

News Release

Embargoed until 1200 ALMT (0600 UTC) 6 May 2024

S&P Global Kazakhstan Services PMI[®]

Sustained expansion in Kazakh service sector activity

Key findings

Growth in new business and activity maintained

Employment remains in retrenchment mode

Price pressures moderate

The latest PMI[®] survey data from S&P Global signalled further expansions in business activity and new business at Kazakh service providers in April, with growth sustained for a second successive month in both cases. However, the rates of expansion cooled since March. Additionally, service providers based in Kazakhstan recorded a further decline in staffing levels. Surveyed businesses noted that the driving factor of the latest decrease in employment was resignations.

Turning to prices, inflationary pressures across the sector eased, with softer growth in cost burdens resulting in a modest and weaker rise in output prices. In some cases, firms were also able to offer discounts.

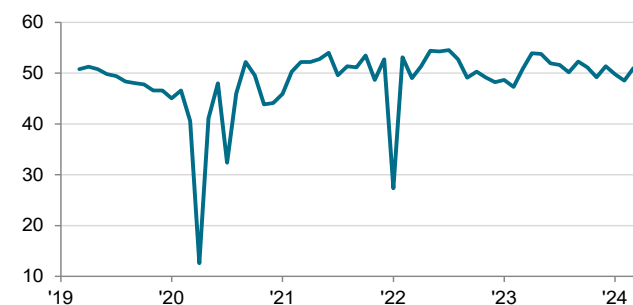
The headline figure is the Business Activity Index. This is calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The index varies between 0 and 100, with a reading above 50 indicating an increase and below 50 a decrease. The index is adjusted for seasonal variation.

The seasonally adjusted Business Activity Index posted above the neutral 50.0 mark for the second straight month in April. At 50.7, down from 51.0 in March, the latest reading signalled a sustained, albeit slightly weaker expansion in business activity.

The softer upturn in service sector activity was underscored by a weaker expansion in new business received at Kazakh service providers in April. Though intakes of new business rose at a moderated pace, latest data highlighted continued improvement in underlying demand trends.

However, service providers based in Kazakhstan recorded a third consecutive monthly decline in workforce numbers

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



Source: S&P Global PMI.
Data were collected 11-25 April 2024.

during April. The rate of job shedding was consistent with that observed throughout the current run of decline and broadly in line with the series average. Anecdotal evidence highlighted that the latest drop in staffing levels was mainly due to voluntary resignations.

Turning to prices, higher labour, transport and supplier costs led to another sharp increase in input prices at Kazakh firms. That said, the rate of input price inflation moderated notably after hitting a 17-month high in the month prior.

While some companies passed on their costs to clients where possible, the softer increase in cost burdens allowed some companies to instead lower their charges and offer more competitive rates. As a result, the pace of selling price inflation slowed to the weakest in 2024 so far.

Lastly, sentiment around the year ahead outlook for activity was largely positive. Kazakh services firms were optimistic that business activity will expand further, with the Future Activity Index posting just above the long-run average. That said, confidence dipped to an 11-month low.

PMI[®]

by S&P Global

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Comment

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

"Kazakh service firms registered gains at the start of the second quarter. Growth in new business and activity was sustained, albeit the rates of increase eased slightly from those seen in March. Price gauges signalled subdued inflationary pressures. Cost burdens rose at a softer pace, allowing some firms to offer more competitive rates to their clients. However, April data highlighted the difficulties firms faced in retaining staff, with voluntary resignations being a key driver of the latest drop in employment.

"Finally, service providers were generally upbeat regarding the outlook for activity in the coming year. That said, expectations weakened to an 11-month low."

S&P Global Kazakhstan Composite PMI®

Growth in Kazakh private sector activity sustained in April

The Kazakhstan Composite PMI signalled modest gains in private sector activity in April. The headline index registered 50.6, slightly down from 50.9 in March. Softer expansions in output were noted across both the underlying sectors. However, growth in output at services firms continued to outpace that seen at manufacturers.

Private sector firms noted new business expanding for the second month running. That said, the upturn cooled slightly on the month. Turning to employment, a third consecutive monthly fall in private sector employment was recorded. Divergences between the two sectors remained as a solid intake of staff at manufacturers was able to partially offset the sustained downturn at services firms.

Price pressures eased, with cost burdens and charges rising at weaker rates. Lastly, looking ahead, private sector firms held an optimistic view for output. Manufacturers were much more optimistic than service providers.

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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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