

News Release

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S&P Global Kazakhstan Manufacturing PMI®

Renewed increase in output amid further rise in new orders

Key findings

New business up solidly for second month running

Renewed increases in output, employment and purchasing

Business confidence hits record high

The Kazakh manufacturing sector returned to growth in March as firms responded to a further increase in new orders by expanding production, employment and purchasing activity. Moreover, business confidence was the highest since the survey began in March 2019.

The S&P Global Kazakhstan Manufacturing Purchasing Managers' Index™ (PMI®) posted 51.6 in March, back above the 50.0 no-change mark following a reading of 49.8 in February. The index pointed to a modest improvement in business conditions, but one that was the most marked since September last year.

New orders continued to rise in March, building on the return to growth in February with a further solid expansion as firms noted an improving demand environment.

Sustained growth of new orders led manufacturers to expand their production volumes at the end of the first quarter. The increase was the first in six months, albeit only slight.

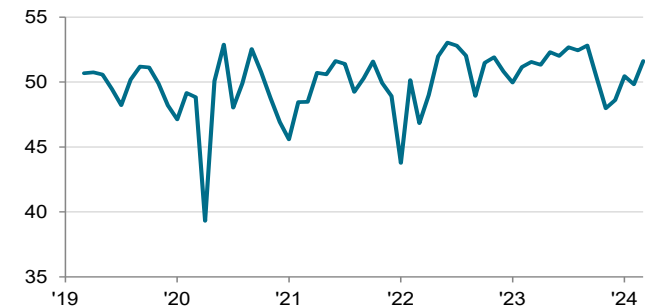
Firms were also increasingly confident that output will expand over the coming 12 months. In fact, business sentiment rose to the highest in the survey's history, surpassing the previous peak from March 2021. There were a number of reports of contracts being at the completion stage which should result in greater workloads in the coming months.

Higher production requirements led manufacturers in Kazakhstan to take action to improve their capacity, posting renewed increases in both employment and purchasing activity during March. The rise in input buying was the first in five months.

Returns to growth of output, employment and input buying helped firms to keep on top of orders, reducing backlogs of work for the first time in three months.

Stocks of both purchases and finished goods increased in March, reflecting expansions in input buying and production respectively.

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



Source: S&P Global PMI.
Data were collected 12-21 March 2024.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"There were a lot of encouraging signs in the latest S&P Global Kazakhstan Manufacturing PMI. Growth of new orders was built on by renewed expansions in production, employment and purchasing, while firms were bullish regarding future prospects.

"There were even signs that the logistics issues that have plagued the sector for so long may be easing, with supplier lead times lengthening only marginally in March. The positive overall performance hopefully paves the way for further expansions in the months ahead."

PMI®

by S&P Global

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The rise in stocks of purchases ended a four-month sequence of depletion, while stocks of finished goods increased for the second time in the past three months, albeit only fractionally as some firms used inventories to help fulfil orders.

There were signs of improving logistics in the latest survey period, although firms continued to face challenges securing inputs. Suppliers' delivery times lengthened again in March, but only marginally and to the least extent since May 2023.

Manufacturers continued to register sharp increases in input costs at the end of the first quarter, mainly linked to higher raw material prices. The rate of inflation softened from that seen in February, however, and was weaker than the series average.

The pace of output price inflation also eased in March. Charges were up only marginally and to a much lesser extent than input costs. While some firms passed on higher input prices to customers, others offered discounts in order to help secure new business.

PMI Output Index

sa, >50 = inflation since previous month



Source: S&P Global.

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Survey methodology

The S&P Global 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. Data collection began in March 2019.

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@spglobal.com.

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