



Kazakhstan Business Activity Index

March 2021



A black and white photograph of an industrial facility, likely a refinery or chemical plant. The image shows a complex network of large, horizontal and vertical pipes, some with insulation. In the lower-left corner, there is a large, round analog clock mounted on a wall. The overall scene is industrial and somewhat abstract due to the perspective and lighting.

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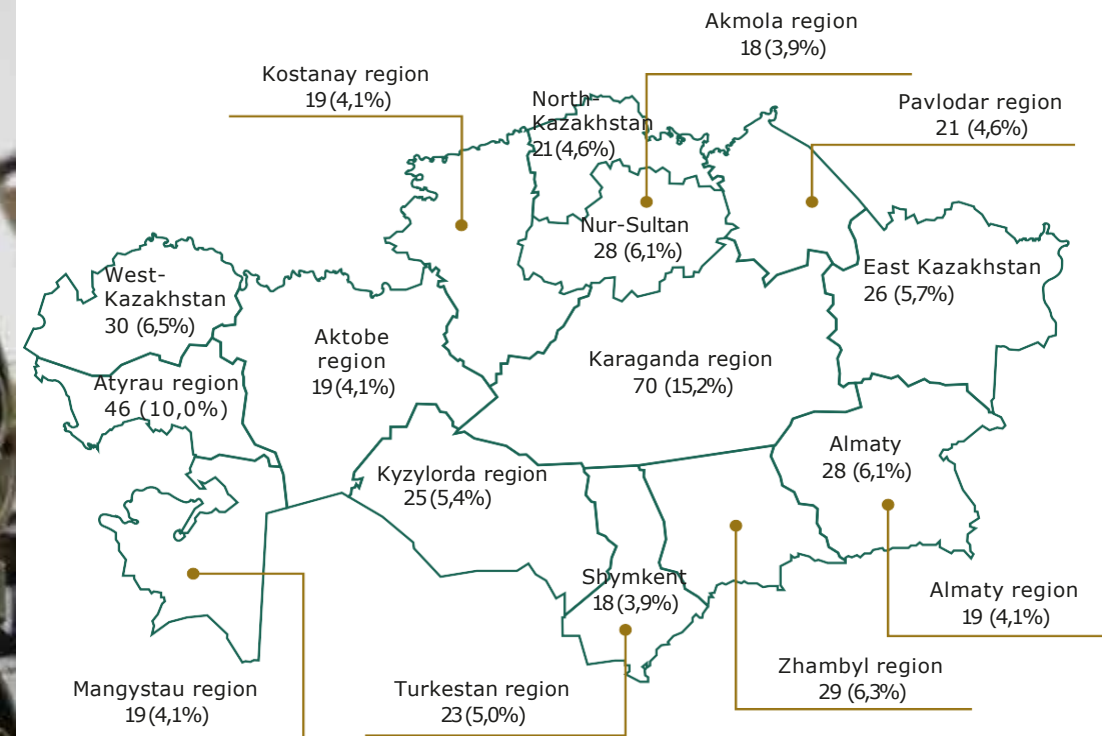
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Business Climate Index

01

SAMPLE INFORMATION

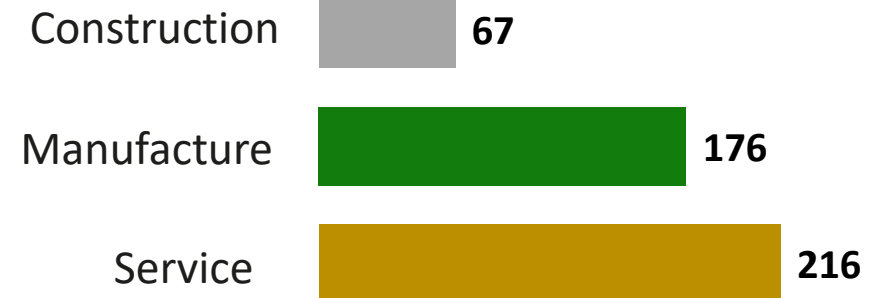
Number of respondents in March 2021 - 459 enterprises



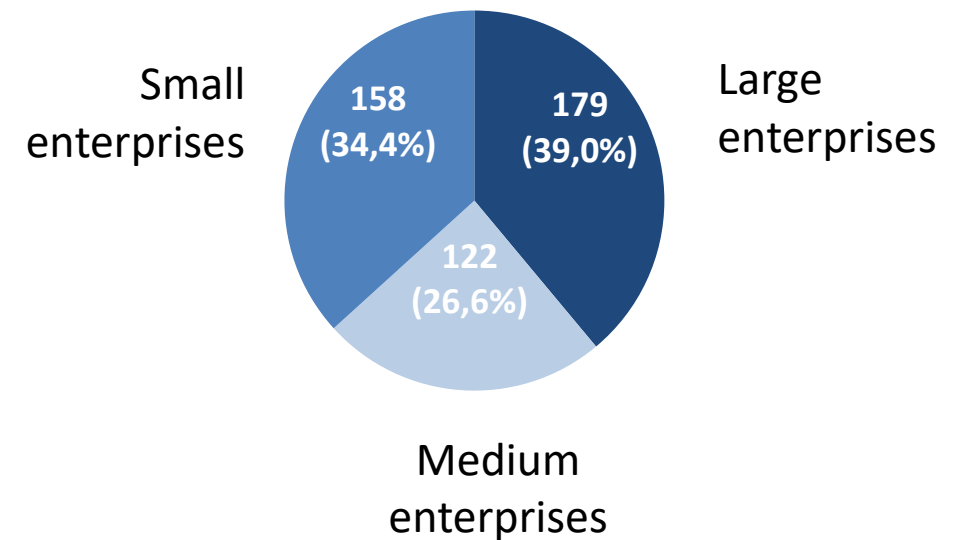
- *The business activity index is a composite indicator that includes the aggregate of enterprises' answers to questions regarding the actual changes in the economic indicators of enterprises and the expectations regarding their changes in the future.*
- *The National Bank of Kazakhstan conducts a survey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



ENTERPRISES-RESPONDENTS BY INDUSTRY



ENTERPRISES-RESPONDENTS BY SIZE

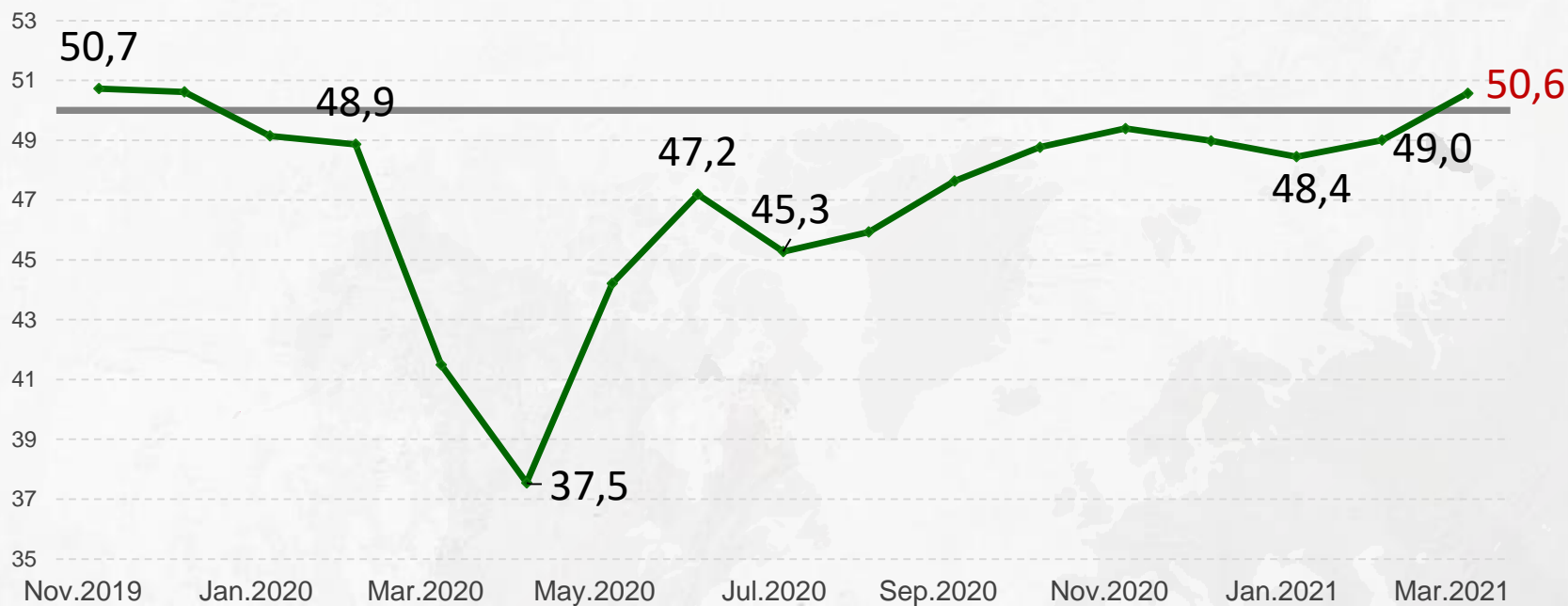




02

**CONSOLIDATED BUSINESS
ACTIVITY INDEX BY
ECONOMY**

CONSOLIDATED BUSINESS ACTIVITY INDEX BY ECONOMY



According to the results of a monthly survey of 459 enterprises in the real sector, in March 2021 the business activity index exceeded 50 for the first time since the beginning of 2020, reaching **50.6** (in February – 49,0).

In the service sector the index formed at **51,2**, in manufacture – **50,2**, in construction – **46,5** (in February – 49,2, 49,0, 47,4, 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
50,6



BAI
in construction
46,5



BAI
in service
51,2



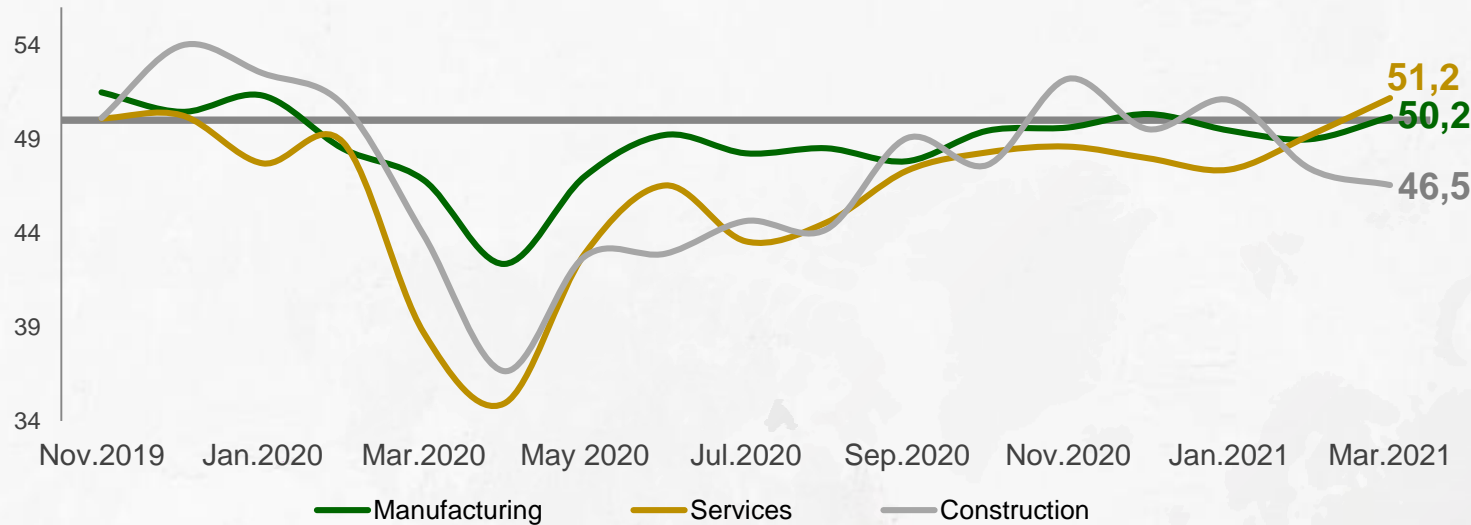
BAI
in manufacturing
50,2



03

BUSINESS ACTIVITY INDEX BY SECTOR

BUSINESS ACTIVITY INDEX BY SECTOR



* 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.

Business activity index for the **services** and **industrial sectors** moved into the growth area, amounting to **51.2** and **50.2**, respectively. The indicator in the industry turned out to be in the positive area due to the increase in the volume of inventories, shorter delivery times and an increase in new orders. In the service sector, improvement was noted in all components of the index.

The downward trend in business activity continued in **construction**, the indicator amounted to **46.5**, having decreased by 0.9 points due to the deterioration of all components of the index.



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

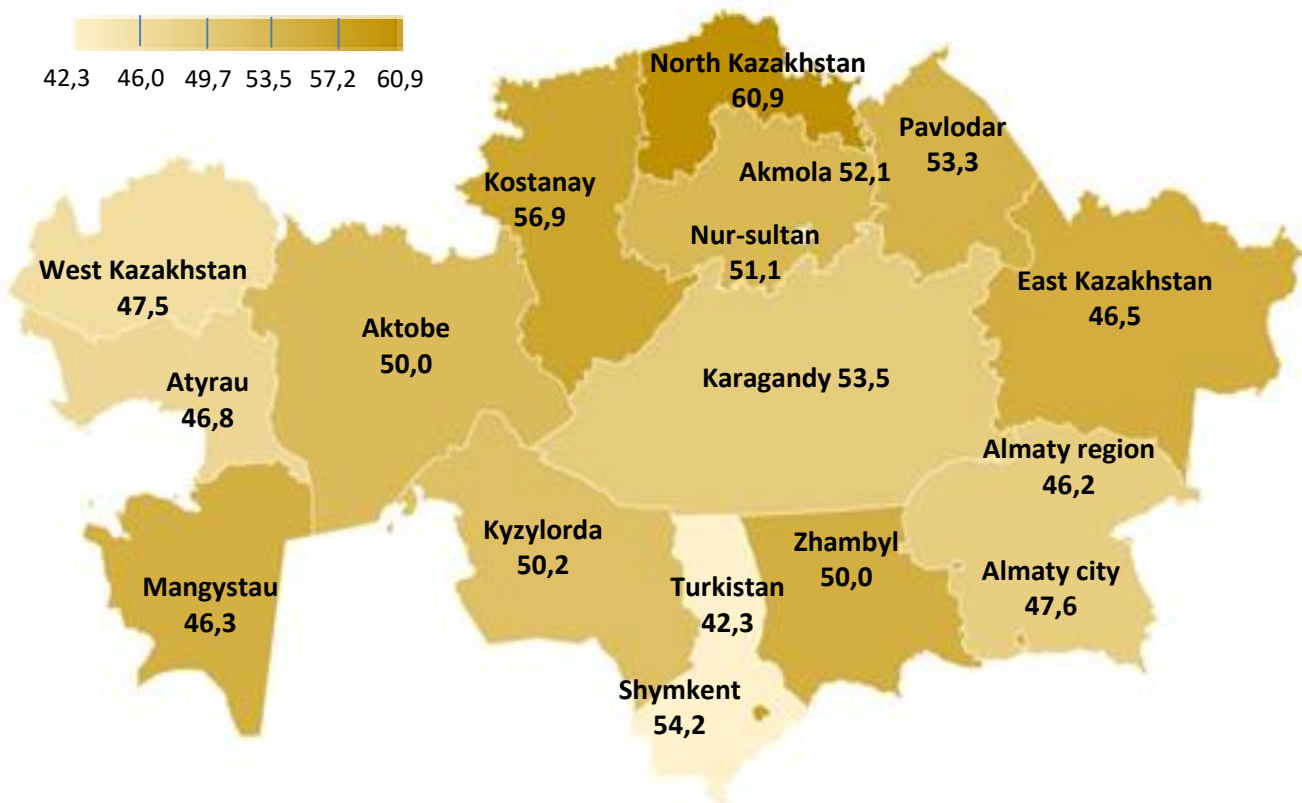
Business Activity Index in construction

Business Activity Index in Service

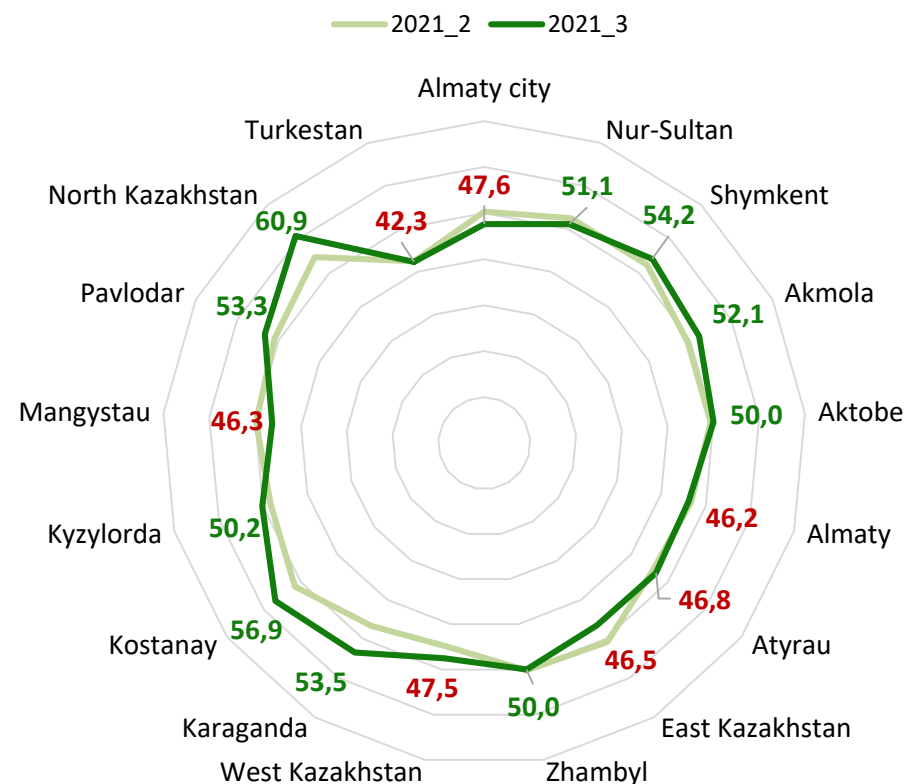
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BUSINESS ACTIVITY INDEX BY REGIONS

BAI in March 2021 by region



BAI dynamics for February - March 2021



In the context of the regions, an improvement in the business activity was observed in 10 regions of Kazakhstan: North Kazakhstan region (**60.9**), Kostanay region (**56.9**), Shymkent city (**54.2**), Karaganda region (**53.5**), Pavlodar region (**53.3**), Akmola region (**52.1**), Nur-Sultan city (**51.1**), Kyzylorda region (**50.2**), Zhambyl region (**50.0**) and Aktobe region (**50.0**).

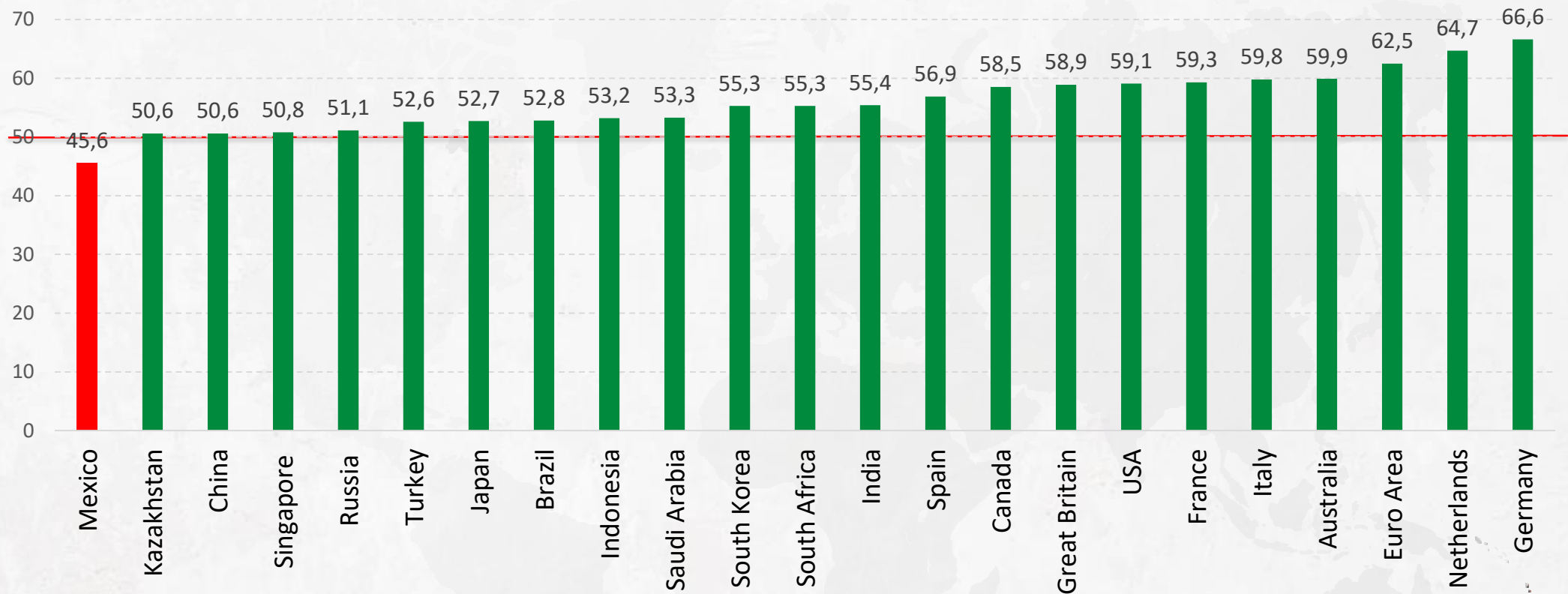
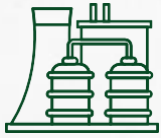
The deterioration of the business activity was observed in 7 regions of Kazakhstan: in Turkestan (**42.3**), Almaty (**46.2**), Mangystau (**46.3**), East Kazakhstan (**46.5**), Atyrau (**46.8**), West Kazakhstan (**47.5**) regions and Almaty city (**47.6**).



05

PMI BY COUNTRY

PMI BY COUNTRY



Data as for 06.04.2021

Source: G20 Industrial PMI

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

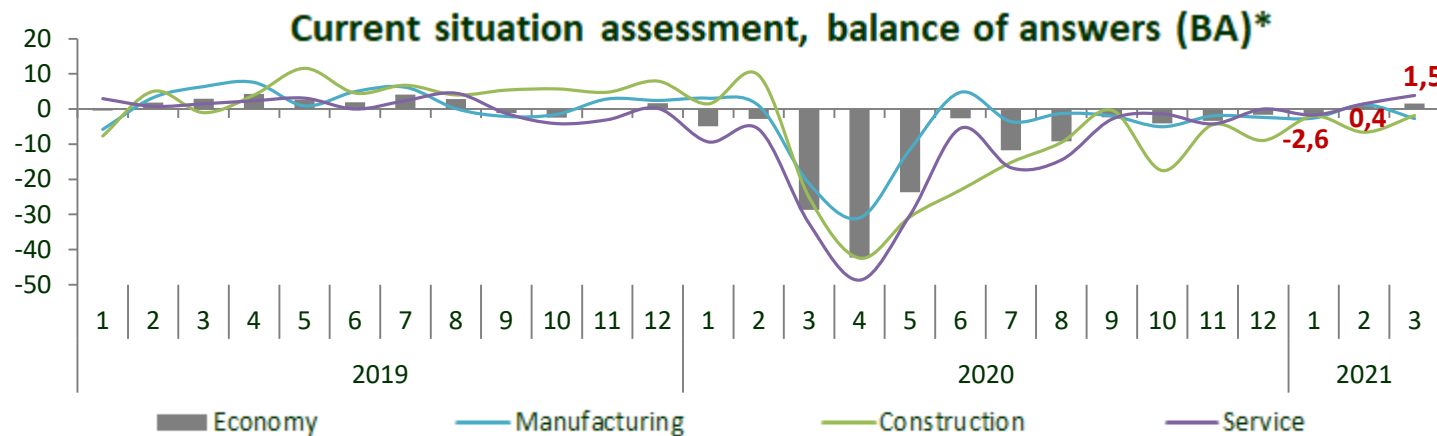


06

**BUSINESS CLIMATE
INDEX (BCI)**

BUSINESS CLIMATE INDEX (BCI)

Current situation assessment



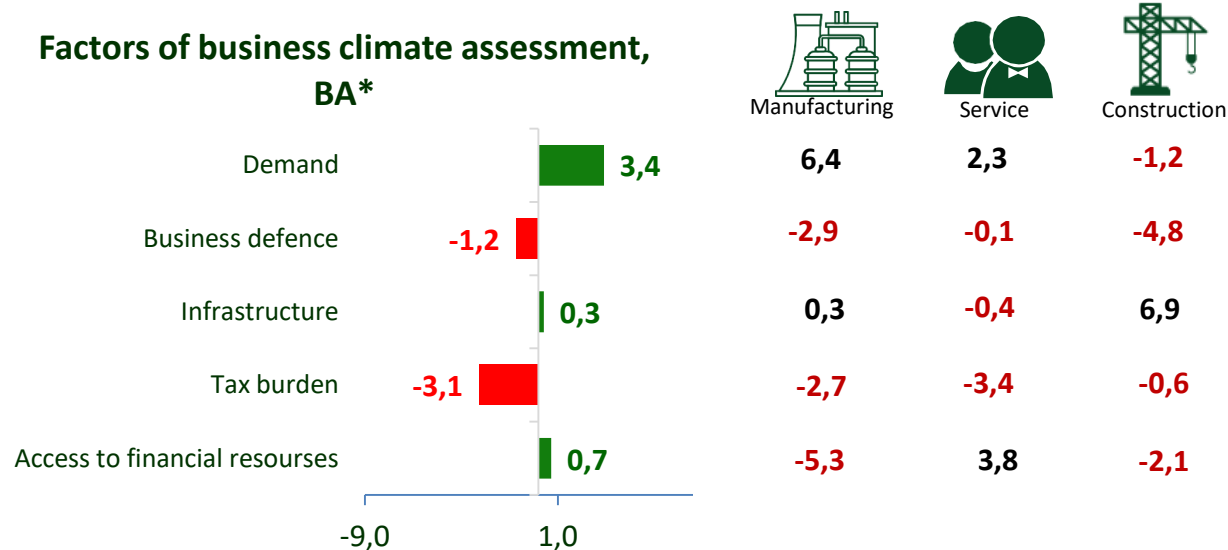
**Balance of answers (BA) is difference between positive and negative answers. Enterprises asked to assess the current business situation choosing one of the given answers «favorable», «unfavorable» and «neutral». Answers are weighted by respondents' size.
If index is above 0 improvement, if below 0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

In March 2021 respondents estimated that the current business environment improved.

The indicator increased from **0.4** to **1.5**. An improvement in business conditions was noted in the service sector, a deterioration in construction and industry.

In March enterprises noted an increase in demand. The balance of answers* for the economy was **3.4** (in February (-)5.3). The indicator in the industry was **6.4**, in the service sector - **2.3**. In construction was a slight decrease in demand ((-) **1.2**).

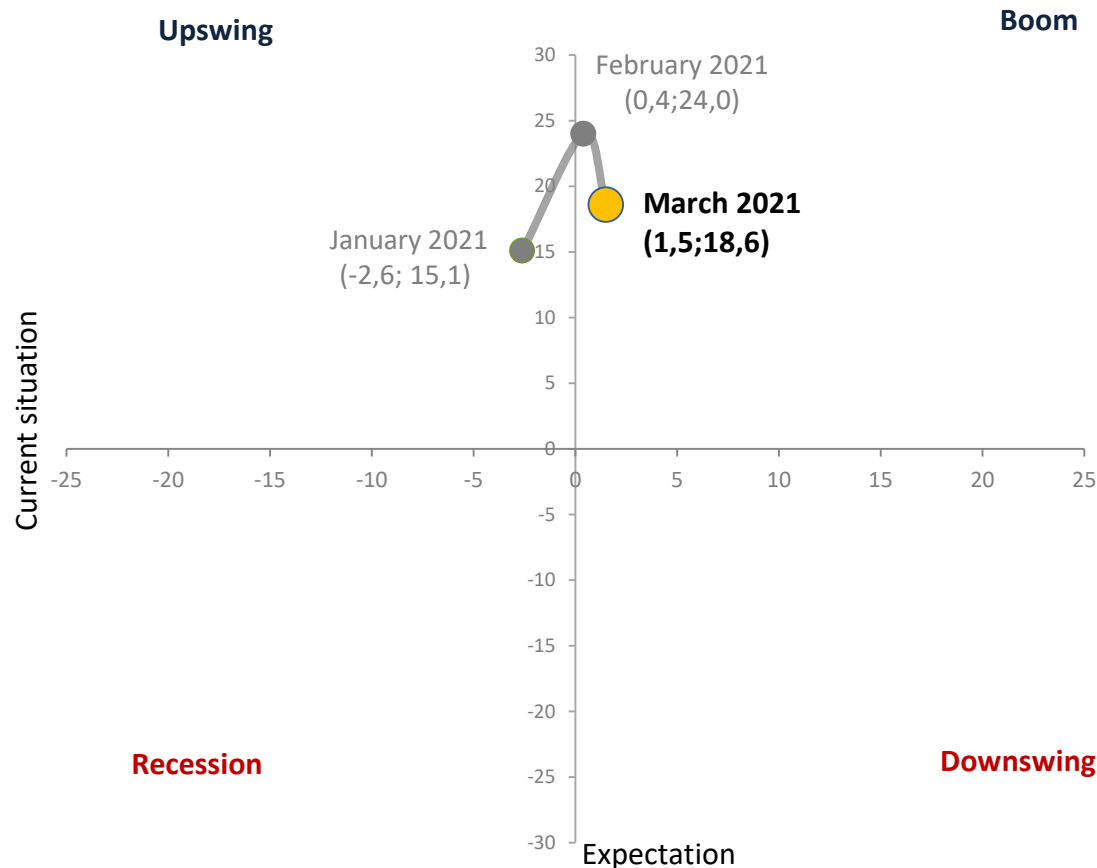
Enterprises in all sectors gave a negative assessment of the tax burden (**-3.1**) and business protection issues (**-1.2**). The respondents assessed the demand positively (**3.4**), as well as access to finance/loans and communications, (**0.7** and **0.3**, respectively).



BUSINESS CLIMATE INDEX (BCI)

Business cycle clock

Business cycle clock



Economy
BCI
9,9



Construction
BCI
13,3



Service
BCI
11,0



Manufacturing
BCI
6,8

In March 2021, according to the respondents the balance of answers on assessing the current business conditions was **1.5**. The balance of answers on expectations for the next **6 months** was (**18.6**). Optimistic expectations and positive assessment of the current situation correspond to the area of **boom** in the business cycle clock. Thus, it can be concluded that the economy of Kazakhstan continues the recovery process in March 2021, after the recession associated with the coronavirus, and there is a transition to the growth area.

The business climate index, which is an average assessment of current and future business conditions, deteriorated slightly in the economy as a whole, amounting to 9.9 (in February - 11.9). The decrease in the BCI is associated with a decrease in optimism in assessing the future business conditions (from 24.0 to 18.6). In construction the indicator is significantly higher (13.3), while in industry the indicator turned out to be lower than the in the economy (6.8). The BCI in the service sector is 11.0.



*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



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