

News Release

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S&P Global Kazakhstan Manufacturing PMI[®]

New orders rise for sixth month running

Key findings

Further expansions of output and new orders

Extra staff hired amid rise in backlogs

Inflationary pressures strengthen

The Kazakhstan manufacturing sector remained in expansion mode at the start of the third quarter of the year as demand improvements continued to fuel growth of new orders and subsequently output. In turn, firms increased employment and purchasing activity again. Less positive was a further waning of business confidence, which hit a seven-month low.

Higher costs for raw materials and currency weakness led to an intensification of inflationary pressures, although both input costs and output prices increased at softer rates than the respective series averages.

The S&P Global Kazakhstan Manufacturing Purchasing Managers' Index™ (PMI[®]) was at 51.7 in July, above the 50.0 no-change mark for the fifth consecutive month. That said, the reading was down from 52.3 in June, to signal a softer improvement in business conditions in the sector, and one that was modest overall.

New orders in the manufacturing sector increased for the sixth month running in July, with survey respondents highlighting improving customer demand. Some firms also received orders from the government during the month. The modest expansion in new business was broadly in line with that seen in June.

With new orders continuing to rise, manufacturers expanded their production accordingly. Output increased for the fifth successive month, albeit at the slowest pace since April.

Employment also increased again in July, and at a solid pace, albeit one that was softer than the survey record posted in June. Despite further efforts to expand capacity, firms signalled a renewed rise in backlogs of work amid reports that they hadn't had the time to complete all incoming orders.

Manufacturers made efforts to limit delays to clients by using existing inventories to help meet new orders. As a result, stocks of finished goods decreased again, and at the

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



Source: S&P Global PMI.
Data were collected 11-24 July 2024.

Comment

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

"The Kazakhstan manufacturing sector started the second half of the year as it ended the first, seeing further increases in new orders, output and employment. A renewed accumulation in backlogs of work shows the sector working at capacity, and firms will be looking to boost output further in the months ahead, despite the headwinds of stronger inflation and supply-chain delays."

PMI[®]

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fastest pace since December.

Stocks of purchases were also down, falling for the first time in five months as inputs were used to support production. The reduction in inventories of purchases was recorded in spite of a further marked expansion in the buying of inputs. Purchasing activity was raised in line with higher new orders and as part of efforts to build robust inventory levels for the future. The rate of expansion remained among the fastest on record.

Higher raw material prices and weakness of the tenge against both the US dollar and Russian ruble led to a sharp increase in input costs in July. The rate of inflation was much faster than that seen in June, and the steepest since last November, albeit remaining below the series average.

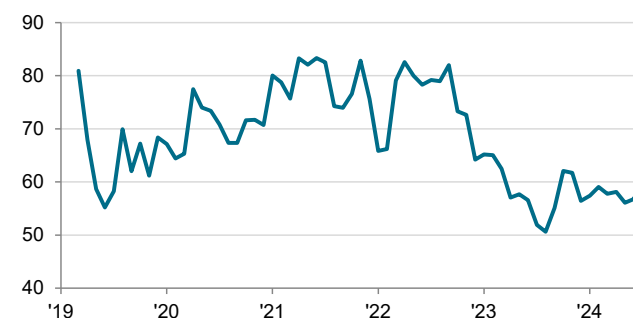
Likewise, output prices rose at a sharper pace, with the rate of inflation accelerating for the third consecutive month.

Manufacturers continued to face issues in supply chains at the start of the third quarter, linked to logistics problems and sanctions on Russia. Lead times lengthened solidly, and to the greatest extent since February.

Expectations that new business will continue to rise supported confidence in the 12-month outlook for output. That said, the level of optimism eased for the fourth consecutive month and was the lowest in 2024 so far.

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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