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Tengri Partners Kazakhstan Manufacturing PMI™

Output returns to growth but supply disruption continues

Key findings

Renewed increases in output and new orders

Suppliers' delivery times lengthen substantially again

Business confidence at 20-month high

Data were collected 11-23 November 2022.

The latest PMI™ survey data from Tengri Partners and S&P Global pointed to renewed growth of output and new orders in November, with firms raising employment and purchasing activity accordingly. Severe supply-chain disruption continued, however, meaning that rates of improvement across the sector were muted.

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 51.9 in November, up from 51.5 in October and signalling a second successive strengthening of business conditions in the Kazakh manufacturing sector. Although modest, the rate of improvement was slightly sharper than seen in the previous month.

New orders returned to growth in November, rising for the first time in three months amid signs of improvement in demand. That said, some firms indicated that demand remained subdued, meaning that the rate of expansion overall was only slight.

Similarly, manufacturing production increased marginally midway through the final quarter of the year, returning to growth following two months of decline. The increase in output reflected higher new orders, but there were a number of reports that ongoing issues sourcing raw materials had limited the pace of expansion.

Suppliers' delivery times continued to lengthen substantially
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:

"November was a positive month for manufacturers in Kazakhstan as they were able to generate renewed expansions in output and new orders. Firms were also increasingly optimistic for the coming year as sentiment jumped to a 20-month high."

"Severe supply-chain disruption continued, however, and this remains the main headwind to growth as firms struggle to find solutions to the significant logistics issues caused by the war in Ukraine and sanctions on Russia."

amid disruption to logistics caused by the war in Ukraine and sanctions imposed on Russia. A number of firms highlighted delays in the delivery of items from Russia. The lengthening of lead times in November was among the greatest on record, despite easing from that seen in October.

With firms sometimes unable to expand production as quickly as they would have liked, they often turned to stocks of finished goods to help fulfil orders. As a result, post-production inventories decreased following a rise in October. The completion of projects meant that backlogs of work also fell.

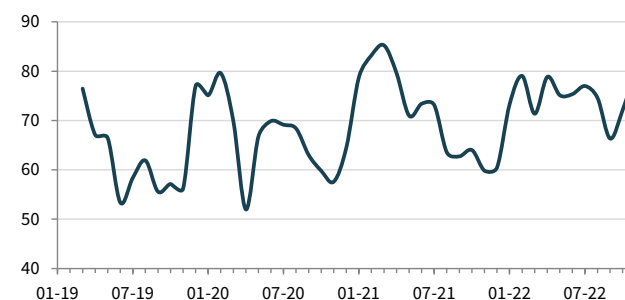
Higher output requirements encouraged manufacturers to expand their employment and purchasing activity, in both cases for the second successive months. Stocks of purchases decreased, however, as inputs were used to help support production.

Input costs continued to increase sharply, although the rate of inflation eased for the second month running to the softest since February. Higher supplier charges were widely reported, alongside some mentions of increased metals prices. In turn, manufacturers raised their own selling prices. Output prices were up sharply, and at a faster pace than in October.

Hopes for further growth of new orders, an improvement in supply chains and business expansion plans contributed to a marked rise in confidence regarding the year-ahead outlook for production. More than 64% of respondents predicted an increase in output, with optimism the highest since March 2021.

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.

Survey dates and history

November data were collected 11-23 November 2022.

Data collection began in March 2019.

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Tengri Partners is a diversified Central Asia-based merchant banking group engaged in securities trading, capital markets, investment banking, investment management, commercial finance and principal investments.

About S&P Global

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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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