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# Tengri Partners Kazakhstan Manufacturing PMI™

## Sharpest rise in new orders since survey began in 2019

### Key findings

Record increases in new orders and purchasing activity

Employment rises for first time in a year

Supply-chain disruption continues

Data were collected 13-23 June 2022.

The latest PMI™ survey data from Tengri Partners and S&P Global pointed to further demand improvements in the Kazakh manufacturing sector at the end of the second quarter. In fact, new orders expanded to the greatest extent in 40 months of data collection. This, allied to expectations of further improvements in new business in the months to come, supported the first rise in employment for a year and a ramping up of purchasing activity.

There were still major issues in supply chains, however, as a result of the sanctions imposed on Russia. Both input costs and output prices continued to increase sharply.

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.

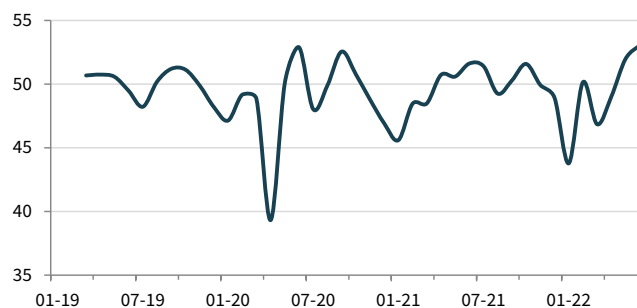
The headline PMI posted 53.0 in June, up from 52.0 in May and signalling a second successive monthly improvement in the health of the manufacturing sector. Moreover, the solid strengthening of business conditions was the most marked since the survey began in March 2019, surpassing the previous record from June 2020.

Central to the overall improvement in business conditions was the sharpest increase in new orders on record. New business was up sharply, with firms reporting new orders from both new and existing clients.

With demand improving, firms increased production for the second month running. The rate of growth eased from that seen

*continued...*

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 recovery in the manufacturing sector gathered momentum at the midway point of the year, with the PMI hitting a new peak in June. The strength of new order growth, renewed job creation and upbeat expectations for the months ahead were all key positives from the latest survey."*

*"Firms continue to face logistical difficulties due to the sanctions placed on Russia, and sharp price rises which limited the pace of output growth, but latest data suggest that they are able to overcome some of these problems and keep moving forward."*

in May, however, with price rises limiting the expansion in some cases.

Hopes for further gains in new customers, the resumption of previous partnerships and more stable economic conditions supported optimism in the 12-month outlook for output.

Strong growth of new orders and higher production requirements led to the first rise in employment in 12 months.

These factors, added to hopes for further new order increases in coming months, fed through to a ramping up of purchasing activity. As was the case with new orders, the expansion in input buying was the fastest on record. Stocks of purchases continued to fall, however, as inputs were used to support production. That said, the latest reduction was the softest in six months.

Despite expanded capacity, firms continued to see backlogs of work accumulate, due both to the strength of new order growth and delays receiving raw materials.

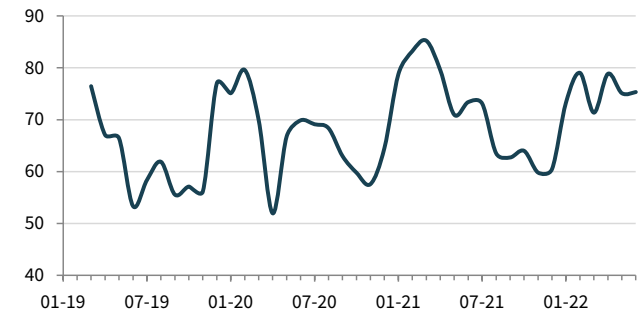
Indeed, suppliers' delivery times continued to lengthen sharply at the end of the second quarter, primarily due to the logistical disruption caused by the imposition of sanctions on Russia.

Input costs meanwhile continued to rise sharply, with higher raw material prices and unfavourable exchange rate movements adding to inflationary pressures. In turn, firms increased their selling prices, and at a broadly similar pace to that seen in May.

Stocks of finished goods increased for the second month in a row, albeit at a modest pace. Where post-production inventories rose, this was linked to positive sales expectations and efforts to protect against supply shortages.

#### 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

June data were collected 13-23 June 2022.

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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