

News Release

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S&P Global Kazakhstan Manufacturing PMI[®]

New orders return to growth but production continues to fall

Key findings

First rise in new business since last September

Production and employment decrease

Output price inflation at one-year high

While overall business conditions in the Kazakhstan manufacturing sector deteriorated in February amid reductions in output, employment and stocks of inputs, there were some signs of encouragement for manufacturers as new orders increased for the first time in five months. Meanwhile, the rate of input cost inflation quickened and output prices were raised to the largest extent for a year.

The S&P Global Kazakhstan Manufacturing Purchasing Managers' Index™ (PMI[®]) dipped below the 50.0 no-change mark in February, posting 49.8 from 50.5 in January. The index signalled a fractional deterioration in the health of the manufacturing sector, and one that was the third in the past four months.

Central to the overall worsening of business conditions was a solid and accelerated fall in manufacturing production. Output decreased for the fifth month running, with panellists reporting raw material shortages and funding issues alongside recent demand weakness.

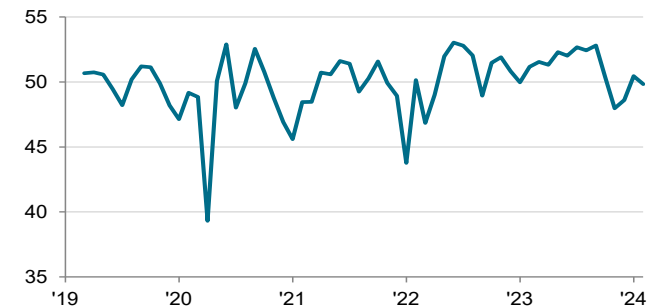
In line with the picture for output, firms scaled back their employment and purchasing activity midway through the opening quarter of the year. The modest decline in staffing levels followed a rise in the previous survey period, while input buying has now fallen in four consecutive months.

On a more positive note, new orders returned to growth in February, ending a four-month sequence of decline. Moreover, the rate of expansion was solid as firms noted signs of demand improving.

With new orders rising but output and employment falling, manufacturers saw an accumulation of outstanding business for the second month running. Although modest, the rate of increase in backlogged work quickened to the sharpest since June 2022.

Reduced production volumes meant that firms often used inventories to help meet the rise in new orders. As a result,

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



Source: S&P Global PMI.
Data were collected 12-22 February 2024.

Comment

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

"There were some glimmers of hope from the latest Kazakhstan manufacturing PMI survey as a renewed expansion in new orders provided optimism that the sector can start to generate output growth over the months ahead.

"For now, however, issues with staffing, material supply and rising costs are limiting opportunities for growth and contributing to falling output volumes."

PMI[®]

by S&P Global

stocks of finished goods dropped, reversing a rise seen in January.

Stocks of purchases also fell amid lower purchasing activity and continued delays in the receipt of purchased items from suppliers. Longer lead times reflected logistical issues and poor weather conditions. The latest deterioration in vendor performance was the least marked since last September, however. Meanwhile, the fall in stocks of purchases was the least pronounced in the current four-month sequence of depletion.

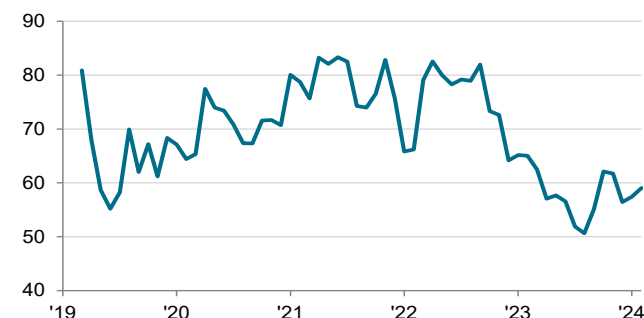
Where firms did purchase inputs, they were faced with sharply rising prices. In fact, the rate of input cost inflation quickened for the second consecutive month. There were widespread reports of higher raw material prices.

Hikes in material costs, plus increases in charges for logistics and utilities, led manufacturers to increase their own selling prices again in February. Furthermore, the rate of inflation quickened to a one-year high.

Plans to expand production in the coming months and hopes that demand conditions will improve supported continued optimism in the year-ahead outlook for output. Business confidence remained elevated and well above the five-year series average as around 65% of panellists predicted a rise in output over the next 12 months.

PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global PMI.

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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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