share of refusals in lending was 0,6% of the total number of survey participants (3,4% of the number of those who applied for a loan).

In Q4 of 2021 **15,0%** of the surveyed enterprises intend to apply for a loan. In the manufacturing industry the share of such enterprises is **22,0%**, in the mining industry – **9,0%**.

** The graphs reflect the expectations of enterprises for the change in the parameter in Q4 of 2021

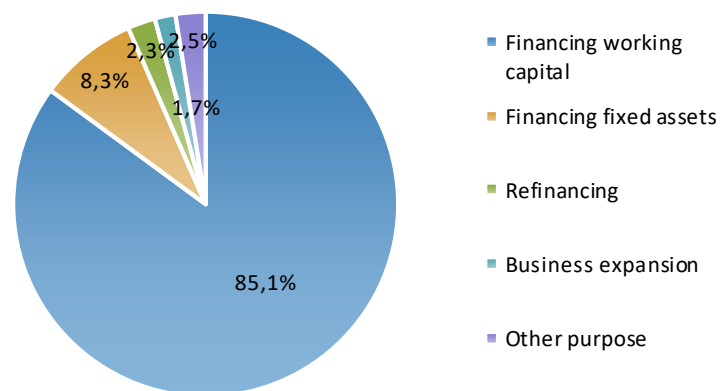# BANKING SYSTEM IMPACT ON THE REAL SECTOR OF THE ECONOMY

Debt burden as estimated by enterprises *,%

Debt burden*	1%-20%	21%-30%	31%-40%	41%-50%	51%-60%	61%-70%	71%-80%	over 81%	no debt
share of enterprises, %	15,8	9,7	6,2	4,0	3,8	1,5	1,1	1,7	56,1

The weighted arithmetic mean value of the debt burden, %
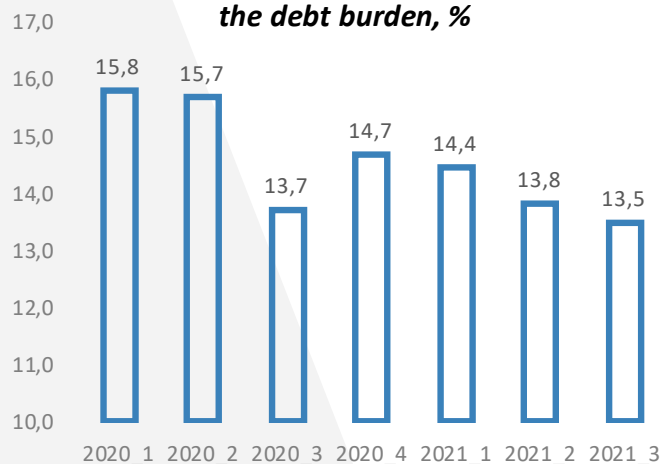
The objectives of attracting a loan in the past quarter, in %

In Q3 of 2021 56,1% of enterprises that took part in the survey **had no debt**. Majority (15,8%) have a debt burden* within 20%. The weighted arithmetic mean value** of the debt burden is **13,5%**.
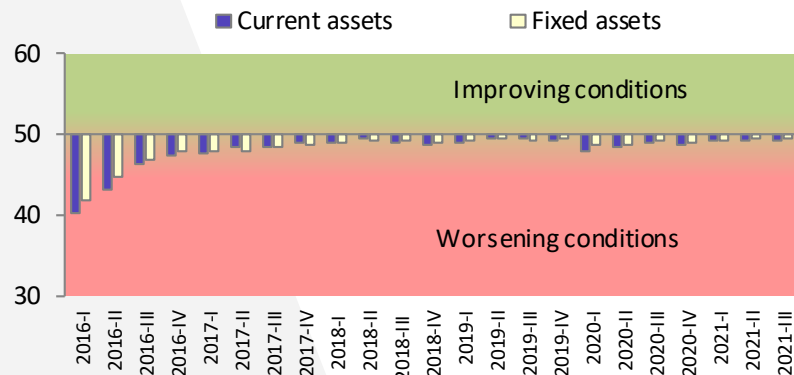
The vast majority of enterprises (**85,1%**) get loan to finance working capital (purchase of materials, raw materials, semi-finished products, etc.), 8,3% – to purchase of fixed assets (buildings, vehicles, equipment, etc.). Loans to refinance were received by 2,3% of enterprises, to expand business – by 1,7%.

BANKING SYSTEM IMPACT ON THE REAL SECTOR OF THE ECONOMY

Price conditions
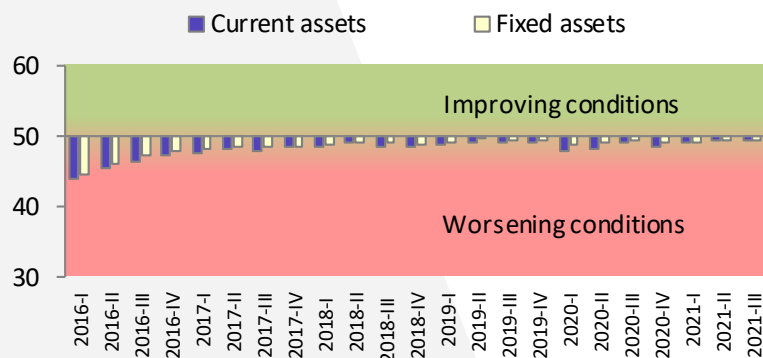
Loan terms and rates in tenge

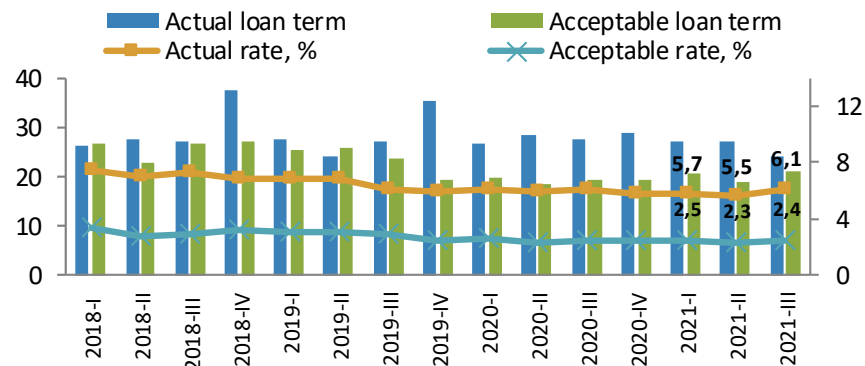### Non-price conditions
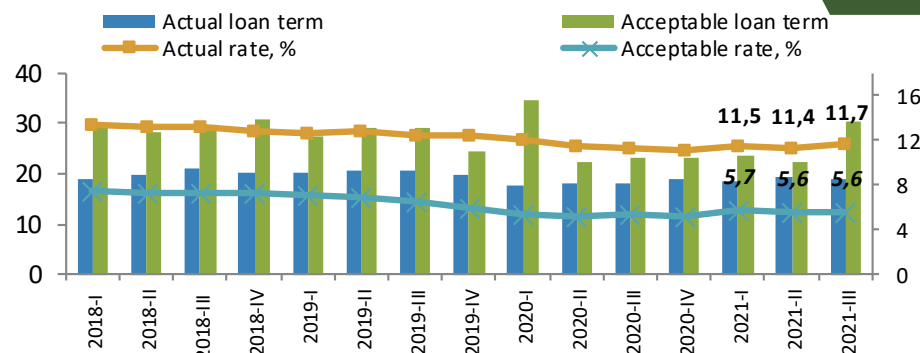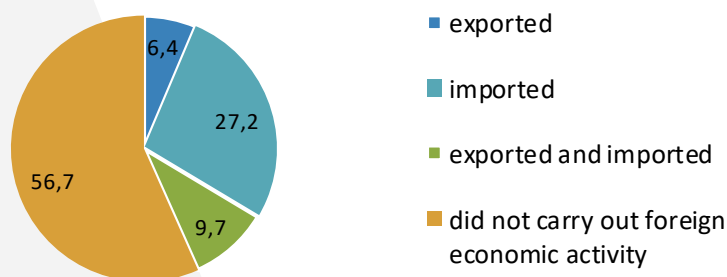

Loan terms and rates in foreign currency

In Q3 of 2021 the assessments of enterprises regarding price (the level of loan rates, the amount of additional commissions) and non-price (the maximum size and term of the loan, requirements for the financial condition of the borrower, requirements for collateral) lending conditions improved slightly, but remained negative.
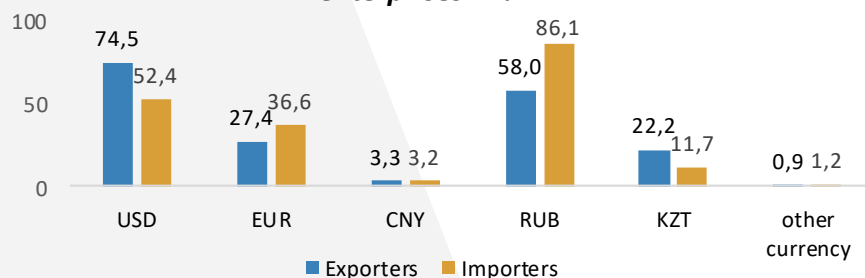
The average interest rates on loans received by the monitoring participants amounted to **11,7%** in tenge and **6,1%** in foreign currency (11,4% and 5,5% in the previous quarter, respectively). According to enterprises, the interest rate acceptable for them on loans in tenge is 5,6%, and on loans in foreign currency - 2,4%.
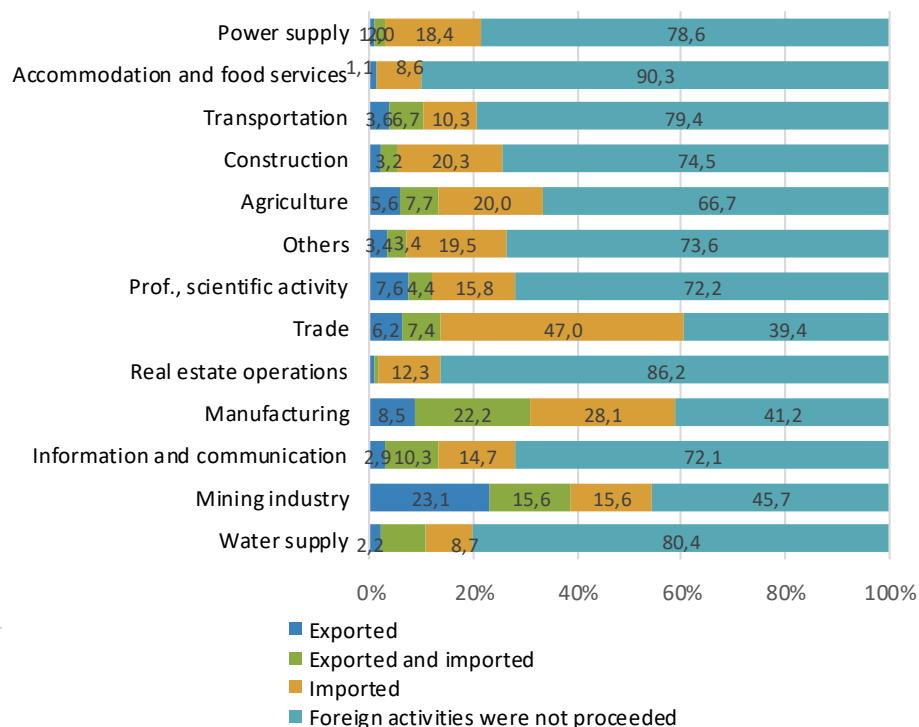
FOREIGN ECONOMIC ACTIVITIES OF ENTERPRISES (FEA)

Implementation of foreign economic activity in the past quarter, the share of enterprises in %

- exported
- imported
- exported and imported
- did not carry out foreign economic activity

Pie chart values: 6,4 | 27,2 | 9,7 | 56,7

Use of currency in calculations, share of enterprises in %

Currency	Exporters	Importers
USD	74,5	52,4
EUR	27,4	36,6
CNY	3,3	3,2
RUB	58,0	86,1
KZT	22,2	11,7
other currency	0,9	1,2

Foreign economic activity by activity type, share of enterprises in %

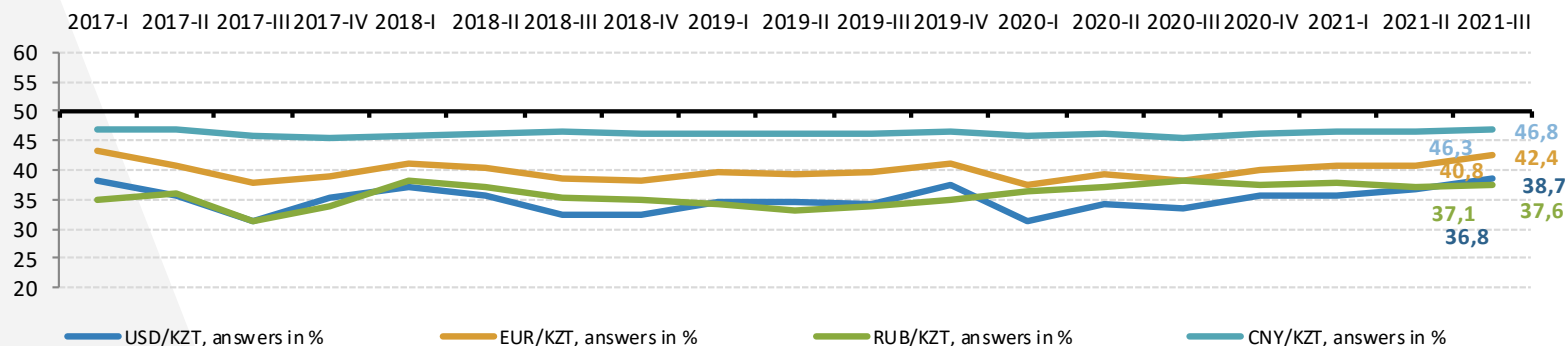| Activity type	Exported	Exported and imported	Imported	Foreign activities were not proceeded
Power supply	1,0	2,0	18,4	78,6
Accommodation and food services	1,1		8,6	90,3
Transportation	3,6	6,7	10,3	79,4
Construction	3,2		20,3	74,5
Agriculture	5,6	7,7	20,0	66,7
Others	3,4	3,4	19,5	73,6
Prof., scientific activity	7,6	4,4	15,8	72,2
Trade	6,2	7,4	47,0	39,4
Real estate operations			12,3	86,2
Manufacturing	8,5	22,2	28,1	41,2
Information and communication	2,9	10,3	14,7	72,1
Mining industry	23,1	15,6	15,6	45,7
Water supply	2,2		8,7	80,4

In Q3 of 2021 **27,2%** of respondents imported products to carry out their activities, 6,4% exported, 9,7% both exported and imported, and the vast majority (**56,7%**) did not carry out foreign economic activities. The largest share of enterprises exporting products is in the mining industry (**23,1%**), the largest share of enterprises importing products is in trade (**47,0%**). In trade the largest share of enterprises that carried out foreign economic activity.
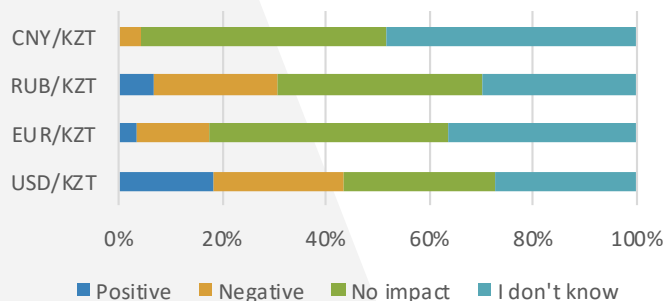
In settlements with foreign partners, exporters use the US dollar more often (**74,5% of exporters**), importers use the Russian ruble more (**86,1% of importers**). The British pound sterling, Swiss franc, Kyrgyz som and Turkish lira are indicated as other currencies used.
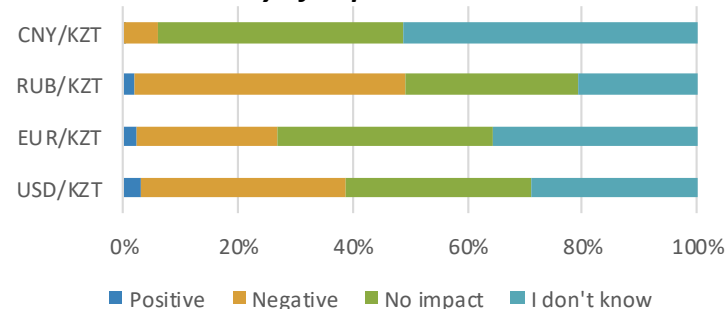
IMPACT OF EXCHANGE RATE CHANGES

Dynamics of the impact of changes in the exchange rate, DI *

2017-I 2017-II 2017-III 2017-IV 2018-I 2018-II 2018-III 2018-IV 2019-I 2019-II 2019-III 2019-IV 2020-I 2020-II 2020-III 2020-IV 2021-I 2021-II 2021-III

- USD/KZT, answers in %
- EUR/KZT, answers in %
- RUB/KZT, answers in %
- CNY/KZT, answers in %

46,8
46,3
42,4
40,8
38,7
37,1
37,6
36,8

Impact of the exchange rate on the economic activities of exporters in Q3 2021

CNY/KZT
RUB/KZT
EUR/KZT
USD/KZT

0% 20% 40% 60% 80% 100%

- Positive
- Negative
- No impact
- I don't know

Impact of the exchange rate on the economic activity of importers in Q3 2021

CNY/KZT
RUB/KZT
EUR/KZT
USD/KZT

0% 20% 40% 60% 80% 100%

- Positive
- Negative
- No impact
- I don't know

In Q3 of 2021 the negative impact on the economic activities of enterprises from exchange rates decreased. Enterprises experience the least negative impact on their economic activities from the CNY/KZT exchange rate. The positive impact of changes in the exchange rate in Q3 was indicated by more enterprises exporting products. Importers are significantly negatively affected by the change in the RUB/KZT exchange rate.

* The higher (lower) the DI from the level of 50, the higher (lower) the growth (fall) rate of the indicator, the level of DI = 50 means no change

COMPOSITE LEADING INDICATOR*
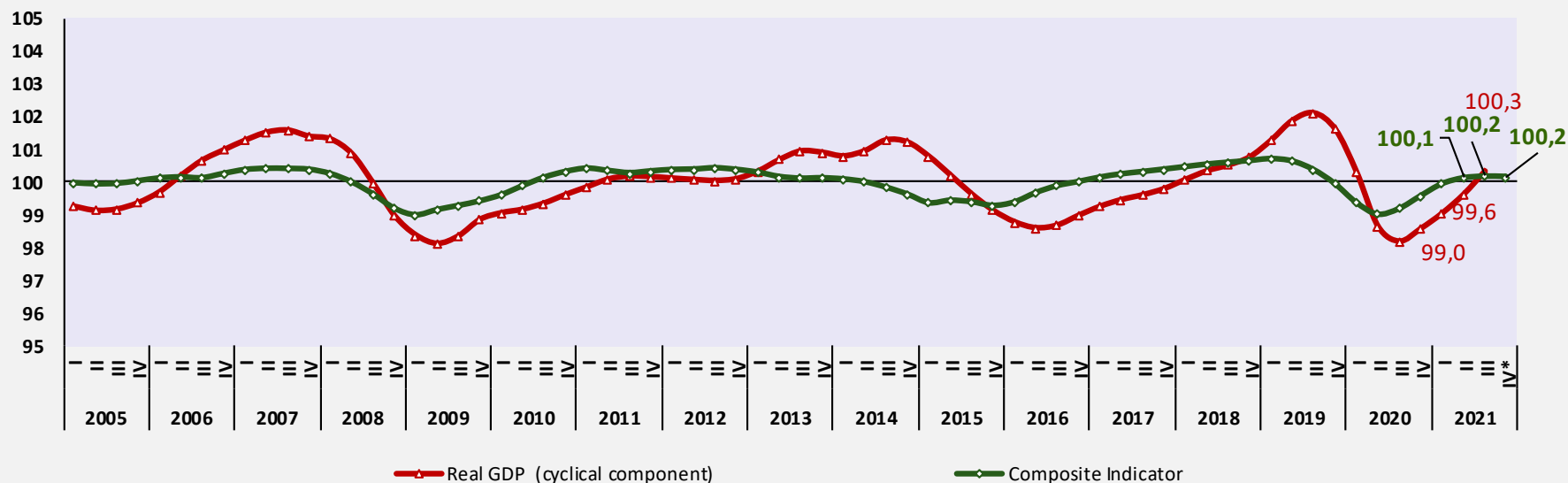
In Q3 of 2021 the composite leading indicator (CLI), which is an aggregated assessment of surveys of enterprises in the real sector, demonstrates the continuation of the process of slow recovery of economic activity in the real sector. CLI increased slightly compared to the previous quarter and amounted to 100,2.

The dynamics of CLI was positively influenced by the dynamics of world energy prices, demand for final products, and an increase in the level of capacity utilization. In Q4 of 2021 the trend of weak growth is expected to continue (CLI according to expectations was 100,2). Enterprises expect an increase in demand for final products, a slowdown in the growth of prices for raw materials and materials.

- A composite leading indicator is used to identify turning points in the business cycle and provides good quality information about the state and directions of trends in the economic activity. A composite leading indicator reflects a summarized evaluation of opinions of managers of the interviewed enterprises regarding the existing and anticipated situation in their enterprises and possesses the forward-looking feature of the real GDP behavior for 1-2 quarters. Construction of CLI is based on the OECD methodology («OECD System of Composite Leading Indicators, Methodology Guideline», OECD 2012).

** The CLI parameters for Q4 2021 are calculated on the basis of expectations among enterprises in the real sector that participated in the survey.

➤ The diffusion index (DI) as reflected in tables and in figures is calculated as a sum of positive responses and a half of "no change" responses. This index is a generalized indicator which characterizes the behavior of the reviewed indicator. If its value is above 50 – this means a positive change, if it is below 50, then the change is negative. In doing so, the further (the higher) the value of the diffusion index deviates from 50, the higher are the rates of change (increase or decrease) of the indicator.

➤ The indicator of "an acceptable interest rate on bank loans" is calculated as the average of interest rates indicated by enterprises participating in the monitoring process as acceptable rates for these enterprises in terms of the existing level of profitability of production.

➤ Numbers reflecting financial ratios are provided as average values calculated based on the whole sample of interviewed enterprises as well as broken down by sector, where necessary, based on estimates of the quarter-end balance sheet numbers received from enterprises. In doing so, the evaluation data as well as the averages calculated on their basis are not aiming at obtaining the absolute precision of their values (since they are not the reporting ones) but rather serve for obtaining updated estimates and for analyzing the trends of the change in the state of the non-financial sector of the economy and its sectors.

➤ Discriminant analysis allows to identify the most informative indicators of the financial condition of the enterprise and determine the approach of a crisis situation at the enterprise, and thus classify them according to the degree of reliability. The distribution of enterprises into groups (stable, normal and critical) is carried out using classification functions, including 3 financial indicators: the income growth rate from sales of products per employee, the coefficient of financial independence and the equity capital growth rate. Details in the economic research

https://www.nationalbank.kz/file/download/9013

➤ The composite indicator (CLI) possesses the forward-looking feature of the real GDP behavior for 1-2 quarters. The time series of the CLI and the real GDP (in terms of prices of the year 2005) are cleared of seasonality and do not contain the trend, i.e. they only include a cyclical component as determined by short-term fluctuations of the economic market environment. For comparability purposes, the resulting cyclical components are standardized, i.e. they are reduced to one (non-dimensional) unit of measurement.

➤ The CLI serves to reflect short-term development trends in the real sector of the economy as a whole. It possesses the following features: 1) it has a forward-looking mature; 2) it reflects a cyclical nature in the development of the real sector of the economy; 3) it is quickly designed since it is built on the basis of on-the-spot interviews of enterprises.

➤ Out of indicators built up based on interviews of enterprises, the following leading indicators were included as the CI components:
1) DI changes in demand for final products in sectors of the economy
2) DI changes in prices for final products of enterprises in sectors of the economy
3) Credit activity indicator: share of enterprises intending to obtain a loan
4) DI changes in the level of utilization of production facilities;
5) DI changes in average wages;
6) DI changes in inventories

METHODOLOGICAL COMMENTS