

News Release

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S&P Global Kazakhstan Services PMI[®]

New business increases solidly in July

Key findings

Stronger upticks in activity and new incoming business

Downturn in employment broadly stabilises

Price pressures intensify, but remain muted

The latest PMI[®] survey data from S&P Global signalled a continued uptick in business activity across Kazakhstan's service sector. The sector benefited from further improvement in underlying demand trends, as new incoming business rose solidly and to the greatest extent in the year to date. Moreover, staffing levels were also left broadly unchanged, after posting a decline in June.

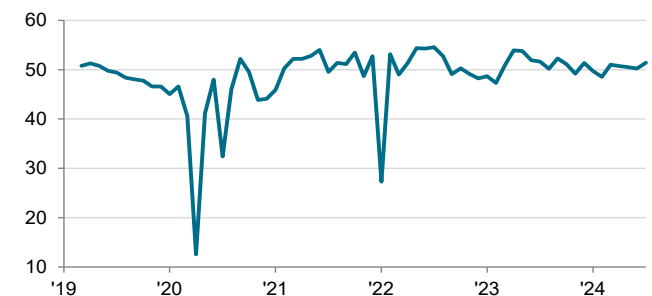
Inflationary pressures remained contained across the Kazakh service sector in July, despite both the rate of input price and output charge inflation gathering pace on the month.

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.

After signalling only a fractional rise in activity in June (index at 50.2), the seasonally adjusted Business Activity Index ticked up to 51.4 during July. It marked the fifth month in a row that the index has recorded above the crucial 50.0 no-change mark. Moreover, the latest uptick was solid overall and the most pronounced since the end of last year.

Growth in activity was largely attributed to higher new business volumes. July data recorded a solid rise in new work received at Kazakh service providers. The rate of growth here quickened to a seven-month high, amid reports of increased competitiveness, sturdier market demand and new contract wins.

S&P Global Kazakhstan Services PMI Business Activity Index
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 11-26 July 2024.

Moreover, after falling fractionally in the previous survey period, staffing levels were left broadly unchanged on the month. Anecdotal evidence noted that higher business requirements encouraged some service companies to raise their workforce numbers in July.

Turning to prices, service providers based in Kazakhstan signalled an uptick in cost burdens during July. According to anecdotal evidence, the latest rise in input prices was widely attributed to an unfavourable exchange rate. That said, cost burdens grew only slightly, and at one of the slowest rates in the current four-year sequence of inflation. Similarly, output charges also rose only slightly again in July.

After hitting a 13-month low in June, latest data highlighted a notable uptick in confidence levels surrounding future activity across Kazakhstan's service sector. Panellists were expectant that activity levels across clients will rise in the coming months. Kazakh firms also highlighted their plans to raise advertising and expand businesses, which also underpinned positive sentiment for the year ahead.

PMI[®]

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Comment

Maryam Baluch, Economist at S&P Global Market Intelligence, said:

"The service sector performed solidly in the opening month of the second half of the year. Activity and new business both rose at stronger rates, as underlying demand conditions further improved. There was an uptick in cost burdens, said to have fed through from an unfavourable exchange rate. Nonetheless, inflationary pressures remained historically muted.

"With business activity picking up, and inflation not a threat, the latest data suggest that the Kazakh service sector will perform well in the second half of the year. This was also projected by the level of confidence improving, after easing to a 13-month low in June."

S&P Global Kazakhstan Composite PMI®

Private sector output growth strongest in ten months

Kazakhstan's private sector signalled a solid start to the second half of the year, as the Kazakhstan Composite PMI* ticked up to a ten-month high of 51.5, from 50.8 in June. Moreover, both underlying sectors recorded further expansions in output, with growth at service firms largely catching up to that seen at their manufacturing counterparts.

Encouragingly, demand conditions also strengthened in July. New business received at private sector Kazakh firms rose solidly and to the greatest extent since September 2023. While growth in manufacturing was broadly sustained, service firms recorded a notable quickening in the pace of expansion.

Turning to prices, inflationary pressures picked up in the latest month. Pressures were largely feeding in from the manufacturing sector, where operating costs rose rapidly. That said, inflationary pressures remained softer than the series average. Lastly, Kazakh firms expect private sector activity to rise in the coming 12 months, with confidence improving over the course of the month.

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Survey methodology

The S&P Global 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. 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 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@spglobal.com.

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