

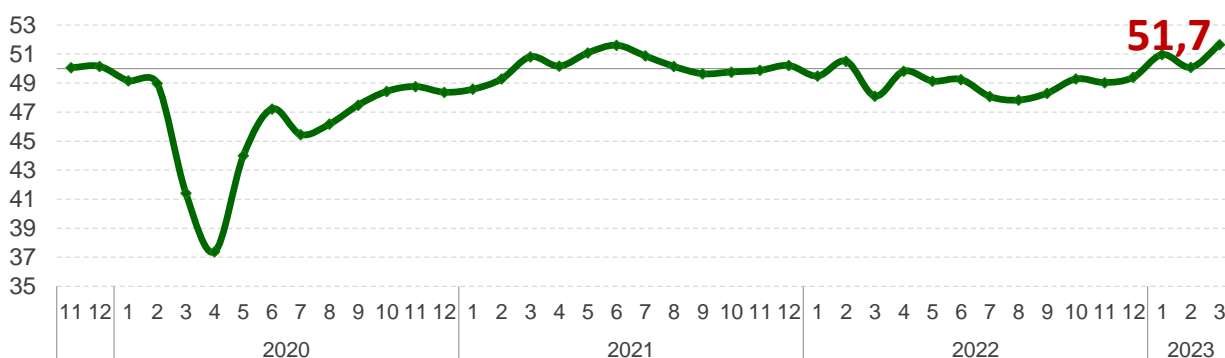


Business activity index

March 2023

Business activity improved in March, despite the supply problems. Enterprises of all sectors note an increase in the volume of new orders and inventories.

Graph 1. Dynamics of business activity index (BAI)*



* A value of the indicator above level 50 means a positive change, below level 50 - a negative. The further (higher or lower) the index value is from the 50 level, the higher the rate of change (increase or decrease) of the indicator.

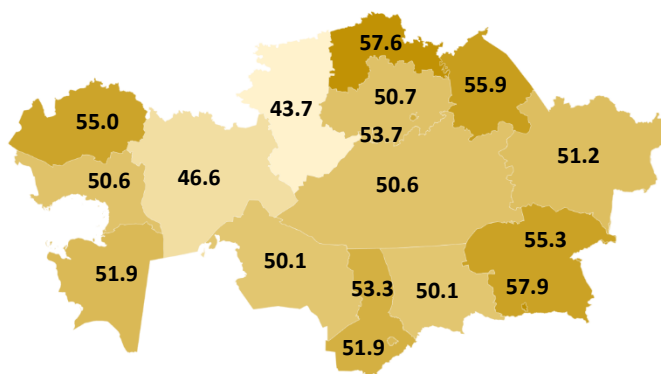
The business activity index rose to 51.7 in March 2023.

The improvement in business activity was noted in all sectors, except for the mining industry, where the index, despite a slight increase to 48.6 (from 46.7 in February), remained in the negative area due to long delivery times, a decrease in employment and the volume of new products. In other sectors, there was a positive change in all components of the index, except for delivery dates. A noticeable increase in the indicator was noted in production, where the index moved from the negative area to the positive, amounting to 53.1 (in February – 49.8). In the construction and services sectors, the index rose to 53.6 and 51.6, respectively (from 51.9 and 50.7 in February).

Graph 2. BAI in March by regions

In 15 regions business activity improved, in 2 regions it worsened.

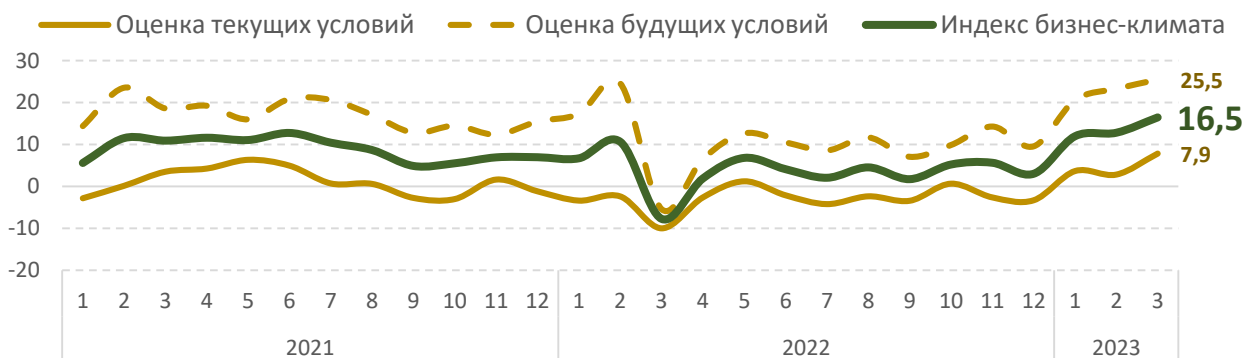
The index was below the 50 mark in Kostanay (43.7) and Aktobe (46.6) regions. The highest index value was noted in Almaty city (57.9).



Business climate index

The business climate index has increased noticeably. According to respondents, business conditions improved in March. Enterprises expect more favorable business conditions in the future.

Graph 3. Dynamics of business climate index (BCI)*



* To assess current and future business conditions, a balance of responses (BO) is used, which is calculated as the difference between the shares of positive and negative answers to questions about changes in business conditions. An index value above 0 indicates an improvement, below 0 indicates a deterioration of the situation.

Assessments of all factors of current business conditions have improved.

Demand and infrastructure were positively assessed, negative assessments slightly prevailed for other factors of business conditions (tax burden, access to finance/loans, business protection issues), but there was a noticeable improvement compared to February.

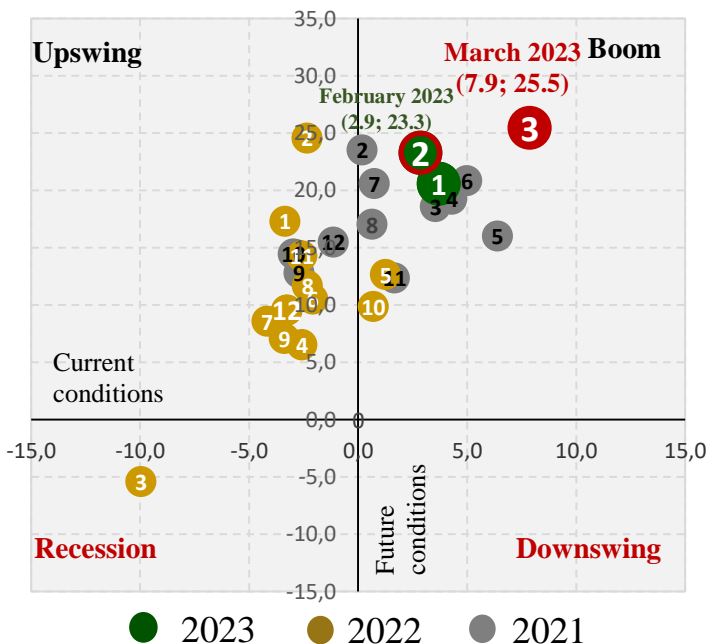
In March 2023 the business cycle clock indicator remained in the boom area

Enterprises' assessment of current business conditions has increased to 7.9.

The assessment of future business conditions for the next 6 months made 25.5.

* Business cycle clock is developed by Ifo institute demonstrates in which phase of the cycle the economy was in a certain period. To construct it the series of current conditions (X axis) and future conditions (Y axis) assessments are used.

Graph 4. Business cycle clock



METHODOLOGICAL COMMENT

¹ The information was prepared based on the results of monthly survey of enterprises participating in the monitoring of the real sector.

² The business activity index is calculated as an aggregated change in such indicators of enterprises as the volume of new orders, the level of employment, the volume of new products, the volume of inventories, delivery times.

³ To calculate the Business Activity Index, the diffusion index (DI) is used, which is calculated as the sum of positive responses and half of the responses unchanged. This index is a generalized indicator characterizing the dynamics of changes in the indicator.

⁴ To calculate the business climate index (BCI), according to the methodology of the Ifo Institute, a balance of answers (BA) on indicators of business conditions in the current month (SIT) and expected changes in business conditions in the next 6 months (EXP) is used:

$$BCI^* = \sqrt{(BA(SIT) + 200) * (BA(EXP) + 200)} - 200$$

where, BA – balance of answers

SIT – current economic condition

EXP – expected economic condition

⁵ The BA (balance of answers) is calculated as the difference between the shares of positive and negative responses to questions about changing business conditions. Enterprises choose one of the three suggested answers "improved", "have not changed" and "worsened". The response shares are calculated using weights.

⁶ The business cycle clock, developed by the Ifo Research Institute, is a diagram (coordinate system) divided into four quadrants using the crosshair of two zero lines, which from the point of view of the business situation refer to the four stages of the economic cycle: upswing, expansion, downswing, recession. If the assessment of current conditions is negative and expectations are positive, the economy is in the upswing area, if both the assessment of current conditions and expectations are positive, then the economy is in the expansion phase, etc.

⁷ The data in the diagrams are seasonally adjusted (except for the assessment of future conditions and the assessment of factors).

⁸ Changes are possible in the previous months dynamics due to seasonal clearing and GVA adjustment.

⁹ Detailed information by sector (information about the sample, the dynamics of indicators, the results of the distribution of responses) is presented in the dashboard.

¹⁰ As the representativeness of the sample by region by sector is achieved, the calculation results will be presented in accordance with the new administrative-territorial structure.