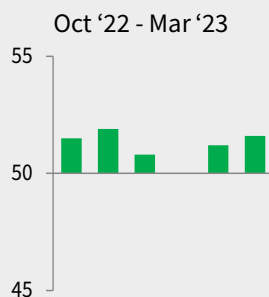




Tengri Partners Kazakhstan Manufacturing PMI™

Manufacturing output returns to growth

Tengri Partners Kazakhstan Manufacturing PMI



Production increases for first time in four months

Marked and accelerated rise in new orders

Input cost inflation eases to 40-month low

The latest PMI™ survey data from Tengri Partners and S&P Global pointed to renewed growth of manufacturing production in Kazakhstan amid a sharper expansion in new orders. The rise in output was achieved despite employee resignations causing a reduction in staffing levels during the month. Meanwhile, both inflationary and supply-chain pressures eased.

The ramping up of production meant that firms ate into their stocks of inputs at a rapid rate, while inventories of finished goods were accumulated to the greatest extent on record.

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 headline PMI ticked up to 51.6 in March from 51.2 in February, signalling a modest improvement in the health of the manufacturing sector, and one that was the sharpest since last November. Business conditions have now improved in five of the past six months.

One of the main positives from the latest survey was a renewed rise in production, the first in four months. Output rose solidly amid higher new orders and improving demand. Moreover, the rate of growth was the sharpest in two-and-a-half years, and third-fastest since the survey began in March 2019.

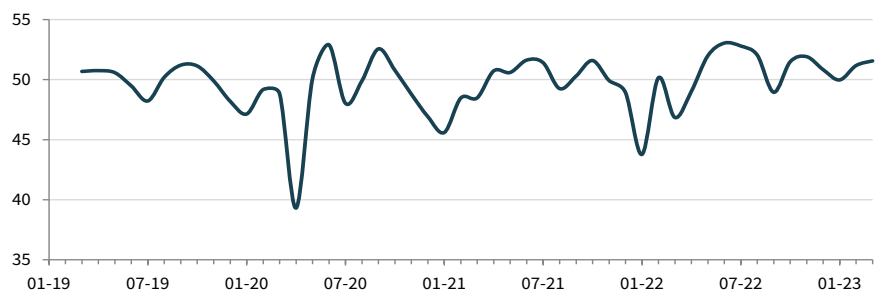
Prompting firms to raise output was a sustained and sharper expansion in new orders. New business increased for the fifth month running and to the greatest extent since July last year.

The ramping up of production caused

continued...

Tengri Partners Kazakhstan Manufacturing PMI

sa, >50 = improvement since previous month



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fluctuations in inventory holdings. Stocks of purchases fell markedly as firms used inputs to support the rise in output. The depletion was the most pronounced in 11 months and came amid a softer expansion in purchasing activity.

On the other hand, the rise in output supplemented stocks of finished goods, which increased to the greatest extent on record.

Production growth also enabled manufacturers to bear down on backlogs of work, which decreased solidly following a slight increase in February.

Less positive in March was the picture on employment, which decreased for the fourth month running and at the sharpest pace since January 2022. Respondents mainly attributed the drop in staffing levels to voluntary resignations.

Input costs rose again in March, with firms

highlighting increased raw material costs. That said, the rate of inflation softened to the weakest since November 2019, in some cases thanks to an improved exchange rate position against the Russian rouble. In turn, output prices rose at the slowest pace in 32 months.

Some signs of logistics improving meant that suppliers' delivery times lengthened to the joint-least extent in just over a year in March. Logistical difficulties were again the main factor leading to delivery delays, however.

Finally, hopes that the improving trends in output and new orders seen in March will be sustained in the months to come supported confidence in the year-ahead outlook for production. Optimism ticked down slightly for the second month running but was still above the series average.



Comment

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

"The sustained expansions in new orders have now fed through to a solid increase in manufacturing production according to the latest Tengri Partners PMI data. This hopefully marks the beginning of a period of growth for firms who have struggled in the face of numerous headwinds in recent years."

"There were further signs of some of these headwinds easing in March. Input costs and output prices rose at the slowest rates for some time, while supply-chain disruption eased."

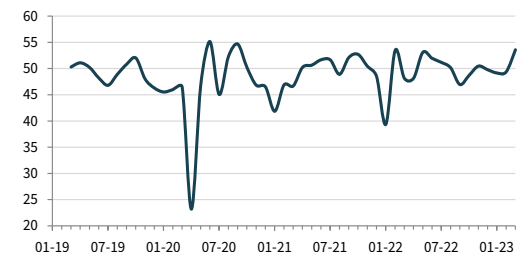
Output and demand

Output

March data pointed to a return to growth of manufacturing production in Kazakhstan, with output up for the first time in four months. Moreover, the rate of expansion was solid and the most marked for two-and-a-half years. In fact, the increase was the third-fastest since the series began in March 2019. Panellists linked higher output to increased new orders and improving customer demand.

Output Index

sa, >50 = growth since previous month

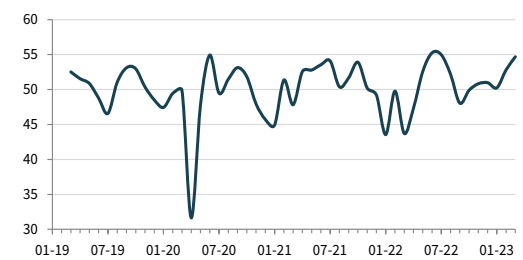


New orders

As has been the case in each of the past five months, new orders increased in March. Furthermore, the rate of growth quickened for the second month running and hit an eight-month high. According to respondents, the rise in new business was mainly in response to demand improvements.

New Orders Index

sa, >50 = growth since previous month

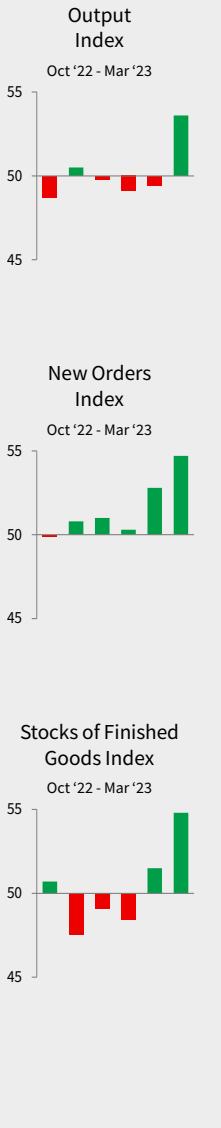
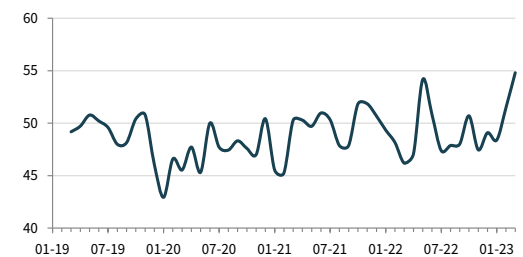


Stocks of finished goods

Stocks of finished goods increased at the fastest pace on record in March, with the rate of accumulation surpassing the previous peak from May last year. Renewed production growth enabled firms to replenish inventories, with post-production stocks up for the second month running.

Stocks of Finished Goods Index

sa, >50 = growth since previous month

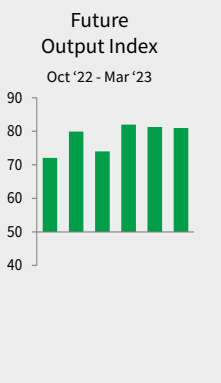
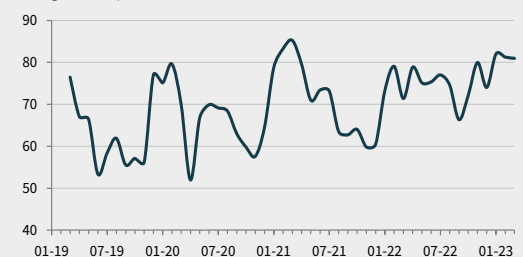


Business expectations

Hopes that the current improvements in demand and production will be sustained supported optimism in the year-ahead outlook for output. March saw business sentiment tick down slightly for the second month running, but remain above the series average.

Future Output Index

>50 = growth expected over next 12 months



Employment and capacity

Employment

The renewed increase in output was registered in spite of a reduction in staffing levels at the end of the first quarter of the year. Employment decreased for the fourth month running and at a solid pace that was the sharpest since January 2022. Voluntary resignations were the main cause of the fall in staffing levels, according to respondents.

Employment Index

sa, >50 = growth since previous month

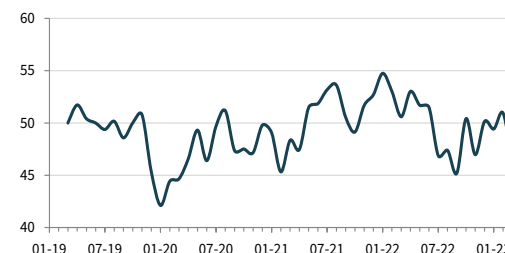


Backlogs of work

Backlogs of work decreased for the second time in the past three months during March, after having risen slightly in February. Moreover, the rate of depletion was solid and the most pronounced in six months. Panellists indicated that the ramping up of production had enabled them to complete projects.

Backlogs of Work Index

sa, >50 = growth since previous month



Prices

Input prices

Although manufacturers continued to see input prices increase during March, the rate of inflation softened for the second month running to the weakest since November 2019. Some firms indicated that raw material costs had risen again, but others noted that an improvement in the exchange rate against the Russian rouble had helped to alleviate some cost pressures.

Input Prices Index

sa, >50 = inflation since previous month

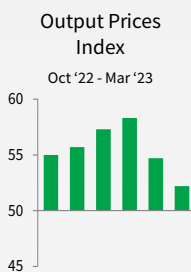
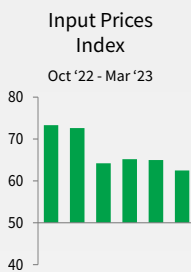
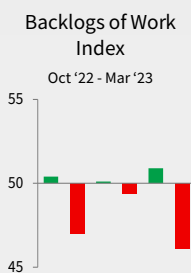
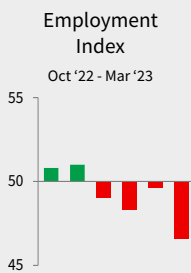


Output prices

Output prices increased only modestly in March as the rate of inflation continued to ease. The latest rise was the weakest since July 2020. The softer inflation in terms of selling prices was consistent with the picture for input costs.

Output Prices Index

sa, >50 = inflation since previous month



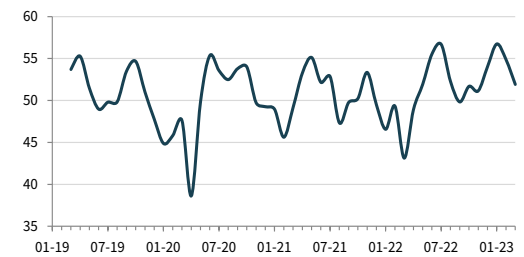
Purchasing and inventories

Quantity of purchases

March data pointed to a further monthly increase in purchasing activity in the Kazakh manufacturing sector, extending the current sequence of expansion to six months. Firms commonly linked higher input buying to increased new orders. That said, the rate of expansion softened to a four-month low.

Quantity of Purchases Index

sa, >50 = growth since previous month

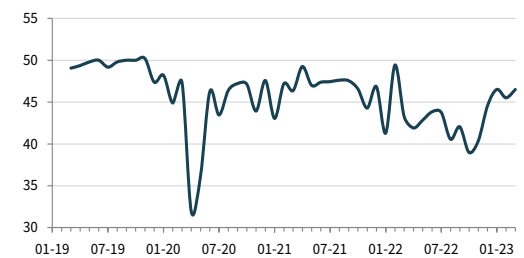


Suppliers' delivery times

As has been the case in each month since December 2019, suppliers' delivery times lengthened in March as logistical difficulties hampered the ability of suppliers to deliver on time. There were some signs of logistics improving, however, and the rate of deterioration in vendor performance was the joint-weakest in just over a year.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

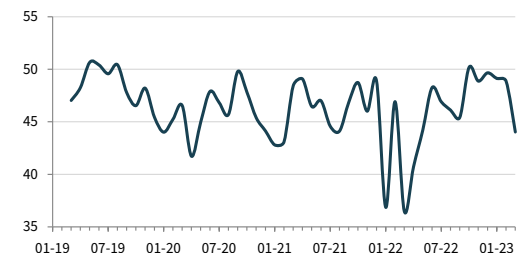


Stocks of purchases

The use of inputs to support growth of production caused a marked reduction in stocks of purchases in March. In fact, the fall was the sharpest since April 2022. Pre-production inventories have now decreased in each of the past five months.

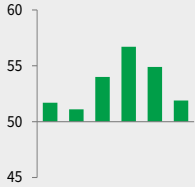
Stocks of Purchases Index

sa, >50 = growth since previous month



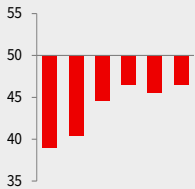
Quantity of Purchases Index

Oct '22 - Mar '23



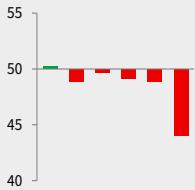
Suppliers' Delivery Times Index

Oct '22 - Mar '23



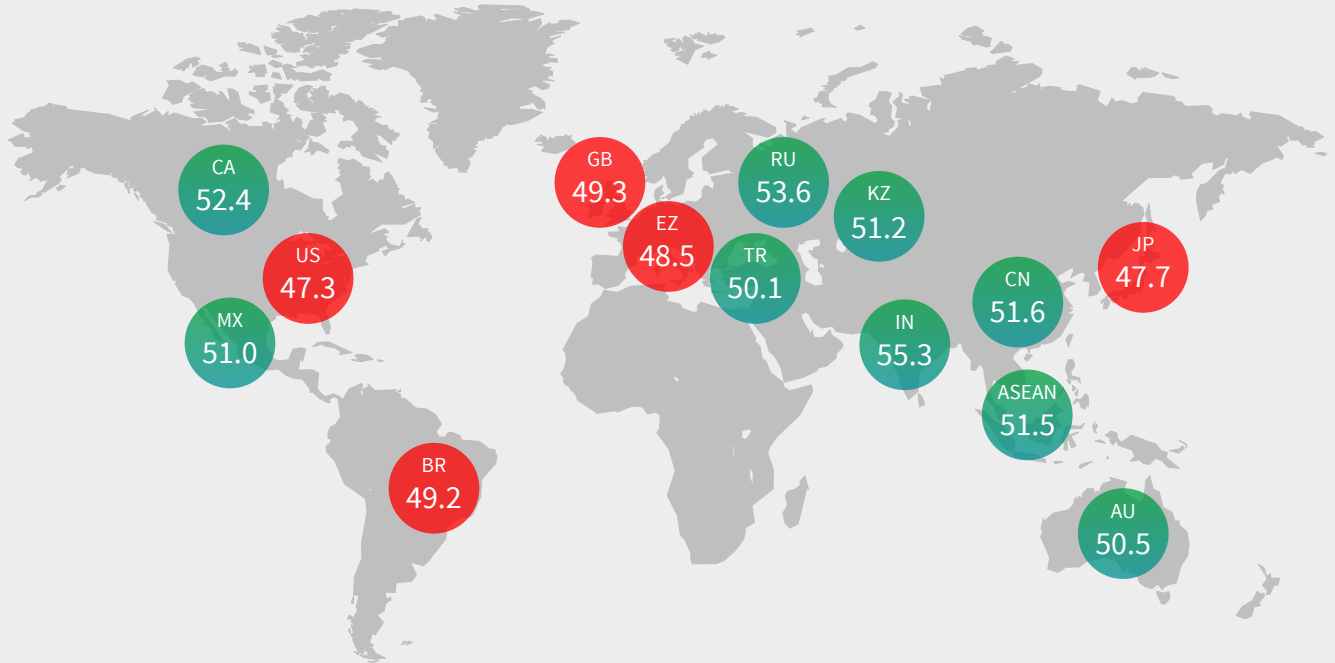
Stocks of Purchases Index

Oct '22 - Mar '23

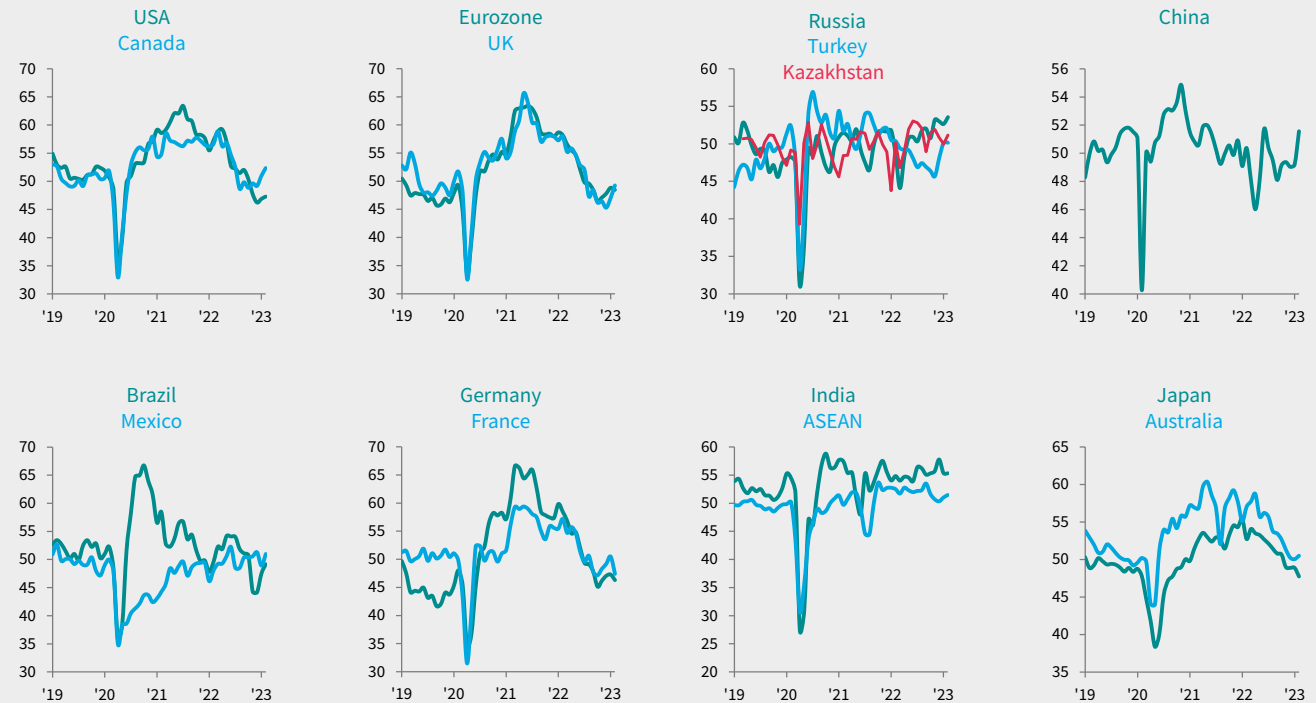


International PMI

Manufacturing PMI, Feb '23
 sa, >50 = improvement since previous month



Manufacturing PMI
 sa, >50 = improvement since previous month



Survey methodology

Survey panel size
250
manufacturers

Index calculation
% 'Higher'
+
(% 'No change')/2

The Tengri Partners Kazakhstan Manufacturing PMI™ is compiled by S&P Global 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.

Survey dates and history

March data were collected 10-24 March 2023.

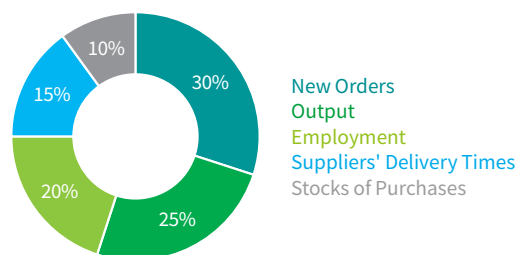
Data collection began in March 2019.

Index interpretation

50.0 = no change since previous month

Previous	Latest	Movement	Interpretation
49.0	51.0	▲	Growth, from decline
50.0	51.0	▲	Growth, from no change
51.0	52.0	▲	Growth, faster rate
52.0	51.0	▼	Growth, slower rate
52.0	52.0	▶	Growth, unchanged rate
51.0	50.0	▼	No change, from growth
49.0	50.0	▲	No change, from decline
50.0	50.0	▶	No change, from no change
51.0	49.0	▼	Decline, from growth
50.0	49.0	▼	Decline, from no change
49.0	48.0	▼	Decline, faster rate
48.0	49.0	▲	Decline, slower rate
48.0	48.0	▶	Decline, unchanged rate

PMI component weights



Sector coverage

Manufacturing PMI data include responses from companies operating in the entire manufacturing sector, including the following ISIC Rev.4 codes:

- | | | |
|---|---|---|
| C10 - Food Products | C17 - Paper and Paper Products | C25 - Fabricated Metal Products, Except Machinery and Equipment |
| C11 - Beverages | C18 - Printing and Reproduction of Recorded Media | C26 - Computer, Electronic and Optical Products |
| C12 - Tobacco Products | C19 - Coke and Refined Petroleum Products | C27 - Electrical Equipment |
| C13 - Textiles | C20 - Chemicals and Chemical Products | C28 - Machinery and Equipment N.E.C. |
| C14 - Wearing Apparel | C21 - Basic Pharmaceutical Products and Pharmaceutical Preparations | C29 - Motor Vehicles, Trailers and Semi-Trailers |
| C15 - Leather and Related Products | C22 - Rubber and Plastic Products | C30 - Other Transport Equipment |
| C16 - Wood and of Products of Wood and Cork, Except Furniture; Articles of Straw and Plaiting Materials | C23 - Other Non-Metallic Mineral Products | C31 - Furniture |
| | C24 - Basic Metals | C32 - Other Manufacturing |

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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.

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S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.com

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.

ihsmarkit.com/products/pmi.html

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