

News Release

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S&P Global Kazakhstan Manufacturing PMI[®]

Record rise in manufacturing employment

Key findings

Extra staff hired amid improving demand

Further increases in output and new orders

Marked rise in input costs

Manufacturers in Kazakhstan raised their staffing levels at the fastest pace in almost five-and-a-half years of data collection in June as firms responded to sustained increases in output and new orders. Purchasing activity was also ramped up.

Meanwhile, rates of both input cost and output price inflation quickened at the end of the second quarter as higher raw material costs and currency weakness led to stronger inflationary pressures.

The S&P Global Kazakhstan Manufacturing Purchasing Managers' Index™ (PMI[®]) posted 52.3 in June, broadly in line with the reading of 52.2 in May and thereby signalling a further solid improvement in business conditions in the manufacturing sector. Operating conditions have now strengthened in four consecutive months, with the latest improvement the most pronounced since September last year.

The main highlight from the latest survey was a record increase in manufacturing employment during the month, with the solid rise in June surpassing the previous survey peak seen in July 2023. Job creation has now been recorded in four successive months, with a number of firms in June indicating that they had hired staff on a full-time basis.

Manufacturers expanded their workforce numbers in response to a further rise in new orders, the fifth in as many months. Higher staffing levels also helped firms to more than reverse the increase in backlogs of work seen in May. In fact, outstanding business fell solidly, and to the largest extent since last November.

The modest increase in new orders was largely attributed to improving demand conditions in the sector, and this also supported a fourth successive monthly rise in manufacturing production. The latest expansion in output was solid, albeit softer than that seen in May.

Kazakhstan Manufacturing PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 12-21 June 2024.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"Kazakhstan's manufacturing sector ended the first half of 2024 on a positive note, with further improvements in demand feeding through to rises in new orders and output. Most positively, firms expanded employment at the fastest pace on record as they endeavour to keep on top of workloads."

"There were some signs of inflationary pressures building which we'll need to keep an eye on, but for now customer demand is proving resilient."

PMI[®]

by S&P Global

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Alongside the record increase in employment, Kazakh firms also ramped up their purchasing activity in line with higher production requirements. The sharp expansion in input buying was the fastest in almost a year-and-a-half and one of the strongest on record.

The extent of the rise in purchasing activity meant that stocks of inputs continued to accumulate, albeit modestly. The increase in pre-production inventories was recorded in spite of ongoing delivery delays caused by logistical issues.

While stocks of purchases increased, inventories of finished goods fell in June, ending a three-month sequence of accumulation. According to respondents, stocks had been used to help firms satisfy customer orders.

The rate of input cost inflation ticked higher in June amid widespread reports of rising raw material prices and the impact of a depreciation of the tenge against the Russian ruble. The latest rise was still softer than the series average, however.

In turn, the pace of output price inflation also quickened. Charges have now increased in ten consecutive months.

Although firms remained optimistic that their production volumes will increase over the next 12 months, the level of positive sentiment eased for the third month running in June and was the lowest in the year-to-date. Firms hope that recent improvements in demand will be sustained over the year ahead.

PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global.

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Survey methodology

The S&P Global 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. Data collection began in March 2019.

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@spglobal.com.

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