

News Release

Embargoed until 1200 ALMT (0600 UTC) 3 April 2024

S&P Global Kazakhstan Services PMI[®]

Improved demand picture underpins fresh expansions in activity and new business

Key findings

Fresh rise in new business supports renewed growth in activity

Downturn in employment extends to second consecutive month

Cost burdens rise at quicker pace, but charge inflation eases

The latest PMI[®] survey data from S&P Global revealed a renewed rise in business activity and new business inflows across Kazakhstan's service sector during March. However, the renewed upturn in business activity failed to translate through to employment. Job shedding entered its second consecutive month, with the rate of contraction seen in February broadly matched in the latest survey period.

In terms of prices, cost burdens grew at a rapid and accelerated pace in March. Meanwhile, firms sought to limit the passthrough of cost burdens on to their clients as the rate of output price inflation moderated further and was much weaker in comparison.

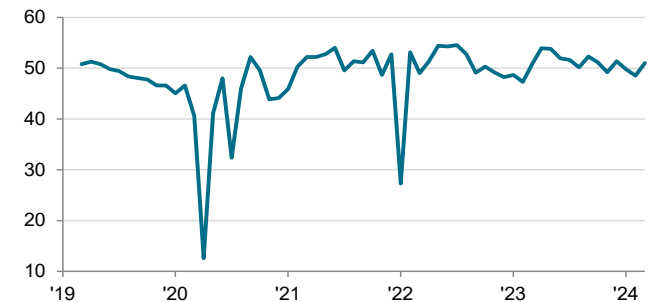
The headline figure is the Business Activity Index. This is calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The index varies between 0 and 100, with a reading above 50 indicating an increase and below 50 a decrease. The index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

Posting above the 50.0 no-change mark that separates growth from contraction for the first time in three months, the seasonally adjusted Business Activity Index registered at 51.0 in March, from 48.5 in February. The latest upturn in business activity was modest overall.

Central to the rise in activity was a fresh expansion in new business inflows during March. According to panellists, improvement in underlying demand trends supported renewed growth in new business inflows and activity.

Despite renewed gains in new business and activity, employment fell for the second consecutive month across service providers in March. The rate of job shedding was broadly unchanged from the previous survey period.

S&P Global Kazakhstan Services PMI Business Activity Index
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 12-25 March 2024.

Respondents sometimes commented on high staff turnover. There were also some reports of companies actively cutting back on their staffing levels.

Labour costs, alongside rising material prices were commonly cited by panellists as being one of the biggest contributors to growing cost burdens during March. The rate of input price inflation in fact quickened for the fourth month running to the highest since October 2022.

Charges also rose across Kazakhstan's service sector at the end of the first quarter. However, diverging from the trend seen for input prices, the rate of charge inflation moderated for the second straight month in March to the weakest in the year to date.

Lastly, services companies across Kazakhstan remained optimistic for the 12-month outlook for activity during the latest survey period. More than half of panellists anticipated expansions in activity in the year ahead. Meanwhile, for the first time in the history of the survey, which began in March 2019, none of the respondents were downbeat.

PMI[®]

by S&P Global

© 2024 S&P Global

Comment

Maryam Baluch, Economist at S&P Global Market Intelligence, said:

"The Kazakh service sector signalled solid growth in business activity during March, shrugging off the contractions seen in the first two months of the year. Anecdotal evidence pointed to improved demand conditions which helped revive growth in new orders and activity. Additionally, though employment has been falling for the past two months, if demand can be sustained, this allows opportunities for growth in workforce numbers.

"In terms of inflation, rising labour and material prices pushed cost burdens higher. However, there were some signs that Kazakh service companies refrained from passing the entirety of their costs on to customers, as the rate of charge inflation moderated on the month. Lastly, firms were hopeful that demand conditions will improve and in turn support further expansions in activity in the coming year."

S&P Global Kazakhstan Composite PMI®

Renewed rise in Kazakh private sector activity in March

The Kazakhstan Composite PMI* moved into expansion territory for the first time in five months by rising up to 50.9 in March, from 47.7 in February. Underlying data highlighted fresh gains in output across both the sub-sectors.

The upturn in activity can be traced back to the improving demand picture. Inflows of new business rose at the strongest pace since last September, with both sectors signalling solid growth.

Additionally, a fresh rise in manufacturing employment helped to largely offset the downturn seen across the service sector. Thereby, private sector employment fell only fractionally in March.

In terms of prices, cost burdens grew at an accelerated pace, driven by the service sector. That said, the rate of charge inflation moderated.

Lastly, sentiment regarding the year ahead outlook was the most optimistic in just over two years.

Contact

Maryam Baluch
Economist
S&P Global Market Intelligence
T: +44 13 4432 7213
maryam.baluch@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The S&P Global 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. 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 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@spglobal.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.