

News Release

Embargoed until 1200 ALMT (0600 UTC) 02 May 2024

S&P Global Kazakhstan Manufacturing PMI®

New orders rise for third month running

Key findings

Sustained, but slower increases in output and new orders

Selling prices broadly unchanged

Further rises in employment and purchasing activity

Manufacturing business conditions continued to improve in April amid further increases in output and new orders, although rates of expansion eased slightly from March, in part due to the impact of flooding in the country. Success in securing new business in some cases reflected competitive pricing as firms kept their selling prices broadly unchanged despite sharply rising input costs.

Meanwhile, business confidence remained elevated, supporting further improvements in employment and purchasing activity and one of the sharpest accumulations of stocks of purchases on record.

The S&P Global Kazakhstan Manufacturing Purchasing Managers' Index™ (PMI®) remained above the 50.0 no-change mark for the second month running in April and signalled a modest improvement in business conditions during the month. At 51.5, the reading was little changed from 51.6 in March.

A third consecutive monthly increase in new orders was recorded in April, although the rate of expansion eased to the weakest in this sequence. A softer and marginal rise in production was also recorded, with growth in some cases limited by flooding. That said, output still rose for the second month running on the back of higher new orders and the securing of necessary raw materials.

The ability of firms to secure new orders in part reflected competitive pricing. Output prices were broadly unchanged in April, following seven successive months of inflation. Stable selling prices were recorded in spite of a further sharp rise in input costs as manufacturers reported higher raw material prices. The rate of inflation was slower than the series average, however.

Rising new orders encouraged manufacturers to take on extra staff for the second month running, although the rate of job creation eased slightly from the previous survey period.

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



Source: S&P Global PMI.
Data were collected 11-23 April 2024.

Comment

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

"The Kazakhstan manufacturing sector remained in growth mode during April as flooding in the country acted to limit rather than prevent further expansions in output and new orders. In some cases, however, competitive pricing was needed in order to secure sales."

"Optimism around the future path of output gave firms the optimism to continue expanding workforce numbers and purchasing activity as they looked to prepare for further rises in workloads ahead."

PMI®

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A further increase in purchasing activity was also recorded, with the rate of growth remaining solid. The ramping up of input buying fed through to higher input inventories. In fact, the rate of accumulation of stocks of purchases was second only to that seen in October 2023 since the survey began just over five years ago.

Stocks of finished goods, meanwhile, increased at the fastest pace in a year amid deliberate efforts to expand inventory holdings.

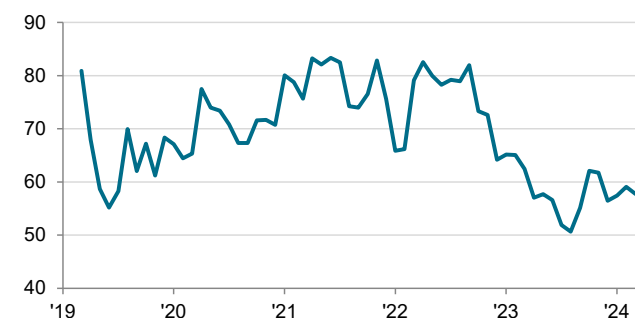
Firms were able to keep on top of workloads, as signalled by a second successive reduction in backlogs of work, and one that was the most marked since last November.

Although suppliers' delivery times continued to lengthen at the start of the second quarter of the year, there was further evidence of supply chains stabilising during the month. The latest deterioration in vendor performance was only marginal and the least pronounced in almost a year. As well as logistics issues, firms also mentioned that flooding had caused delays.

After hitting a new survey peak in March, business confidence remained elevated in April as around 69% of respondents predicted an increase in output over the coming year. Some firms indicated that contracts were set to be signed soon, while others hope for further improvements in demand conditions.

PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global.

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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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