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# Tengri Partners Kazakhstan Manufacturing PMI™

## Production increases for second month running

### Key findings

Continued growth of output and new orders

Cost inflation softens to 46-month low

Near-stabilisation of suppliers' delivery times

Data were collected 12-21 April 2023.

The latest PMI™ survey data from Tengri Partners and S&P Global signalled sustained improvements in the health of the Kazakhstan manufacturing sector amid strengthening demand. Output increased for a second month running on the back of new order growth, with purchasing activity also up. Firms continued to note challenges with staff retention, however, leading to a further drop in employment.

Price and supply pressures continued to ease. Suppliers' delivery times were broadly stable, while the rate of input cost inflation softened to a near four-year low, in part due to an improvement in the tenge against the Russian rouble.

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 above the 50.0, no-change level for the third consecutive month in April, dipping only slightly to 51.3 from 51.6 in March. The index signalled a modest improvement in business conditions in the manufacturing sector.

New orders continued to expand solidly at the start of the second quarter, extending the current sequence of growth to six months. According to respondents, the latest rise generally reflected further demand improvements.

In turn, firms expanded their production volumes for the second successive month, albeit to a lesser extent than in March. The increase in output helped firms to raise their stocks of finished goods and deplete backlogs of work, despite a further dip in

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Tengri Partners Kazakhstan Manufacturing PMI™

sa, >50 = improvement since previous month



Sources: Tengri Partners, S&P Global.

### Comment

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

*"The Kazakhstan manufacturing sector was able to build on the renewed output growth seen in March with a further expansion in April as the impressive run of new order expansion continued."*

*"Alongside stronger demand conditions, firms are also benefitting from improvements to the supply side of their operations. Input cost inflation was the slowest in almost four years in April, while suppliers' delivery times neared stabilisation as firms begin to overcome the logistical challenges that have caused such disruption over the past year."*

employment.

Higher output requirements encouraged manufacturers to expand their purchasing activity for the seventh time in as many months. Moreover, the rate of increase was marked and faster than in the previous survey period. The use of inputs directly in the production process meant that stocks of purchases continued to fall despite growth of input buying.

Firms were helped in their efforts to secure inputs by further signs of easing supply-chain disruption. Lead times on the delivery of inputs lengthened only fractionally in April, and to the least extent in 41 months. Although there remained some logistical challenges related to the securing of items from Russia in particular, anecdotal evidence suggested that these issues were being overcome.

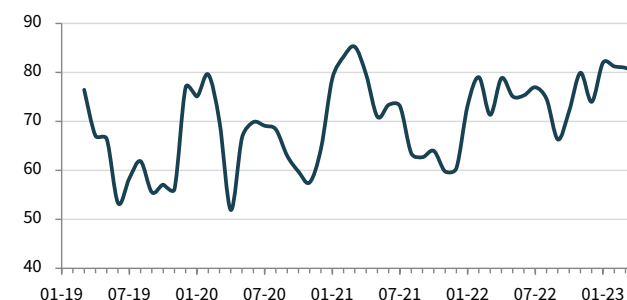
Cost pressures also eased, with the rate of input price inflation the slowest in almost four years and the second-weakest since the survey began in March 2019. While raw material prices rose, there were some reports that they were levelling off. An improvement in the strength of the tenge against the Russian rouble also helped to alleviate price pressures.

The rate of output price inflation meanwhile slowed to a 46-month low. Charges were up only marginally as some firms took advantage of softer cost pressures to offer discounts to customers in order to support demand.

Business confidence remained broadly stable at an elevated level as current demand improvements fed optimism regarding the year-ahead outlook for production. Around 65% of panellists expressed an optimistic outlook at the start of the second quarter.

#### Kazakhstan Manufacturing PMI Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, S&P Global.

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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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

#### Survey dates and history

April data were collected 12-21 April 2023.

Data collection began in March 2019.

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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.

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