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Tengri Partners Kazakhstan Manufacturing PMI™

Manufacturing production rebounds in February

Key findings

Solid increase in output as new orders stabilise

Least marked lengthening of supplier lead times in 27 months

Business confidence at ten-month high

Data were collected 10-21 February 2022.

The latest PMI™ survey data from Tengri Partners and IHS Markit showed signs of recovery in the Kazakh manufacturing sector during February, after the state of emergency had impacted operations at the start of the year. Production rebounded as a number of firms reported that volumes had returned to normal, while new orders were broadly stable and confidence hit a ten-month high.

Employment and purchasing activity continued to fall, but at softer rates, while supplier performance deteriorated to the least extent in 27 months amid some signs of improvement in logistics.

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.

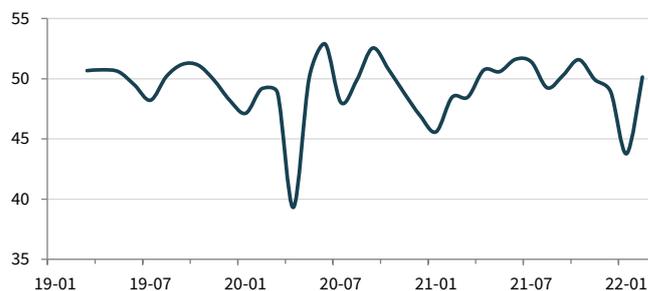
The headline PMI moved back above the 50.0 no-change mark in February, rising sharply to 50.1 from 43.8 in January. The reading was the highest in four months, but still signalled broadly unchanged business conditions overall.

The main factor pushing the headline PMI above the 50.0 no-change mark was a rebound in manufacturing production in February. Output rose solidly as volumes returned to normal following the state of emergency in January.

A number of manufacturers reported having been able to secure new contracts during the month, but this wasn't sufficient to lead to an outright expansion in new orders as demand remained muted. Overall, new business was broadly unchanged, though

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 expected rebound in manufacturing production following the end of the state of emergency materialised in February as firms got back to normal. Manufacturers will now be hoping to kick on from here, seeing new orders expand to keep fuelling rising production."

"There was also some good news at last on the supply-chain front amid reports of improving logistics, though delays from China still resulted in longer lead times overall."

"Looking ahead, businesses are increasingly confident in the outlook, though this is largely dependent on economic conditions remaining stable as the year progresses."

this represented a marked improvement following a sharp fall in January.

Workers on sick leave and the departure of staff in search of higher wages elsewhere led to another reduction in employment, albeit one that was the softest in six months.

The after effects of the state of emergency, as well as shortages of staff and materials, resulted in a further build-up of outstanding business in February. Backlogs rose for the fourth month running. Firms sometimes used inventories to help meet order requirements, leading to a second successive fall in stocks of finished goods.

Although suppliers' delivery times continued to lengthen in February, the latest deterioration in vendor performance was the softest in 27 months amid some reports of improving logistics. Where lead times lengthened, this was primarily attributed to delays from China.

Rising supplier charges and increases in the cost of items imported from Russia caused a further marked increase in input prices. The rate of inflation quickened from January, but remained below the series average.

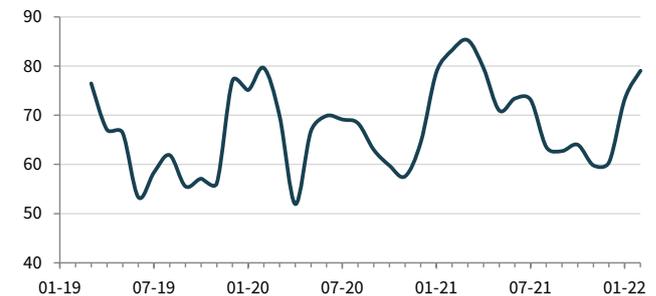
The rate of output price inflation also ticked higher in February as manufacturers passed on higher input costs to their customers.

Purchasing activity continued to fall, but at a softer pace, a trend that was replicated with regards to stocks of inputs.

Business confidence improved for the third month running and was the highest since April last year. Hopes of a more stable economic environment and the expansion of new work from both new and existing clients were behind the positive outlook.

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.

Survey dates and history

February data were collected 10-21 February 2022.

Data collection began in March 2019.

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About IHS Markit

IHS Markit (NYSE: INFO) 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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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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