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Tengri Partners Kazakhstan Manufacturing PMI®

Manufacturing production nears stabilisation in January

Key findings

New orders broadly unchanged

Employment rises for first time in three months

Business sentiment up markedly

Data were collected 11-24 January 2024.

The latest PMI® survey data from Tengri Partners and S&P Global pointed to signs of improvement in the Kazakh manufacturing sector at the start of 2024. Output and new orders neared stabilisation, while firms took on additional staff. There was also a jump in business confidence in January. Meanwhile, rates of inflation of both input costs and output prices quickened but remained softer than the respective series averages.

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 back above the 50.0 no-change mark for the first time in three months in January, rising to 50.5 from 48.6 in December. The reading signalled a marginal strengthening of the health of the sector.

New orders were broadly unchanged in January, after having decreased throughout the final quarter of 2023. While demand remained muted, respondents pointed to some tentative signs of improvement at the start of the year.

A similar picture was seen with regards to production, which fell for the fourth successive month but only marginally and to the least extent in the current sequence of decline.

While output and new orders neared stabilisation, the situation regarding employment was more positive as staffing levels increased for the first time in three months. A number of respondents indicated that they had taken on new permanent workers at the start of the year.

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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:

"The turn of the year brought a renewed sense of optimism to the Kazakhstan manufacturing sector and saw some tentative signs of improvement in demand conditions. Encouragingly, firms responded by increasing staffing levels. The near stabilisation of output and new orders in January hopefully paves the way for a return to growth in the months ahead."

Despite the increase in employment, backlogs of work also rose as some panellists reported working through previously placed orders.

Manufacturers lowered their purchasing activity for the third month running amid reduced production requirements, but the rate of decline eased and was only marginal.

Stocks of inputs were also down for the third consecutive month, and at a solid pace. On the other hand, stocks of finished goods increased for the first time since April last year as muted new orders led to a build-up of unsold products.

Input costs increased sharply in January amid widespread reports of higher raw material prices. In turn, manufacturers increased their own selling prices at the fastest pace in almost a year. That said, in both cases rates of inflation remained weaker than the respective series averages.

Logistics issues again caused a lengthening of suppliers' delivery times, and one that was marked overall. There were also some reports that poor weather conditions had added to delivery delays.

Plans to expand production and hopes for an improvement in demand conditions in coming months led to a jump in business confidence in January. More than 68% of respondents predicted a rise in output over the coming year. As a result, optimism was the strongest since July 2023 and one of the highest since the survey began in March 2019.

Kazakhstan Manufacturing PMI Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, S&P Global PMI.

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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@spglobal.com.

Survey dates and history

January data were collected 11-24 January 2024.

Data collection began in March 2019.

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