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# Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

## Service sector growth strongest in 39-month survey history

### Key findings

Business activity rises at record rate

New business orders expand at quickest pace since June 2021

Employment levels increase for the first time in nine

Data were collected 12-26 May 2022.

May saw a quicker expansion in the Kazakh service sector according to the latest PMITM survey data from Tengri Partners. Business activity rose at the sharpest pace since the survey began in March 2019 as a result of improved demand conditions. New orders also expanded at a faster rate during May.

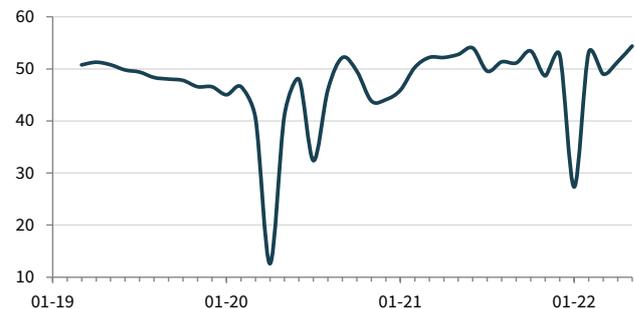
The strong growth across the sector resulted in the first increase in employment levels in nine months. However, the rate of job creation was only marginal. Meanwhile, inflationary pressures remained pronounced, despite easing from April.

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.

The seasonally adjusted Business Activity Index posted 54.4 during May, rising from 51.4 in the preceding month. Above the 50.0 no-change mark that separates growth from contraction, the data signalled a second successive month of expansion at service firms. Moreover, the rate of increase registered the fastest on record with firms attributing the latest rise in business activity to stronger client demand.

As per anecdotal evidence, improved client demand was also commonly attributed to rising inflows of new business in Kazakhstan's service sector. The rate of expansion measured the strongest since June 2021 as new orders increased for the second month running.

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



Sources: Tengri Partners, S&P Global.

Reflective of the stronger demand conditions driving growth in output and new orders, firms engaged in hiring activity to meet increasing requirements. Ending the eight-month period of contraction, firms raised staffing levels marginally during May. However, some companies continued to mention difficulty in retaining employees. Staff turnover was high due to workers resigning in search of better wages.

On the price front, average cost burdens rose sharply during the latest survey period. As per anecdotal evidence, suppliers raising charges, price volatility and sanctions placed against Russia drove the increase. Nonetheless, the rate of input cost inflation did ease slightly from April's record-high rate.

Mirroring the trend in average cost burdens, service providers increased their charges at a softer rate during May. The pace of inflation was the weakest in three months but extended the current sequence of rising charges to 19 months.

The strong uplift in new business across the service sector amid improved demand conditions was reflected in a strengthening of sentiment regarding the year-ahead outlook for activity. Business confidence hit a three-month high in May. Firms were hopeful that economic and political stabilisation, along with rising demand would lead to further expansion in output.

## Tengri Partners Kazakhstan Composite PMI™

### Private sector output expands at fastest rate on record

May data signalled a strong expansion across Kazakhstan's private sector. The Kazakhstan Composite PMI Output Index\* rose from 50.4 in April to 54.0 during May. Moreover, the rate of growth registered the fastest since the survey began in March 2019, reflecting a renewed expansion across the manufacturing sector, and a stronger uplift in business activity at service providers.

Furthermore, strengthening client demand across the two sectors resulted in an upturn in incoming new business. After broadly stabilising in the previous survey period, the pace of growth was the quickest since June 2021.

Despite improved private sector conditions, employment ticked down fractionally in May. However, the overall pace of reduction measured the joint-softest in the current 13-month sequence of contraction, with service firms fractionally raising employment levels.

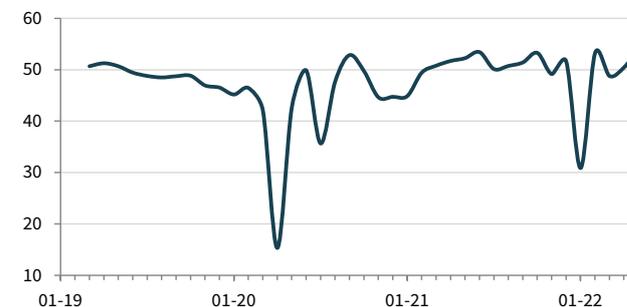
Turning to prices, inflationary pressures did abate marginally during May as rates of input price and charge inflation lessened from the record-highs observed in April. Nonetheless, prices continued to rise strongly, led by the manufacturing sector.

Regarding future activity, business confidence improved to a three-month high during May. Firms were strongly hopeful of an expansion in the coming 12 months.

*\*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

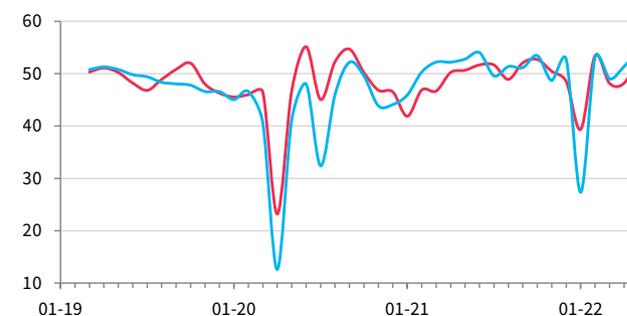
sa, >50 = growth since previous month



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.

## Comment

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

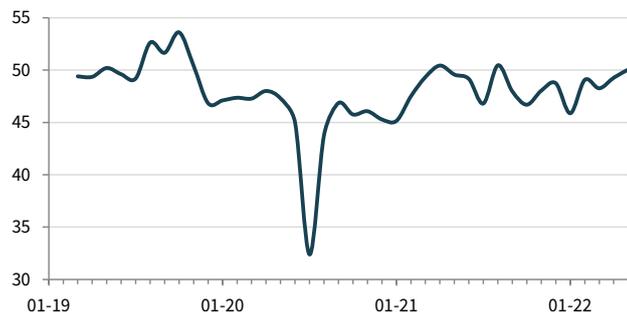
*"Amid looser pandemic restrictions prompting improved demand conditions, the Kazakh service sector grew strongly during May. Business activity expanded at the fastest pace since our survey began in 2019, supported by a quicker uplift in new business orders.*

*"Moreover, the employment component recorded above the 50.0 no-change mark for the first time in nine-months, effectively ending the period of job shedding ongoing since September last year.*

*"The expansion in the latest survey period also boosted future expectations, with business confidence picking up midway through the second quarter. However, uncertainty continues to cloud the region with headwinds from the war in Ukraine and global inflation weighing on the outlook."*

### Services Employment Index

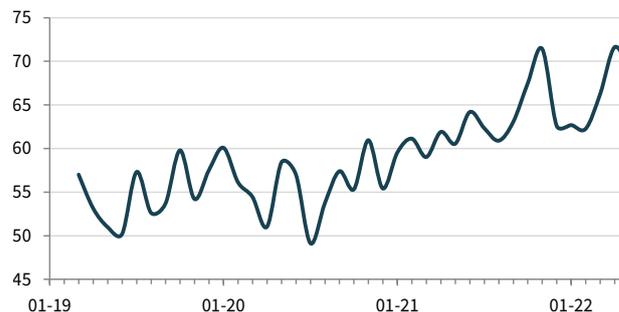
sa, >50 = growth since previous month



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

March data were collected 12-26 May 2022.

Data collection began in March 2019.

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Tengri Partners is a diversified Central Asia-based merchant banking group engaged in securities trading, capital markets, investment banking, investment management, commercial finance and principal investments.

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### About PMI

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