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# Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

## Business activity down for first time in six months as new order growth slows

### Key findings

Softest rise in new orders since April

Further solid expansion in employment

Inflationary pressures remain marked

Data were collected 12-27 September 2022.

The latest PMI™ survey data from Tengri Partners pointed to signs of weakness across the Kazakh service sector in September. New order growth slowed, leading to a reduction in business activity for the first time since March. More positively, employment growth was sustained at the end of the third quarter.

On the price front, input costs continued to rise sharply, with firms subsequently passing on higher prices to their customers.

The headline figure from the survey 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 dropped to 49.1 in September, down from 52.7 in August. The reading therefore signalled a first reduction in output across the sector since March, albeit one that was only slight.

Although some firms continued to benefit from increases in new orders, the overall reduction in activity reflected signs of demand softening and difficulties with financing.

New orders rose for the sixth month running in September. That said, the latest data signalled a marked slowdown in the pace of expansion following the survey record posted in the previous month. The increase was the softest since April as some companies reported signs of demand easing.

With new business continuing to rise, service providers were encouraged to take on additional staff again at the end of the

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



Sources: Tengri Partners, S&P Global.

third quarter. Some respondents cited business expansion plans as a factor behind hiring decisions. Employment increased for the second month running, the first back-to-back rises in staffing levels since the period of job creation which ended in November 2019. The pace of increase softened from that seen in the previous survey period, but remained solid nonetheless.

Cost pressures remained elevated in September, although the rate of input price inflation continued to moderate and was the slowest since February. A number of factors led to the latest increase in cost burdens, most notably higher diesel and utility charges. In addition, currency weakness and rising salaries added to inflationary pressures.

In turn, companies raised their own selling prices, and at a marked pace. The rate of charge inflation softened slightly from that seen in August, however.

With economic conditions in the country and internationally challenging at present, companies were less optimistic regarding the year-ahead outlook for business activity than in the previous survey period. In fact, sentiment was at a six-month low in September. Close to half of all respondents maintained an optimistic outlook, however, and confidence remained above the series average as a result. Positive sentiment generally stemmed from hopes that market conditions will show signs of improvement.

## Tengri Partners Kazakhstan Composite PMI™

### Output falls for first time in six months

The Kazakhstan Composite PMI Output Index\* dropped below the 50.0 no-change mark in September, signalling a reduction in private sector output for the first time in six months. At 48.5, the reading was down from 52.0 in August. Output decreased across both the manufacturing and service sectors, with the rate of decline more marked in the former.

While new orders continued to rise, the rate of expansion was the softest in five months. A reduction in manufacturing new business contrasted with a further expansion across the service sector.

Services also led a continued expansion of workforce numbers, which increased for the third month running. The rise in employment was only marginal, however.

Input prices continued to rise sharply, with the rate of inflation quickening from the previous month. Cost pressures were particularly pronounced in the manufacturing sector. Similarly, strong output price inflation in manufacturing led to the sharpest rise in private sector charges in four months.

Finally, business confidence dropped sharply, falling to the weakest in the year-to-date.

*\*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

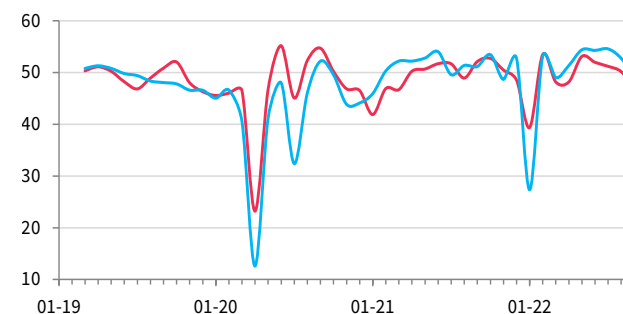
sa, >50 = growth since previous month



Sources: Tengri Partners, S&P Global.

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

sa, >50 = growth since previous month



Sources: Tengri Partners, S&P Global.

## Comment

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

*"Latest PMI data suggested that the recent strong growth patch lost some momentum at the end of the third quarter, with demand waning to some extent, leading companies to pull back on activity. Companies continued to expand workforce numbers, however, providing hope that the drop in September may prove to be a temporary blip.*

*"Coming on the back of the weakness in the manufacturing PMI data seen earlier in the week, these numbers point to a difficult end to the third quarter for the private sector as a whole. Companies will therefore be hoping for an improvement in market conditions over the final quarter of the year."*

### Services Employment Index

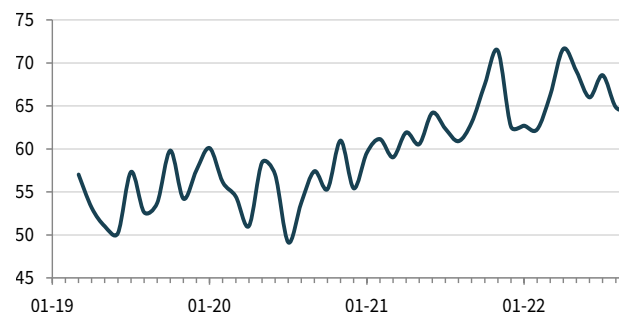
sa, >50 = growth since previous month



Sources: Tengri Partners, S&P Global.

### Services Input Prices Index

sa, >50 = inflation since previous month



Sources: Tengri Partners, S&P Global.

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### Survey methodology

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

September data were collected 12-27 September 2022.

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.

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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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