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# Tengri Partners Kazakhstan Manufacturing PMI™

## Employment rises for first time in six months

### Key findings

Renewed job creation amid sustained new order growth

Record rise in stocks of purchases

Inflationary pressures remain relatively muted

Data were collected 12-23 May 2023.

The latest PMI™ survey data from Tengri Partners and S&P Global pointed to strengthening growth momentum in the Kazakhstan manufacturing sector. Output and new orders continued to rise, while firms increased staffing levels for the first time in six months. A further marked expansion in purchasing activity fed through to a renewed increase in stocks of purchases, and one that was the most pronounced since the survey began in March 2019.

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 rose to 52.3 in May, up from 51.3 in April and above the 50.0 no-change mark for the fourth month running. Moreover, the improvement in business conditions was the most marked in ten months.

Manufacturers reported a further solid increase in new orders during May, extending the current sequence of expansion to seven months.

Growth of new orders and improving demand conditions led firms to expand their production for the third month running, albeit at the softest pace in this sequence.

In order to try to keep on top of workloads, firms often dispatched finished products immediately rather than holding them in stock. As a result, post-production inventories decreased for the first time in four months.

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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 success firms have been having in securing new orders had positive impacts across many of the PMI survey indicators in May. Production was raised again, boosted by a renewed expansion in employment. Most strikingly, the desire by firms to keep on top of workloads encouraged them to build up inventories of inputs to an extent unseen in the survey up until now."*

*"Firms are enjoying a spell of growth at present, and expressed confidence that this will continue in the months ahead thanks to positive forecasts regarding new orders."*

Manufacturers also looked to expand their operating capacity in May and raised their staffing levels for the first time in six months. Furthermore, the rate of job creation was the fastest in three-and-a-half years.

Higher output requirements and efforts to secure inputs in order to meet demand meant that firms increased their purchasing activity markedly again. Sustained growth of input buying fed through to a first rise in stocks of purchases in seven months. Moreover, the rate of accumulation was the sharpest on record.

The delivery of finished products to customers, an increase in employment and accumulation of inputs all helped firms to keep on top of workloads and reduce outstanding business again in May. That said, the rate of depletion was only marginal.

Input costs rose in May, but at a pace that was only slightly sharper than the previous month's 46-month low and much weaker than the series average. Where input prices increased, this was often linked to higher raw material costs. On the other hand, an appreciation of the tenge against the Russian rouble reportedly helped to reduce inflationary pressures.

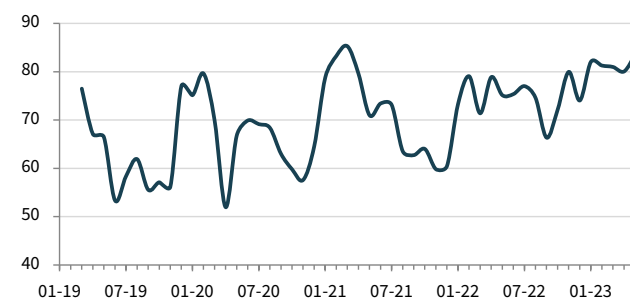
Similarly, the rate of output price inflation was only modest in May and among the weakest on record.

Suppliers' delivery times were broadly unchanged for the second month running. Logistical issues remained a challenge but were reportedly less disruptive than had been the case previously.

Forecasts of further improvements in new orders supported confidence in the year-ahead outlook, with optimism the highest in 26 months and second-strongest in the series history.

### 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

May data were collected 12-23 May 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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