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# Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

## Rebound in new orders received at Kazakh service providers in January

### Key findings

Activity falls at a softer pace

Modest rise in new business, following two months of contraction

Business expectations improve from December's

Data were collected 12-26 January 2023.

The latest PMI™ survey data from Tengri Partners covering the Kazakh services sector signalled a fall in business activity at the start of 2023. Moreover, job shedding across the sector gathered pace as payroll numbers contracted for the second month running.

However, while service sector activity fell for the third consecutive month, new orders rose for the first time since last October. Additionally, business expectations also hit a five-month high in January, with confidence more pronounced than seen on average since the survey began in March 2019.

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 printed a sub-50 reading for the third consecutive month in January. However, the index ticked up from December's recent low of 48.2 to 48.7, signalling a softer downturn in services activity across Kazakhstan.

As a result of the ongoing downturn in activity, employment figures also worsened during January, with the latest data signalling a quicker rate of job shedding amid reports of resignations and layoffs. Staffing levels have now decreased in two successive months, although in both cases the rate of job cuts has been marginal.

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



Sources: Tengri Partners, S&P Global.

Turning to prices, after having moderating for the most part of the second half of last year, both input price and charge inflation picked up in January. The upturn in expenses reflected higher costs for raw materials, increased supplier prices and growth in wages. Surveyed businesses in turn raised their charges to maintain their margins.

Positively, however, there was a renewed expansion in new work across service sector providers in Kazakhstan in the opening month of 2023. Panellists reported a fresh rise in incoming new business for the first time since last October as anecdotal evidence highlighted new contract wins and improved demand conditions. Moreover, the pace of expansion was the fastest in five months and marked in the context of historical data.

The latest data represented a mixed picture of the Kazakh service sector in January as activity and employment posted further declines but new business returned to growth. Looking forward, business expectations hit a five-month high in January and posted comfortably above the historical average, after having dipped to the lowest since October 2021 at the end of last year. As per anecdotal evidence, a number of the surveyed businesses are banking on new contract wins to help support growth, hopeful that the latest solid upturn in new orders will translate into greater service activity in the coming months.

## Tengri Partners Kazakhstan Composite PMI™

### Growth in new orders for the first time in three months

The Kazakh private sector\* registered a fifth successive month of deterioration in activity during January. Of the two broad categories, goods producers reported the softer contraction in output, despite the pace of decrease quickening over the course of the month. Simultaneously, business activity across service providers fell at a weaker rate than in December.

Encouragingly, new orders rose for the first time in three months after being unchanged in the previous two survey periods. Growth was led by a modest expansion at service providers, while the upturn in factory orders was only marginal.

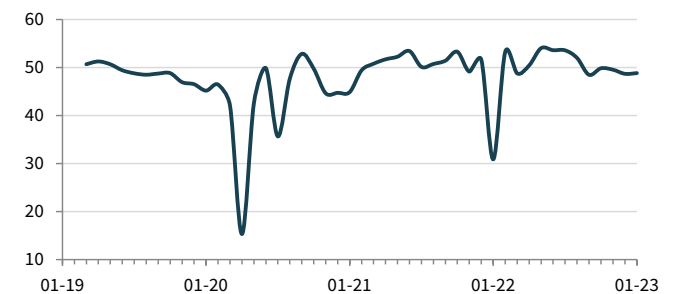
Turning to prices, after recording moderations towards the end of 2022, both input price and output charge inflation accelerated at the beginning of the year. That said, the upturns were softer than the respective averages for 2022.

Despite output and employment continuing to decline in January, the picture overall across the Kazakh service sector showed some signs of improvement as new orders rose modestly. Moreover, output expectations also strengthened to a six-month high in January and posted above the historical average.

*\*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

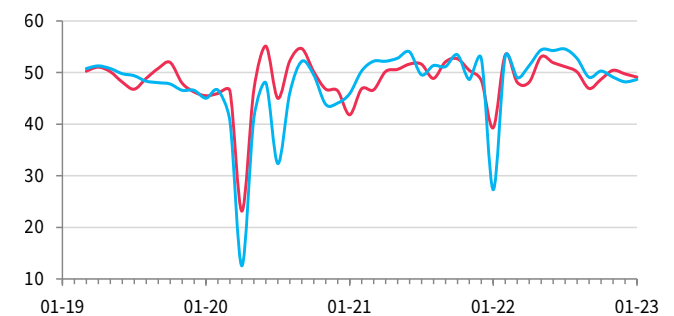
sa, >50 = growth since previous month



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.

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

"The latest PMI data signalled a softer downturn in services activity at the start of 2023. That said, output declined for the third month running as the rebound in new orders failed to translate into higher activity during January. Moreover, price pressures intensified from the recent lows recorded in December.

"Despite improved sentiment across surveyed businesses, the ongoing war in Ukraine remains harmful for prospects

in the year ahead with the sector already finding difficulty in maintaining growth momentum in 2022."

### Services Employment Index

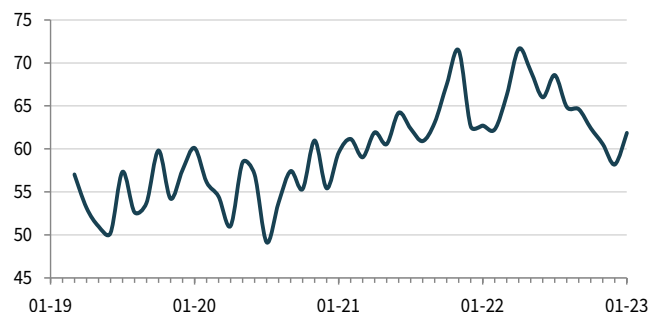
sa, >50 = growth since previous month



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

January data were collected 12-26 January 2023.

Data collection began in March 2019.

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### About Tengri Partners

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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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