

Embargoed until 1200 ALMT (0600 UTC) 03 February 2022

# Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

## Steep drop in business activity during January

### Key findings

Activity declines at fastest pace since April 2020 amid state of emergency

Inflows of new work drop at near-record pace

Business confidence picks up to 11-month high

Data were collected 12-27 January 2022.

The Kazakh service sector recorded a severe contraction in output during January, according to the latest PMI™ survey data from Tengri Partners covering the Kazakh services economy. Business activity and new work decreased markedly, with the rates of decline the fastest since April 2020 and the second-strongest on record, as the state of emergency impacted companies' ability to operate.

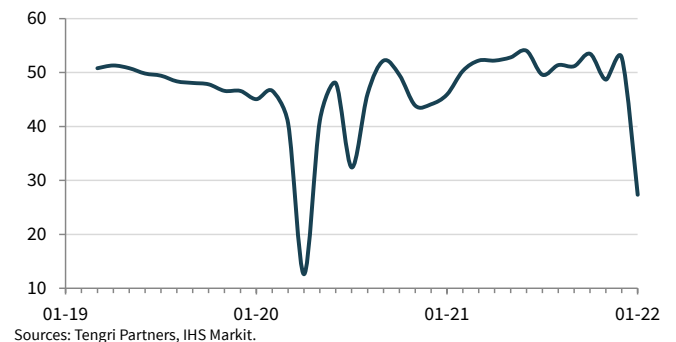
Nonetheless, firms recorded a notably uplift in business confidence in January. The level of sentiment hit an 11-month high, with optimism linked to hopes of a strong economic rebound.

The headline figure is the Business Activity Index. This is calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The index varies between 0 and 100, with a reading above 50 indicating an increase and below 50 a decrease. The index is adjusted for seasonal variation.

The seasonally adjusted Business Activity Index fell to a near-record low of 27.3 in January, down steeply from 52.7 in December. This signalled a fresh reduction in Kazakh services output, with the rate of decrease the fastest since April 2020 and steep overall.

Similarly, inflows of new work to Kazakh services firms dropped steeply in January. The respective seasonally adjusted index was the second-lowest in the near three-year survey history, above only the reading in April 2020 at the onset of the pandemic. According to survey respondents, the state of emergency in the country had stifled demand and led to temporary company closures.

Tengri Partners Kazakhstan Services PMI Business Activity Index  
sa, >50 = growth since previous month



Positive news came from the survey's principal forward-looking indicator, however. The Future Activity Index surged to an 11-month high in January, signalling strongly optimistic expectations at Kazakh service providers towards activity over the next 12 months. Confidence was linked through anecdotal evidence to hopes of a strong economic rebound following the end of the state of emergency, as well as expectations that the pandemic will recede and support a revival in client demand.

Nonetheless, firms recorded a further decrease in staffing levels in January, stretching the current sequence of falls to five months. Anecdotal evidence attributed the reduction to a number of factors including the state of emergency, employees leaving in search of higher wages and staffing issues related to the pandemic. The rate of job shedding was the quickest since last January and solid.

Elsewhere, inflationary pressures remained elevated in January. Input costs rose further, linked by respondents to greater fuel, staff, transport and utility costs. The rate of inflation was little-changed from December's four-month low, but still rapid in the context of historical data.

As a result, average charges levied by Kazakh service providers rose again in January. The rate of increase was the steepest on record. According to panellists, charges had risen in efforts to protect margins and pass-through greater costs to clients where possible.

## Tengri Partners Kazakhstan Composite PMI™

### Steep decline in private sector output during January

The Kazakhstan Composite PMI Output Index\* fell steeply from 51.6 in December to 30.9 in January. This signalled the second reduction in private sector output since last February. The rate of decline was the fastest since April 2020 as the state of emergency in the country hindered firms' operations.

Both sectors recorded marked reductions in output during January, although the pace of contraction in services was particularly steep.

January data also pointed to a rapid drop in new business at Kazakh private sector firms. Notably, the fall was the quickest since April 2020. Meanwhile, employment decreased further and at the fastest rate for 17 months. Goods producers registered a slightly quicker pace of job shedding than services firms.

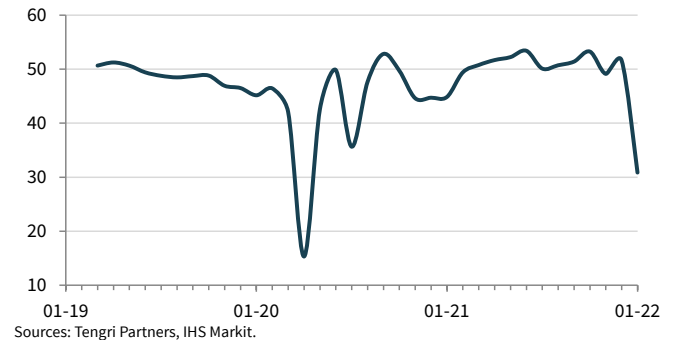
Input price pressures at the composite level eased in January, but remained historically elevated. Cost burdens rose sharply, but at the weakest rate since last March. Nonetheless, average charges levied by Kazakh firms rose at the strongest rate since last July.

Looking ahead, business confidence hit a nine-month high in January, with firms strongly optimistic of greater activity in the coming year.

*\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Kazakhstan Composite Output Index is a weighted average of the Kazakhstan Manufacturing Output Index and the Kazakhstan Services Business Activity Index.*

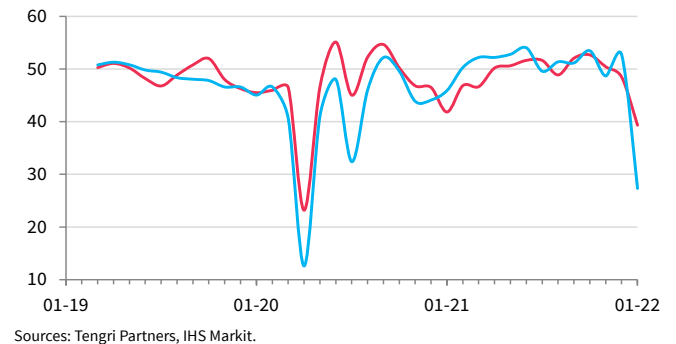
Tengri Partners Kazakhstan Composite PMI Output Index

sa, >50 = growth since previous month



Tengri Partners Kazakhstan Manufacturing PMI Output Index  
Tengri Partners Kazakhstan Services PMI Business Activity Index

sa, >50 = growth since previous month



## Comment

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

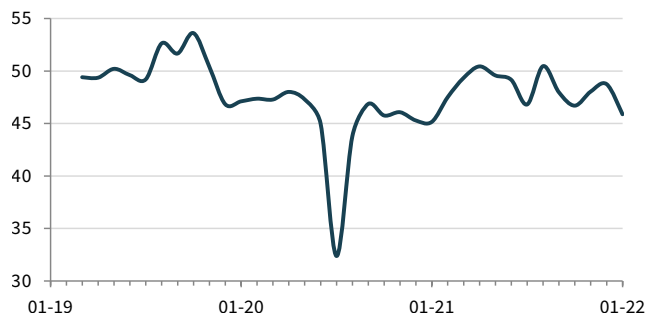
*"Service providers recorded a steep decline in business activity and new work during January as the state of emergency impacted companies' ability to operate and stifled demand. With a similar trend observed in the goods producing sector, private sector output overall fell sharply in January.*

*"That said, private sector firms are optimistic of a rebound with the state of emergency having ended. Sentiment towards activity over the next year hit a nine-month high in January, with survey respondents noting that they expect a strong*

*economic recovery in the next 12-months, due also in part to expectations that COVID-19 restrictions will ease and demand will pick up."*

### Services Employment Index

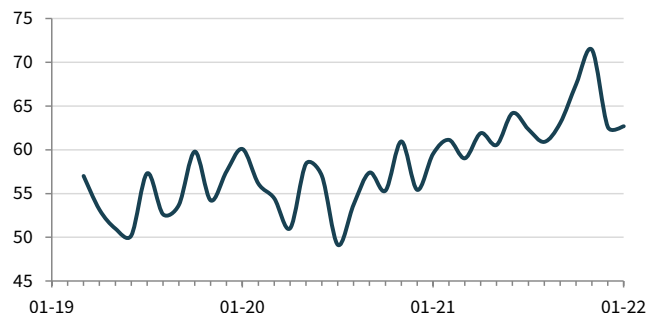
sa, >50 = growth since previous month



Sources: Tengri Partners, IHS Markit.

### Services Input Prices Index

sa, >50 = inflation since previous month



Sources: Tengri Partners, IHS Markit.

## Contact

Ilias Tsakalidis  
 Press Enquiries  
 Tengri Partners  
[i.tsakalidis@tengripartners.com](mailto:i.tsakalidis@tengripartners.com)

Maxim Kryuchkov  
 Tengri Partners  
[m.kryuchkov@tengripartners.com](mailto:m.kryuchkov@tengripartners.com)

Lewis Cooper  
 Economist  
 IHS Markit  
 T: +44-1491-461-019  
[lewis.cooper@ihsmarkit.com](mailto:lewis.cooper@ihsmarkit.com)

Joanna Vickers  
 Corporate Communications  
 IHS Markit  
 T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### Survey methodology

The Tengri Partners Kazakhstan Services PMI™ is compiled by IHS Markit from responses to questionnaires sent to a panel of around 250 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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

January data were collected 12-27 January 2022.

Data collection began in March 2019.

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### About Tengri Partners

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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2022 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).

### 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](https://ihsmarkit.com/products/pmi.html)