

Embargoed until 1200 ALMT (0600 UTC) 02 October 2023

Tengri Partners Kazakhstan Manufacturing PMI™

Output growth hits six-month high

Key findings

Output growth accelerates amid ongoing increases in new orders

Record accumulation of stocks of purchases

Renewed rise in output prices as cost inflation quickens

Data were collected 12-22 September 2023.

The latest PMI™ survey data from Tengri Partners and S&P Global pointed to improving growth momentum in the Kazakh manufacturing sector at the end of the third quarter of the year. Success in securing new orders helped lead to a solid expansion in output, with firms increasing their employment and purchasing activity accordingly. Moreover, stocks of purchases were accumulated at the strongest pace in the survey's history.

The rate of input cost inflation picked up in September, leading to a first increase in selling prices in four months.

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 rose to 52.8 in September from 52.4 in August. The index signalled a solid monthly improvement in the health of the sector, and the most pronounced since July 2022. In fact, the rate at which business conditions strengthened has only been bettered once in the survey's history (in June 2022).

Firms reported continued success in securing new orders, with new business rising for the eleventh consecutive month amid reports of improving demand. The rate of growth was solid, despite easing to a seven-month low.

With greater new work opportunities available, manufacturers expanded their production. Output increased for the seventh month in a row, and at the fastest pace since March.

Rising production requirements supported a further increase

continued...

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



Sources: Tengri Partners, S&P Global PMI.

Comment

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

"The Kazakh manufacturing sector went from strength to strength in September, seeing the fastest increase in output for six months as firms continued to be able to bring in greater volumes of new orders. One of the most notable aspects of the latest PMI survey was a record increase in stocks of purchases as firms responded to greater output requirements."

"There were some signs of inflationary pressures picking up, although costs still rose at one of the softest rates in the survey so far. Output prices were increased for the first time in four months, but firms were keen to limit price rises amid stiff competition for new work."

in employment, with the rate of job creation the second-fastest since the survey began in March 2019. Firms reported a combination of new hires and additional shifts for existing staff.

A further increase in purchasing activity was also signalled, extending the current sequence of monthly rises to one year. With some of the purchases reportedly large in nature, stocks of inputs accumulated to the greatest extent on record.

Stocks of finished goods fell, meanwhile, as the need to satisfy new orders meant that products were often dispatched as soon as they were completed.

Rising employment, higher purchasing and the use of post-production inventories all helped firms to keep on top of workloads. Backlogs of work therefore decreased, following a rise in August.

With contracts in the process of being signed and general confidence around the prospects for demand in the months ahead, manufacturers remained optimistic in the 12-month outlook for production. Sentiment was above the series average, albeit the lowest in the year-to-date.

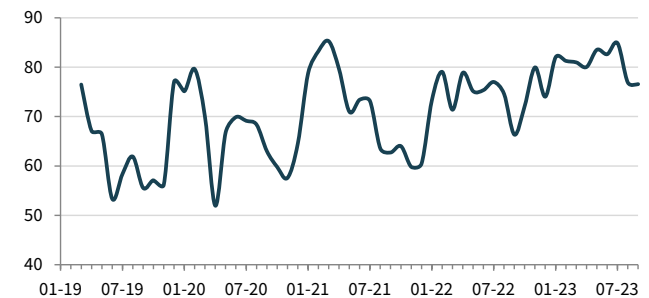
The rate of input cost inflation accelerated sharply from the previous month's record low, but remained among the softest since the survey began. According to respondents, higher raw material costs and currency weakness acted to push up prices over the month.

Stronger increases in input costs fed through to a first rise in selling prices since May. The rate of inflation was only marginal, however, amid reports of ongoing competitive pressures.

Finally, logistics issues and the sanctions placed on Russia led to a further lengthening of suppliers' delivery times.

Kazakhstan Manufacturing PMI Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, S&P Global PMI.

Contact

Ilias Tsakalidis
Press Enquiries
Tengri Partners
i.tsakalidis@tengripartners.com

Maxim Kryuchkov
Tengri Partners
m.kryuchkov@tengripartners.com

Andrew Harker
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-016
andrew.harker@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

Survey methodology

The Tengri Partners 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.

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.

Survey dates and history

September data were collected 12-22 September 2023.

Data collection began in March 2019.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About Tengri Partners

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 S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

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.

ihsmarkit.com/products/pmi.html.