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Tengri Partners Kazakhstan Manufacturing PMI™

New order growth hits four-month high

Key findings

Sharper growth of new business

Further rises in output, employment and purchasing

Softest increase in input costs on record

Data were collected 10-23 August 2023.

The latest PMI™ survey data from Tengri Partners and S&P Global signalled ongoing growth in the Kazakh manufacturing sector midway through the third quarter of the year. New orders rose to the greatest extent since April, with firms increasing their output, employment and purchasing activity in response.

Meanwhile, cost inflation continued to dissipate, slowing again to the lowest level since the survey began in March 2019. In turn, firms reduced their own selling prices for the third successive month.

The headline Kazakhstan Manufacturing PMI is a composite single-figure measure of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement in the sector.

The headline PMI posted above the 50.0 no-change mark for the seventh consecutive month in August, dipping only marginally from 52.7 in July to 52.4. As such, the index signalled a further solid improvement in the health of the sector.

Central to the latest strengthening of business conditions was a solid and accelerated expansion in new orders. New business increased for the tenth month running, and at the fastest pace since April amid reports from panellists of stronger demand conditions.

New order growth led manufacturers to expand their production again, extending the current sequence of increase to six months. That said, the latest rise was slight and softer than that seen in July.

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Tengri Partners Kazakhstan Manufacturing PMI™

sa, >50 = improvement since previous month



Sources: Tengri Partners, S&P Global PMI.

Comment

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

"August saw further success in the securing of new orders among Kazakh manufacturers, with growth even picking up to a four-month high. One of the main beneficiaries of these demand improvements has been the labour market, with employment rising at among the fastest rate in four-and-a-half years of data collection in August."

"The recent trend of cost pressures fading continued, with input prices rising at the weakest pace on record. This prompted firms to lower their own selling prices again, thus helping to keep new orders flowing in."

Firms made further efforts to expand workforces midway through the third quarter. Employment increased for the fourth consecutive month, and at a solid pace that was only slightly weaker than July's survey record. Despite these improvements in capacity, the strength of new order growth meant that backlogs of work increased for the second time in the past three months.

Efforts to satisfy order requirements meant that finished products were often dispatched to customers immediately on completion, resulting in a further depletion of post-production inventories.

Manufacturers also expanded their purchasing activity, the eleventh month running in which that has been the case, although the rate of increase was the softest since last November. The use of inputs to support production meant that stocks of purchases were broadly unchanged despite sustained growth of input buying.

The rate of input cost inflation eased for the third consecutive month and was only marginal. In fact, the increase was the smallest in the four-and-a-half year survey history. A strengthening of the tenge against the Russian ruble helped to ease the pressure on raw material prices, according to respondents.

With cost pressures fading, firms again opted to lower their own selling prices. Charges decreased for the third month in a row.

Suppliers' delivery times lengthened to the greatest extent in five months during August as logistical issues continued to cause delays in the receipt of inputs.

Business confidence dipped amid concerns around the longer-term sustainability of demand, but firms remained optimistic that output will increase over the coming year, and sentiment was above the series average.

Survey methodology

The Tengri Partners 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.

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@ihsmarkit.com.

Survey dates and history

August data were collected 10-23 August 2023.

Data collection began in March 2019.

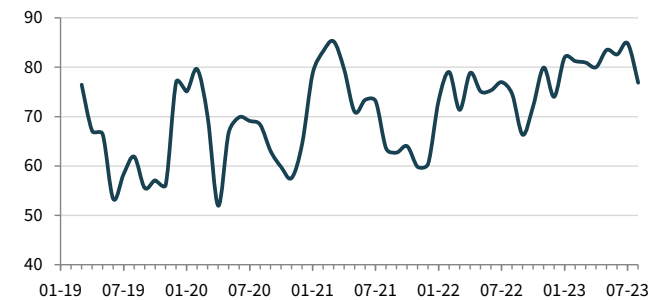
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Kazakhstan Manufacturing PMI Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, S&P Global PMI.

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About S&P Global

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