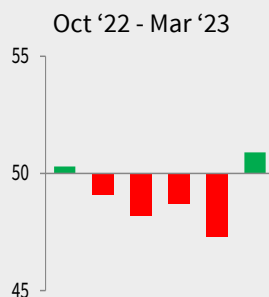


# Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

## Strong growth in new business drives fresh rise in activity

### Tengri Partners Kazakhstan Services Business Activity Index



### Business activity rises for the first time in five months

### Strong growth in new business

### Price pressures further abate

Service sector companies across Kazakhstan registered a return to growth as business activity rose for the first time in five months in March. Moreover, inflows of new business have now risen over the last three months, with growth in March registering the fastest since August 2022.

Additionally, pressures on prices further moderated during the latest survey period. Service sector expenses inclined at the slowest pace in 27 months, while output price inflation was the weakest in over a year.

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 rose from 47.3 in February to 50.9 in March. Above the neutral 50.0 threshold, the headline figure signalled mild growth overall but marked the first month of expansion since October last year.

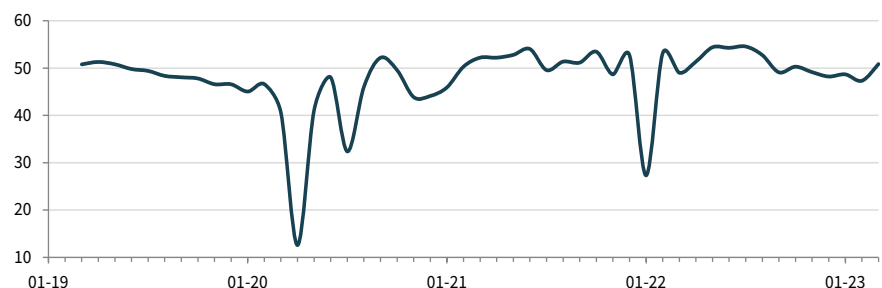
The growth reported in new business over the first quarter was central to the renewed increase in business activity at Kazakh service firms during March. Moreover, new order growth quickened to the fastest in seven months and was strong in the context of historical data. According to anecdotal evidence, the latest upturn in new orders was linked to higher client demand and undertaking new projects.

That said, Kazakh services employment fell for the fourth successive month, reflecting both layoffs and resignations. Nonetheless, mentions of new hires amid greater business requirements

*continued...*

Tengri Partners Kazakhstan Services Business Activity Index

sa, >50 = growth since previous month



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helped to slightly offset the downturn in employment and resulted in a slightly softer rate of job shedding than that seen in the preceding survey period.

In terms of prices, general price hikes, higher costs from suppliers and growth in salaries added to company expenses. As a result, service sector input costs rose for the thirty-second consecutive month in March. However, the rate of inflation was the slowest since December 2020, and weaker than the historical average.

Consequently, output price inflation also eased in March, with the latest uptick in prices charged for the provision of services the softest in 13 months.

Looking ahead, while service providers across Kazakhstan remained upbeat

regarding the prospects for growth in business activity in the coming 12 months, optimism fell sharply for the second month running and was the lowest since October 2021. Those companies expecting activity to rise linked confidence to hopes of further growth in customer numbers and improving market conditions.



## Comment

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

*"As the first quarter concluded, a return to growth in business activity resulting from a stronger increase in new business inflows better situates the Kazakh service sector for the year ahead. Moreover, price pressures continued to subside, with the slowest increases noted in input costs and output charges in 27 and 13 months respectively."*

*"Despite the positive performance in March, service providers remained cautious as employment figures fell for the fourth month running and the 12-month outlook was the weakest in 17 months and historically subdued."*

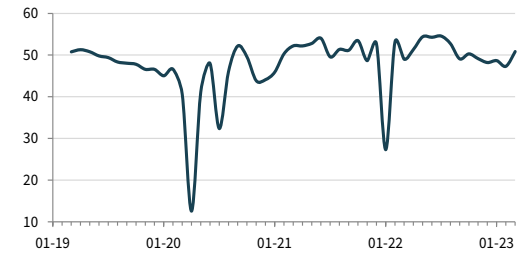
## Activity and demand

### Business activity

After registering contractions in the previous four months, March data revealed a fresh – albeit mild - rise in business activity across Kazakhstan’s service sector. According to respondents, new projects and greater demand helped drive the upturn.

### Business Activity Index

sa, >50 = growth since previous month

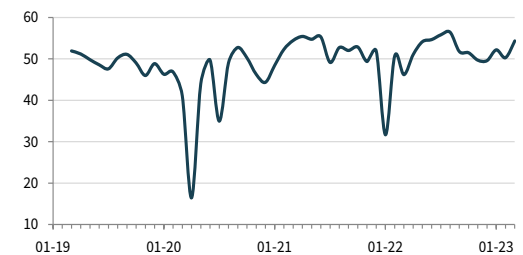


### New business

Inflows of new business received at service sector firms across Kazakhstan increased for the third month running in March. Moreover, the pace of growth quickened from February to the fastest seen in seven months. The uptick in new sales was largely underpinned by a stronger demand environment, with many panellists also reporting the signing of new contracts.

### New Business Index

sa, >50 = growth since previous month

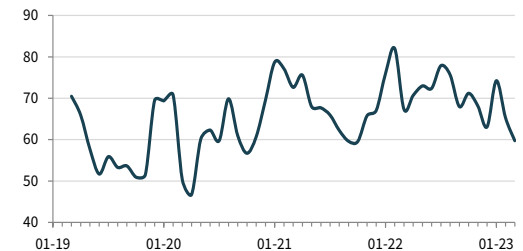


## Business expectations

Despite the recent improvements in activity and new business, confidence at service sector companies weakened notably for the second consecutive month, the respective index hitting a 17-month low. That said, the percentage of panellists that were upbeat (21%) was much greater than those who were pessimistic (2%), as hopes of new customers and improved market conditions helped companies retain some optimism.

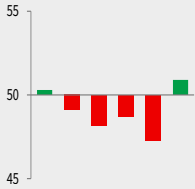
### Future Activity Index

>50 = growth expected over next 12 months



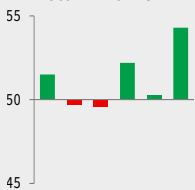
### Business Activity Index

Oct '22 - Mar '23



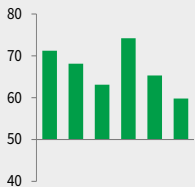
### New Business Index

Oct '22 - Mar '23



### Future Activity Index

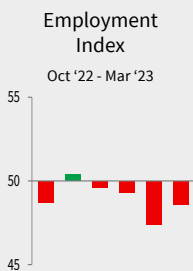
Oct '22 - Mar '23



## Employment

Job cuts at service sector firms across Kazakhstan were recorded for the fourth consecutive month. Layoffs and resignations were often stated as being behind the latest fall in employment. However, growth in new orders encouraged some firms to raise their workforce numbers, resulting in the rate of job shedding easing from that seen in February when the fall was the sharpest in just over a year.

Employment Index  
sa, >50 = growth since previous month

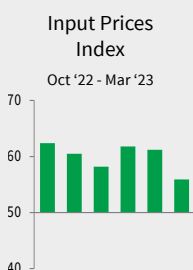
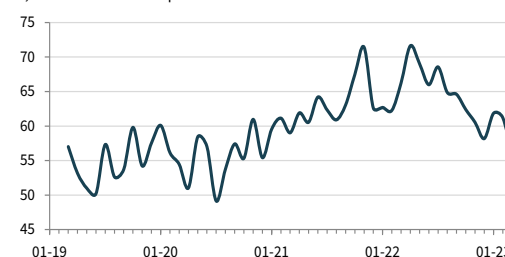


## Prices

### Input prices

Input costs at service providers in Kazakhstan rose for the thirty-second successive month in March. The rate of input price inflation was sharp overall as mentions of higher prices at suppliers and greater costs for materials and labour drove up expenses. However, the pace of inflation eased considerably on the month, with the latest incline the weakest since December 2020.

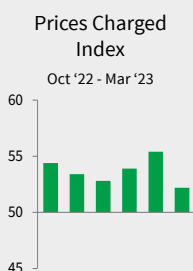
Input Prices Index  
sa, >50 = inflation since previous month



### Prices charged

Kazakh service providers raised their output charges in March, thereby stretching the current sequence of inflation to 29 successive months. According to anecdotal evidence, companies raised their prices in line with higher expenses. That said, output price inflation was the slowest since February 2022.

Prices Charged Index  
sa, >50 = inflation since previous month



## Tengri Partners Kazakhstan Composite PMI™

# Fresh growth in Kazakh private sector output

The Kazakhstan Composite PMI\* posted 51.7 in March, up from 48.0 in February and signalling a return to growth of private sector activity as the two monitored sub-sectors pulled out of a contraction in the latest survey period. Growth, however, was more centred at Kazakh manufacturers who saw output rise at the third-strongest rate on record. The upturn in business activity at service providers was comparatively more subdued.

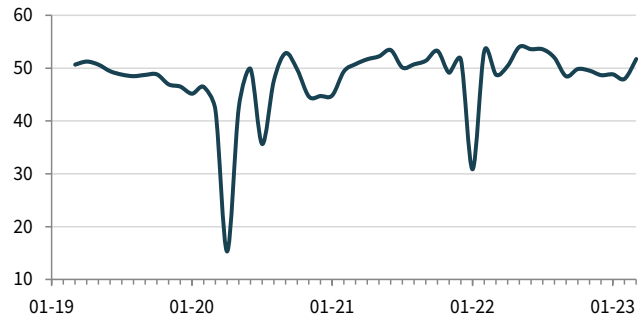
Nonetheless, strong upticks in new work were recorded across both goods producers and service providers, resulting in the quickest expansion in new orders at the composite level for seven months.

Furthermore, inflationary pressures further moderated during the latest survey period. Input price and output charge inflation eased to the slowest in 31 and 27 months respectively.

That said, despite the overall strong performance of the Kazakh private sector, firms failed to raise workforce numbers for the fourth consecutive month. The latest round of job shedding was the fastest since January last year.

Moreover, sentiment across private sector companies dwindled. Historically subdued levels of optimism at service providers weighed on confidence at a composite level, with overall optimism at a three-month low.

Composite Output Index  
sa, >50 = growth since previous month

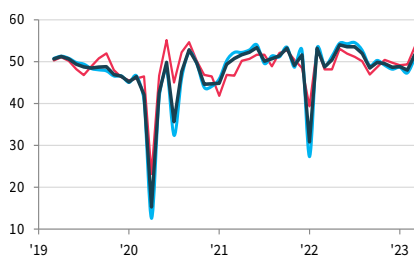


\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

Composite / Manufacturing / Services

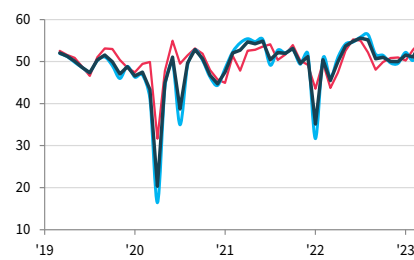
Output Index

sa, >50 = growth since previous month



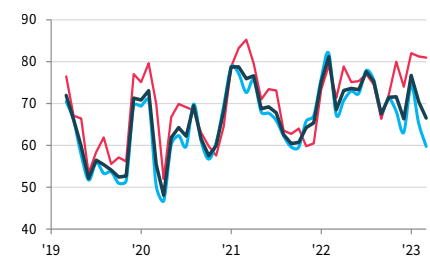
New Business Index

sa, >50 = growth since previous month



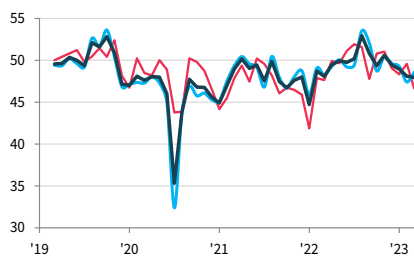
Future Output Index

>50 = growth expected over next 12 months



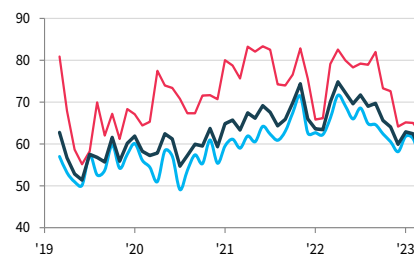
Employment Index

sa, >50 = growth since previous month



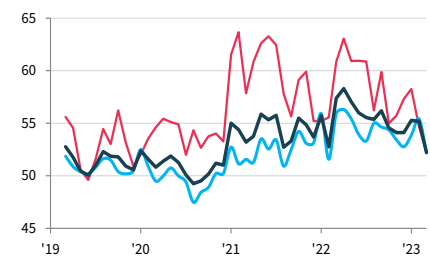
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

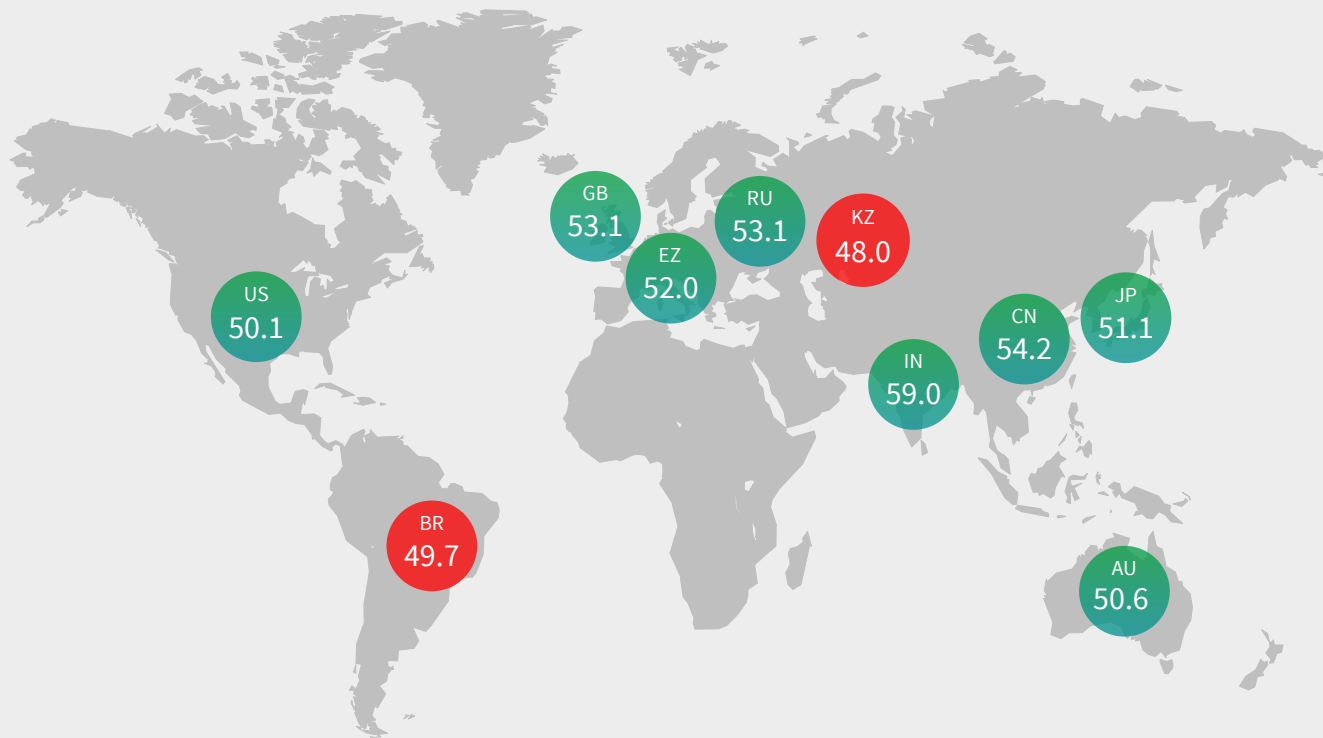
sa, >50 = inflation since previous month



## International PMI

Composite Output Index, Feb '23  
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.



Composite Output Index  
sa, >50 = growth since previous month



Survey panel size

**250**

service providers

Index calculation

$$\frac{\% \text{ 'Higher' } + (\% \text{ 'No change' }) / 2}{2}$$

## 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

March data were collected 10-28 March 2023.

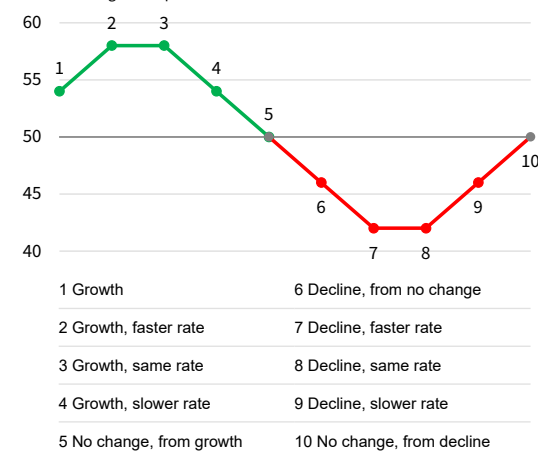
Data collection began in March 2019.

### Survey questions

Business Activity	Employment
New business	Outstanding business
New export business	Input prices
Future activity	Output prices

### Index interpretation

50.0 = no change since previous month



### Sector coverage

Services PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

H	Transportation and Storage
I	Accommodation and Food Service Activities
J	Information and Communication
K	Financial and Insurance Activities
L	Real Estate Activities
M	Professional, Scientific and Technical Activities
N	Administrative and Support Service Activities
P	Education*
Q	Human Health and Social Work Activities*
R	Arts, Entertainment and Recreation
S	Other Service Activities

\*Private sector

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S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)

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