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# Tengri Partners Kazakhstan Manufacturing PMI™

## Production returns to growth in September

### Key findings

Renewed rise in manufacturing output

Fastest fall in employment for seven months

Input costs increase sharply again

Data were collected 13-23 September 2021.

The latest PMI™ survey data from Tengri Partners and IHS Markit signalled a return to growth in the Kazakh manufacturing sector at the end of the third quarter of the year. New orders continued to rise, supporting a renewed expansion of production. On a less positive note, employment fell at a faster pace and cost pressures remained elevated.

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 PMI moved back above the 50.0 no-change mark in September, posting 50.3 up from 49.2 in August. The reading signalled a marginal improvement in business conditions in the sector.

The renewed improvement in overall operating conditions mirrored a return to growth of manufacturing production at the end of the third quarter. Output rose solidly, and at the fastest pace for a year, with growth reflecting higher new orders and efforts to finish projects ahead of deadlines.

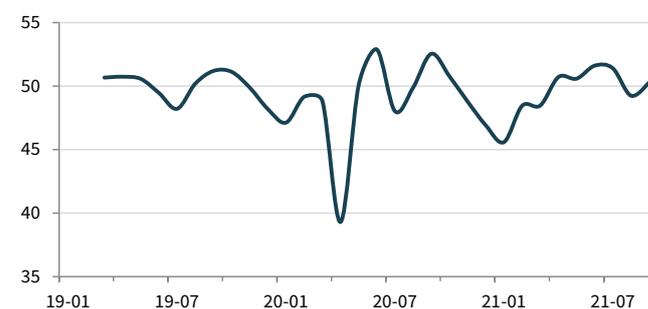
New orders continued to rise, extending the current sequence of expansion to six months. The rate of growth was modest, but picked up as firms reported having secured orders from both new and existing customers.

In contrast to the picture for output and new orders, employment continued to fall in September. Staffing levels decreased for the third month running and at a solid pace that was the sharpest since February. Some firms indicated that they had staff off sick,

*continued...*

Tengri Partners Kazakhstan Manufacturing PMI™

sa, >50 = improvement since previous month



Sources: Tengri Partners, IHS Markit.

### Comment

Anuar Ushbayev, Managing Partner and Chief Investment Officer at Tengri Partners said:

*"The latest PMI data provided some welcome news as production returned to growth in September following a temporary blip in August.*

*"Less positive was the situation around employment, with firms losing staff at an accelerated pace. While some of the drop-off should be temporary in nature with employees off sick, there were also reports of staff leaving in search of higher pay elsewhere.*

*"Firms will be hoping to have more success in hiring and retaining staff in the months ahead if they are to keep on top of workloads and bring an end to the sustained build-up of backlogs."*

while others reported that employees had resigned in order to secure higher pay elsewhere.

Meanwhile, logistical issues resulted in a fifth successive increase in backlogs of work. The rate of accumulation softened from August's record, however, and was only marginal.

As well as seeing a drop in employment, manufacturers also scaled back their purchasing activity fractionally. Although some firms increased input buying in response to higher output requirements, others were content to use inventories to support production.

As a result, stocks of purchases fell for the twenty-fifth successive month, albeit at the slowest pace since June. Stocks of finished goods also decreased as inventories were used to help fulfil sales.

Where firms did purchase additional inputs, they continued to be faced with longer delivery times. Reports often linked this to longer lead times on imported goods, with delays at the border with China mentioned in particular.

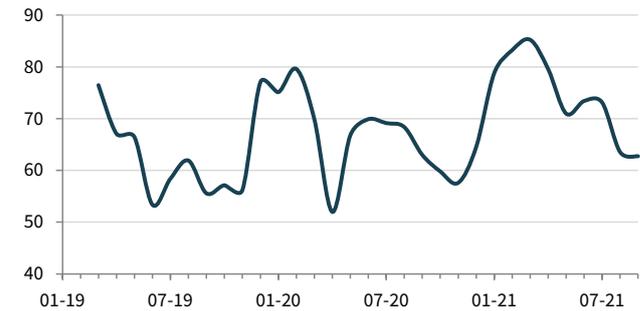
Higher supplier charges contributed to a further sharp increase in input costs in September. Although the rate of inflation eased to a nine-month low, it remained above the series average. Some respondents noted higher costs for items imported from Russia.

The passing on of increased input costs to customers resulted in a further rise in selling prices, but the rate of inflation was the softest in the year-to-date.

Firms remained optimistic that production will rise over the coming year amid hopes of stable economic conditions and improving customer demand. That said, sentiment eased to the lowest in ten months.

#### Kazakhstan Manufacturing PMI Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, IHS Markit.

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#### Survey methodology

The Tengri Partners Kazakhstan Manufacturing PMI™ is compiled by IHS Markit 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

September data were collected 13-23 September 2021.

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 IHS Markit

IHS Markit (NYSE: IFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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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