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Tengri Partners Kazakhstan Manufacturing PMI®

Business conditions decline for first time in 14 months

Key findings

PMI drops below 50.0 no-change mark

New orders fall at fastest pace since March 2022

Selling price inflation at nine-month high

Data were collected 09-23 November 2023.

The latest PMI® survey data from Tengri Partners and S&P Global pointed to a renewed deterioration in business conditions in the Kazakhstan manufacturing sector amid declining demand. Output, new orders, employment, purchasing and inventories were all reduced midway through the final quarter of the year.

Input costs continued to rise sharply, leading firms to increase their own selling prices at the fastest pace since February.

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 posted below the 50.0 no-change mark for the first time in 14 months during November. At 48.0, the index was down from 50.3 in October and pointed to a modest deterioration in the health of the sector.

A key theme from the latest survey was the impact of a marked drop-off in demand in the sector.

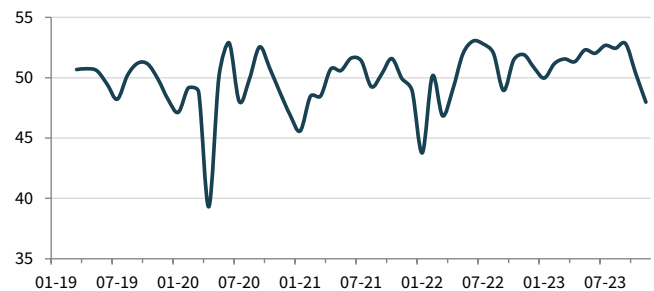
New orders decreased markedly as a result, with the rate of contraction accelerating to the fastest since March 2022. New business has fallen in two successive months following a sustained period of improvement during the opening three quarters of the year.

Manufacturing production also decreased for the second month running, albeit modestly.

With output requirements falling, firms scaled back their employment, purchasing activity and inventory holdings during

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



Sources: Tengri Partners, S&P Global PMI.

Comment

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

"The sudden and marked drop in demand signalled by the latest PMI data suggests that the manufacturing sector in Kazakhstan is struggling towards the end of the year. With workloads falling, firms have been looking to retrench, lowering their output, employment, purchasing and inventories in the hope of better days to come in the new year."

the month.

Employment fell modestly, thereby ending a six-month sequence of job creation. Meanwhile, the reduction in purchasing activity was the first since September 2022 and followed a marked expansion in input buying in October.

The drop in purchasing fed through to a fall in stocks of inputs, a marked turnaround from the previous month which had seen a record accumulation of pre-production inventories. Stocks of finished goods were also depleted, following no change in the previous survey period.

Despite scaling back operations in November, firms were still able to work through outstanding business due to the marked fall in new orders. Backlogs of work decreased for the third month running, and at the fastest pace since March.

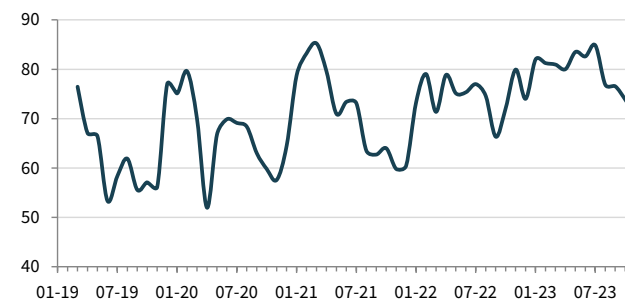
Higher raw material costs and unfavourable exchange rate movements against the US dollar meant that input prices increased sharply again in November. That said, the rate of inflation ticked down and was softer than the series average. Meanwhile, logistical issues continued to cause longer suppliers' delivery times.

With input costs rising sharply, manufacturers in Kazakhstan increased their own selling prices for the third month in a row. The rate of inflation quickened to the fastest since February.

Business confidence continued to wane amid subdued demand conditions, easing for the fourth successive month to the lowest in more than a year. Firms remained optimistic on balance, however, that production will increase over the coming 12 months, with confidence based on hopes for a pick-up in demand.

Kazakhstan Manufacturing PMI Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, S&P Global PMI.

Contact

Ilias Tsakalidis
Press Enquiries
Tengri Partners
i.tsakalidis@tengripartners.com

Maxim Kryuchkov
Tengri Partners
m.kryuchkov@tengripartners.com

Andrew Harker
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-016
andrew.harker@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

Survey methodology

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@spglobal.com.

Survey dates and history

November data were collected 09-23 November 2023.

Data collection began in March 2019.

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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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