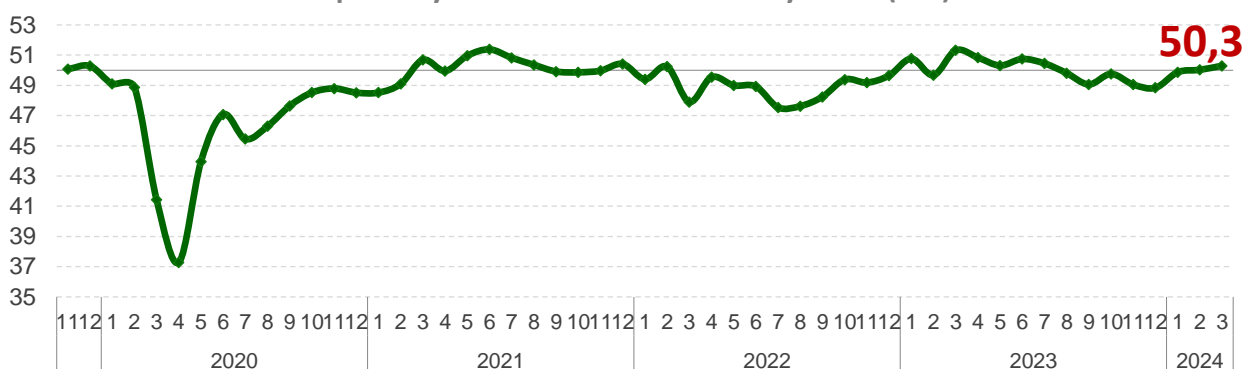# Business activity index

March 2024

In March 2024, business activity increased slightly. The increase in the index was noted in production and service sectors. The situation in the mining industry has improved, but the index is still in negative area.

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

50,3

* 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.
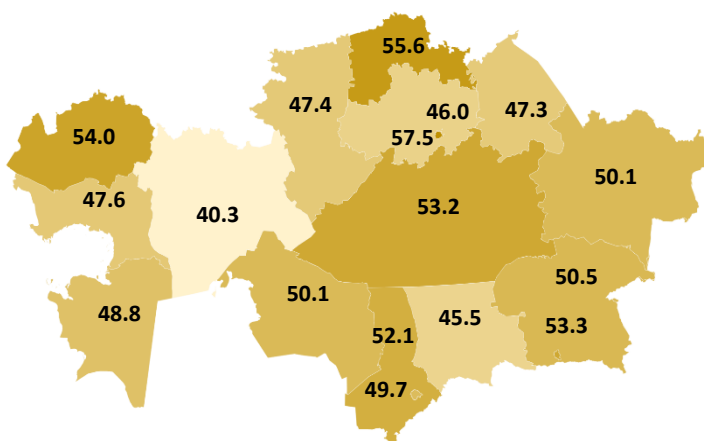
The business activity index improved to 50.3.

In production and service sectors, the business activity index increased to **51.0** and **50.5**, respectively (in February – 50.2 and 50.3, respectively), where there was an improvement in all components except delivery times.

In construction, the indicator decreased to **48.2** (from 49.2 in February). The indicator in the mining industry, despite the increase, remained in the negative area, amounting to **49.3** (in February – 48.6), where was a reduction in delivery times, an increase in inventories and volumes of new products.

Graph 2. BAI in March 2024 by regions

Business activity improved in 9 regions, worsened in 8 regions.
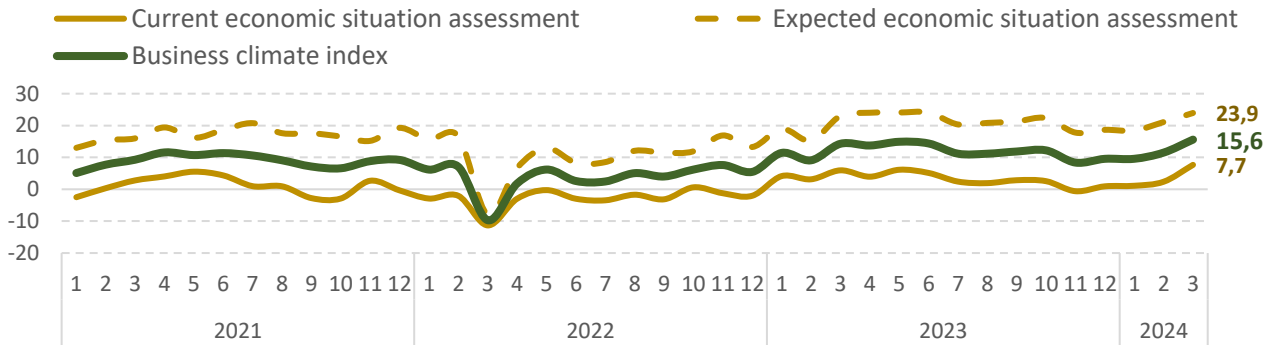
The highest index value was recorded in Astana city (57.5), the lowest – in Aktobe region (40.3).

Business climate index

In March, the business climate index rose to 15.6. Estimates of both current and future business conditions have improved noticeably.

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

Current economic situation assessment

- - Expected economic situation assessment

Business climate index

* 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.

According to the estimates of enterprises, demand has noticeably improved.
Businesses assessed positively the access to finance/credit and infrastructure. Other factors (tax burden, business protection issues) are still assessed negatively.
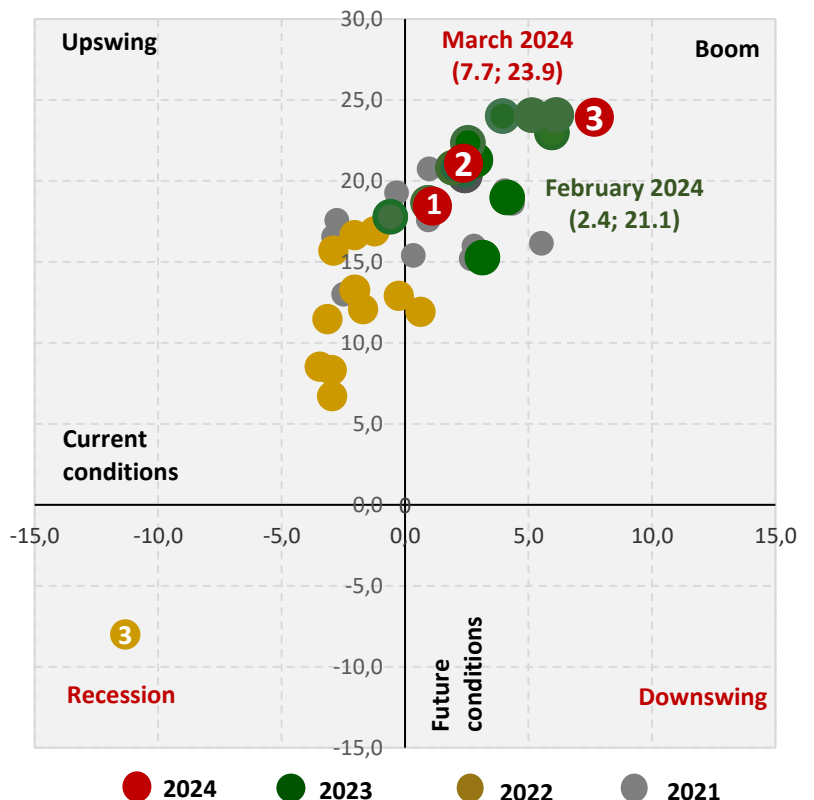
Graph 4. Business cycle clock

In March 2024, the business cycle clock indicator was fixed in the boom area

The current business conditions improved considerably, amounting to 7.7.

The assessment of future business conditions for the next 6 months rose to 23.9.

* 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.

METHODOLOGICAL COMMENT

[1] The information was prepared based on the results of monthly survey of enterprises participating in the monitoring of the real sector.

[2] 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.

[3] 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.

[4] 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

[5] 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.

[6] 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.

[7] The data in the diagrams are seasonally adjusted (except for the assessment of future conditions and the assessment of factors).

[8] Changes are possible in the previous months dynamics due to seasonal clearing and GVA adjustment.

[9] Detailed information by sector (information about the sample, the dynamics of indicators, the results of the distribution of responses) is presented in the dashboard.

[10] As the representativeness of the sample by region by sector is achieved, the calculation results will be presented in accordance with the new administrative-territorial structure.