

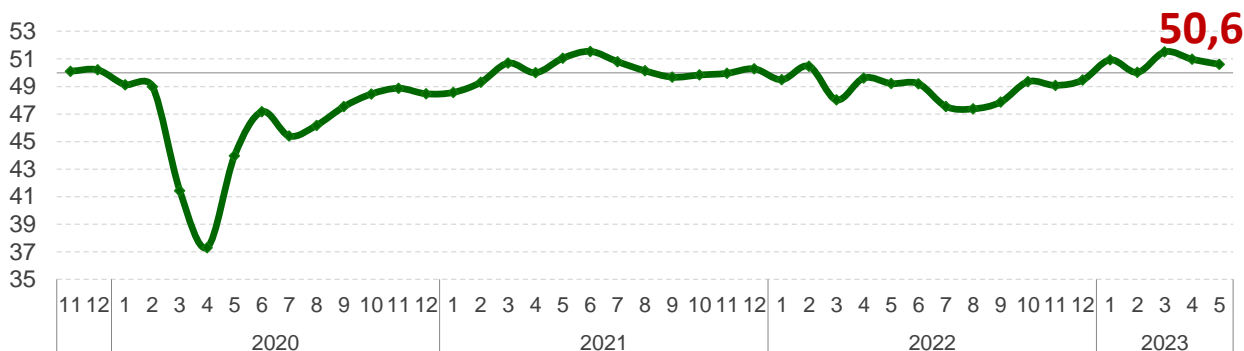


Business activity index

May 2023

In May, business activity slowed down slightly, but remained in the positive area, amounting to 50.6. For all sectors, long delivery times remain a factor constraining business activity.

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.

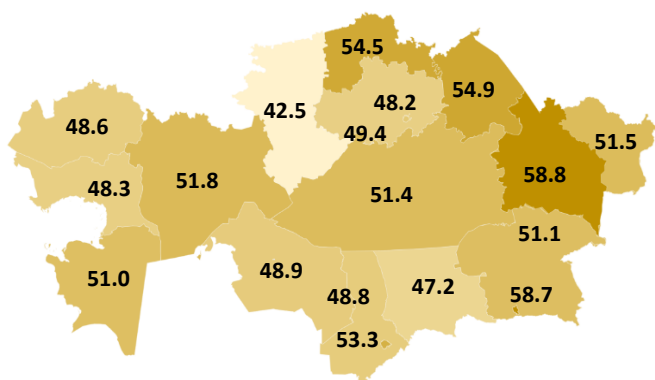
The business activity index in May 2023 was 50.6, down 0.4 points.

The improvement was noted only in production, where the index moved into a positive area, amounting to **50.2** (in April – 49.4). In the service sector, the business activity index remained also in a positive area, despite a slight decline to **51.1** (in April – 51.8). In the construction and mining industries, there was a slight decrease in business activity to **49.6** (from 49.9 in April) and **49.5** (from 49.8 in April), respectively. The dynamics of the indicator in the mining industry was affected by a decrease in the volume of inventories. In construction, despite the increase in the volume of new orders, the indicator decreased due to an increase in delivery times and a decrease in employment.

Graph 2. BAI in May by regions

Business activity improved in 10 regions, worsened in 8 regions.

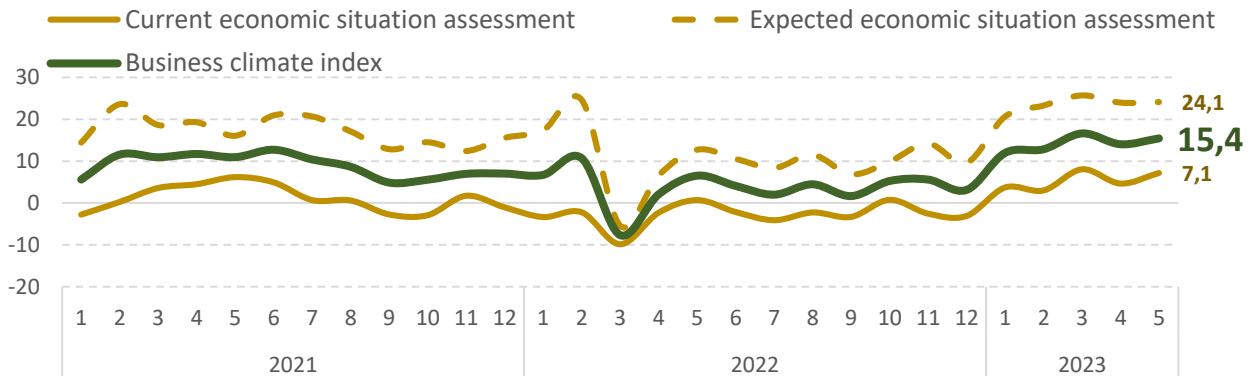
The highest index value was recorded in Abai region (58.8) and Almaty city (58.7), the lowest - in Kostanay region (42.5).



Business climate index

The business climate index has slightly increased, and assessments of both current and future business conditions have improved. The indicator increased in production and services, while a decrease was noted in the construction and mining industries.

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.

The enterprises positively assessed the current business conditions, while the assessments of some factors of business conditions turned out to be negative.

According to the estimates of enterprises, demand increased noticeably, the change in infrastructure turned out to be weakly positive, negative assessments prevailed for other factors of business conditions (tax burden, access to finance/loans, business protection issues).

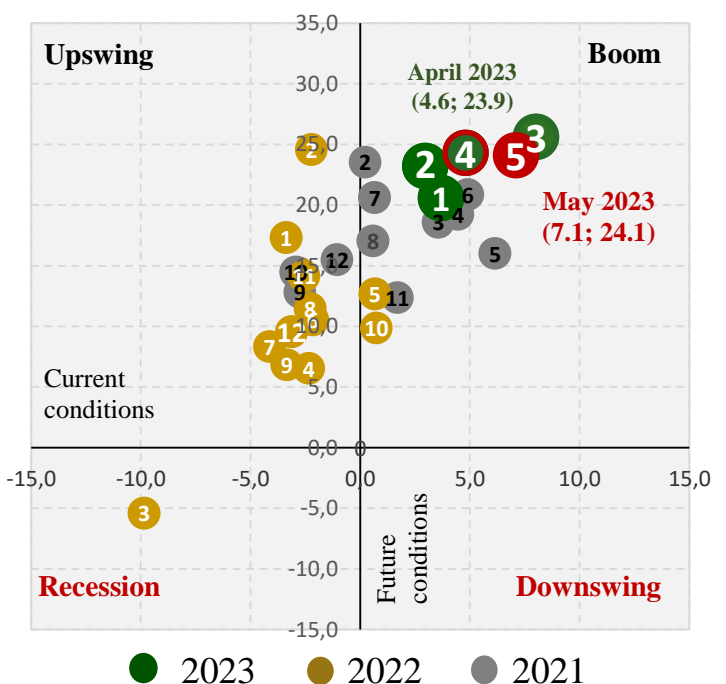
In May 2023, the business cycle "clock" indicator remained in the boom area.

Enterprises' assessment of current business conditions increased to 7.1.

The assessment of future business conditions for the next 6 months was 24.1.

* 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

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.