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# Tengri Partners Kazakhstan Manufacturing PMI™

## PMI hits nine-month high as growth of output and new orders quickens

### Key findings

Output growth gathers pace amid strongest rise in sales for a year

Firms take on additional staff for first time since last September

Input costs increase at record pace as supply chains remain under pressure

Data were collected 11-23 June 2021.

The latest PMI™ survey data from Tengri Partners and IHS Markit pointed to further strong growth in the Kazakh manufacturing sector. Factory production rose at the fastest pace since last September amid the strongest upturn in new orders for year, with panellists citing stronger demand conditions and improved client confidence. Higher sales added to capacity pressures, however, which were the strongest on record, while firms took on additional staff for the first time in nine months.

At the same time, ongoing supply constraints added to inflationary pressure. Input costs rose at the joint-steepest pace on record during June, with goods producers upping their average charges sharply as a result.

The headline Kazakhstan Manufacturing PMI is a composite single-figure measure of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement in the sector.

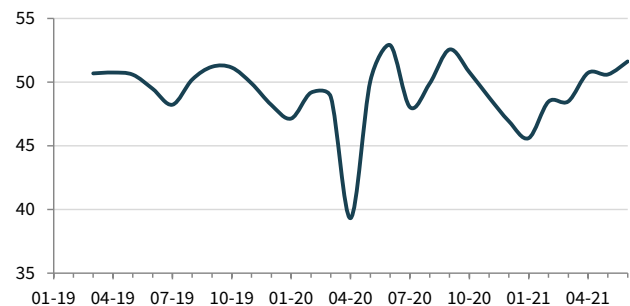
The PMI rose from 50.6 in May to 51.6 in June and signalled the quickest improvement in the health of the sector since September 2020.

Central to stronger overall growth were accelerated upturns in both output and new orders during June. Factory production rose at the quickest rate for nine months, while the latest expansion in order books was the sharpest for a year. According to panellists, improved client confidence and looser quarantine restrictions had boosted demand.

Firmer demand conditions placed greater pressure on capacity at manufacturers during June, however, with backlogs of work

*continued...*

Tengri Partners Kazakhstan Manufacturing PMI™  
sa, >50 = improvement since previous month



Sources: Tengri Partners, IHS Markit.

### Comment

*Anuar Ushbayev, Managing Partner and Chief Investment Officer at Tengri Partners said:*

*"The manufacturing sector saw quicker growth during June, according to the latest PMI data. Factory production expanded at the strongest pace since last September, while the latest upturn of new orders was the steepest for a year, reflecting firmer demand and improved client confidence.*

*"Goods producers also registered the first rise in employment for nine months, amid reports that companies were taking on additional staff to keep up with demand.*

*"The strong performance of the sector brought with it further inflationary woes, however, in part due to ongoing supply chain disruptions and price hikes at suppliers. Input costs rose at a record pace, with firms increasing their average charges sharply as a result."*

rising at the fastest rate in the series history.

As a result of strong demand and firmer capacity pressure, firms resumed hiring efforts for the first time since September 2020. That said, the rate of job creation was only slight.

Meanwhile, firms continued to increase their buying activity in June, with respondents attributing the latest upturn to greater output requirements. The rate of increase slowed on the month and was marginal, however. Nonetheless, pre-production inventories fell for the twenty-second month in a row, amid reports that stocks were being used in production.

June data also pointed to ongoing supply constraints facing Kazakh manufacturers, as average lead times for inputs lengthened further. Anecdotal evidence blamed longer delivery times on logistical issues and border closures. That said, delays were not as severe as in May and remained less robust than those seen in the spring of 2020.

Another round of input price inflation was subsequently attributed by panellists to input shortages and price hikes at suppliers during June. Costs rose at the joint-steepest rate on record and rapidly overall.

In response, goods producers once again increased their average selling prices, with the rate of charge inflation the fastest for four months and marked.

Looking ahead, the Future Output Index rose further above the 50.0 mark during June and signalled a robust level of optimism among Kazakh manufactures towards output over the coming 12 months. Confidence was attributed through anecdotal evidence to improved client demand and hopes of a sustained recovery across the sector.

Kazakhstan Manufacturing PMI Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, IHS Markit.

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### Survey methodology

The Tengri Partners Kazakhstan Manufacturing PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

May data were collected 11-23 June 2021.

Data collection began in March 2019.

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Tengri Partners is a diversified Central Asia-based merchant banking group engaged in securities trading, capital markets, investment banking, investment management, commercial finance and principal investments.

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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### About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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