

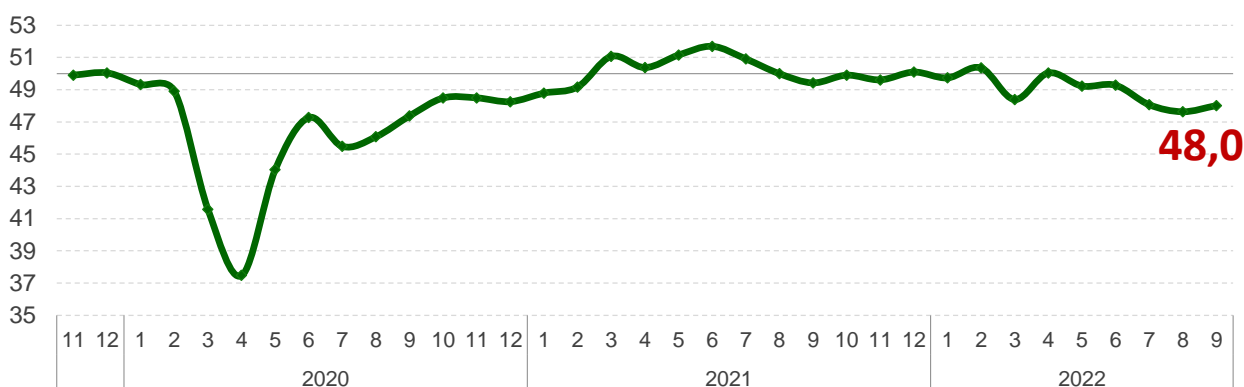


Business activity index

September 2022

In September, there were weak signs of a recovery in business activity in the economy, but still, for the fifth month, the index remains in negative area.

Graph 1. Dynamics of business activity index (BAI)*



* A value of the indicator above level 50 means a positive change, below level 50 - a negative. The further (higher or lower) the index value is from the 50 level, the higher the rate of change (increase or decrease) of the indicator.

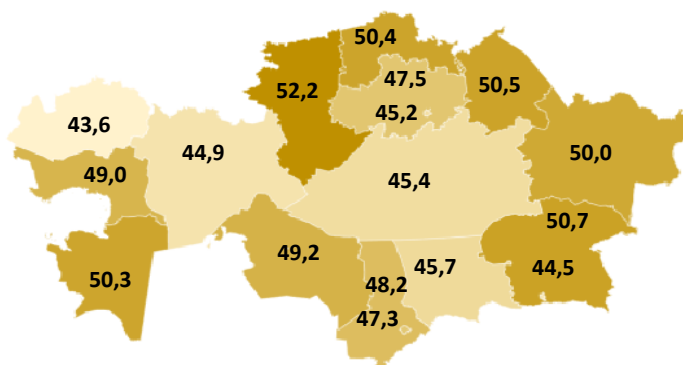
The business activity index rose to 48.0 (in August – 47.6) due to an increase in inventories and demand for finished products.

In the mining industry and construction some improvement in the indicator was noted: the index rose to 47.5 and 46.3, respectively (from 45.1 and 45.6 in August). In the service sector, the index fell slightly to 48.2 (from 48.6), due to a decrease in the new orders. In the production sector, the indicator remained almost unchanged, amounting to 48.6 (in August - 48.7).

Graph 2. BAI in September by regions

In 6 regions BAI improved, in 11 regions worsened.

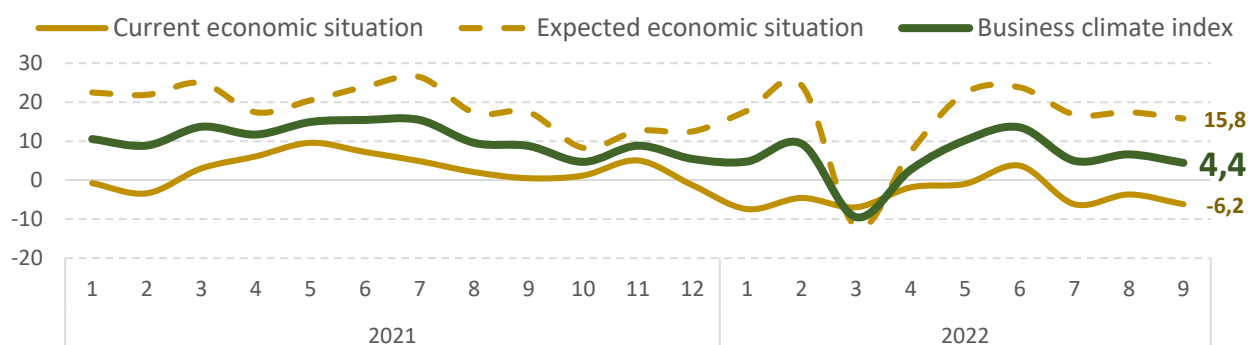
Business activity index was above 50 level mainly in northern regions, the highest level was noted in Kostanay region (52,2).



Business climate index

The business climate index decreased due to the deterioration of the indicator in service and construction. At the same time, the assessment of the current business conditions in the production sector has improved.

Graph 3. Dynamics of business climate index (BCI)*



*To assess current and future business conditions, a balance of responses (BO) is used, which is calculated as the difference between the shares of positive and negative answers to questions about changes in business conditions. An index value above 0 indicates an improvement, below 0 indicates a deterioration of the situation.

In September 2022, the BCI slightly decreased, but is still near its trend

According to the estimates of enterprises, the demand for finished products has significantly improved. There was an improvement in estimates of access to finance/credit, despite a slight predominance of negative responses. Assessments of other factors of business conditions (business protection issues, tax burden and access to communications) remained more negative.

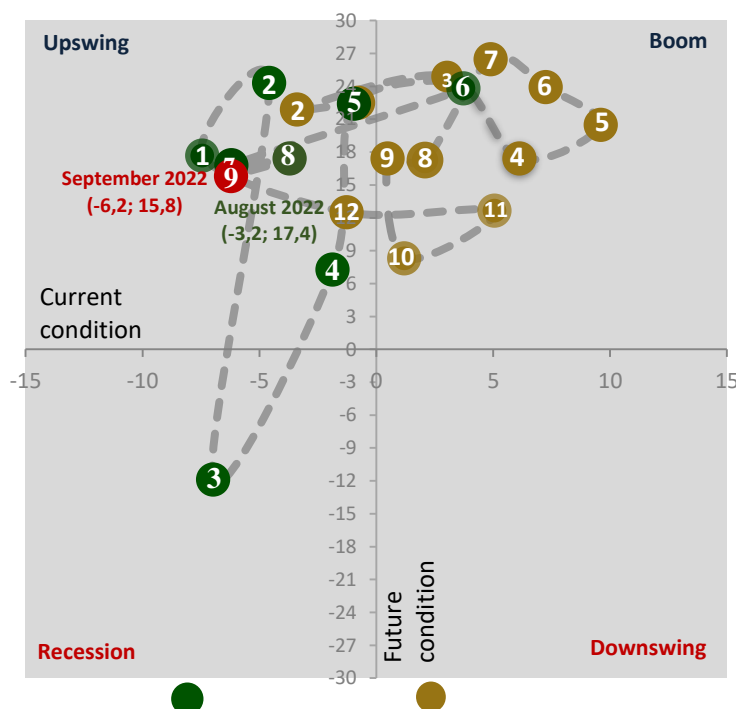
In September 2022, the indicator of business cycle "clock" remained in the upswing area

Enterprises' assessment of current business conditions remained negative, amounting to (-)6.2 (in August - (-)3.2).

Estimates of future business conditions for the next 6 months remained positive, despite a slight decrease.

*Business cycle clock is developed by Ifo institute demonstrates in which phase of the cycle the economy was in a certain period. To construct it the series of current conditions (X axis) and future conditions (Y axis) assessments are used.

Graph 4. Business cycle clock



METHODOLOGICAL COMMENT

¹ The information was prepared based on the results of monthly survey of enterprises participating in the monitoring of the real sector.

² The business activity index is calculated as an aggregated change in such indicators of enterprises as the volume of new orders, the level of employment, the volume of new products, the volume of inventories, delivery times.

³ To calculate the Business Activity Index, the diffusion index (DI) is used, which is calculated as the sum of positive responses and half of the responses unchanged. This index is a generalized indicator characterizing the dynamics of changes in the indicator.

⁴ To calculate the business climate index (BCI), according to the methodology of the Ifo Institute, a balance of answers (BA) on indicators of business conditions in the current month (SIT) and expected changes in business conditions in the next 6 months (EXP) is used:

$$BCI^* = \sqrt{(BA(SIT) + 200) * (BA(EXP) + 200)} - 200$$

where, BA – balance of answers

SIT – current economic condition

EXP – expected economic condition

⁵ The BA (balance of answers) is calculated as the difference between the shares of positive and negative responses to questions about changing business conditions. Enterprises choose one of the three suggested answers "improved", "have not changed" and "worsened". The response shares are calculated using weights.

⁶ The business cycle clock, developed by the Ifo Research Institute, is a diagram (coordinate system) divided into four quadrants using the crosshair of two zero lines, which from the point of view of the business situation refer to the four stages of the economic cycle: upswing, expansion, downswing, recession. If the assessment of current conditions is negative and expectations are positive, the economy is in the upswing area, if both the assessment of current conditions and expectations are positive, then the economy is in the expansion phase, etc.

⁷ The data in the diagrams are seasonally adjusted (except for the assessment of future conditions and the assessment of factors).

⁸ Changes are possible in the previous months dynamics due to seasonal clearing and GVA adjustment.

⁹ Detailed information by sector (information about the sample, the dynamics of indicators, the results of the distribution of responses) is presented in the dashboard.