

Embargoed until 1200 ALMT (0600 UTC) 05 February 2020

Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

Business activity contracts sharply in January

Key findings

Fastest fall in service sector output since series began in March 2019

Incoming new business declines at solid rate

Job shedding recorded for second month running

The latest PMI™ survey data from Tengri Partners covering the Kazakh services economy highlighted an eighth successive reduction in service sector output during January, with the pace of decline the quickest recorded since the survey began in March 2019. Driving the sharper contraction in January was a further reduction in order book volumes, which fell at the second-quickest rate in the short series history and solidly overall. Meanwhile, amid falling activity levels, firms cut workforce numbers for the second month running, although the rate of job shedding was only moderate.

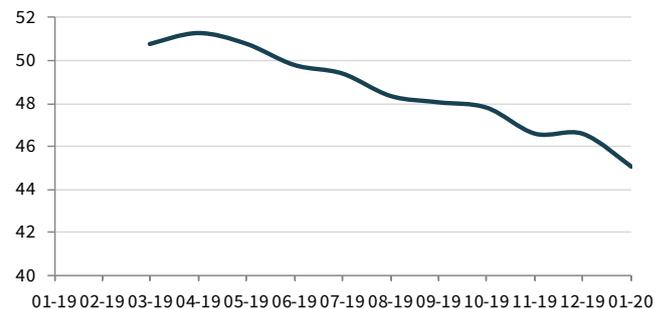
The headline figure is the Business Activity Index. This is calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The index varies between 0 and 100, with a reading above 50 indicating an increase and below 50 a decrease. The index is adjusted for seasonal variation.

The seasonally adjusted Business Activity Index posted 45.0 in January, down from 46.6 in December, to signal the quickest fall in service sector activity in the series 11-month history. Anecdotal evidence associated the decline, which was sharp overall, to lower sales amid weak demand conditions.

New business placed at Kazakh service sector firms also declined during January, extending the current sequence of contraction to four months. Moreover, the pace of reduction quickened to the second-fastest in the short series history and was solid overall. Survey respondents linked the reduction to weak client demand and increased competition.

Amid falling sales and lower production requirements, Kazakh

Tengri Partners Kazakhstan Services Business Activity Index
sa, >50 = growth since previous month



Sources: Tengri Partners, IHS Markit.

service providers reduced workforce numbers during January, extending the current sequence of decline to two months. Panellists linked the fall to increased employee turnover and redundancies as a result of falling activity. The rate of job shedding softened from December and was only moderate, however, with some firms stating they were increasing staff numbers as a result of expanding operations.

At the same time, inflationary pressures strengthened during the latest survey period. Input prices rose at the quickest rate since data collection began in March 2019 and sharply overall, with respondents citing higher fuel, wage and utility costs as well as higher prices at suppliers.

Concurrently, average prices charged by Kazakh services firms rose further during January. The rate of charge inflation was the sharpest in the short series history and solid overall. Anecdotal evidence linked higher selling prices to the pass-through of greater input costs to clients.

Finally, services firms in Kazakhstan remained confident with regards to the outlook for activity over the coming year in January. Panellists linked confidence to hopes of improved demand conditions and new contract wins, alongside plans to increase investment and advertising. Despite moderating from December, the level of positive sentiment remained robust and among the highest recorded by the survey so far.

Tengri Partners Kazakhstan Composite PMI™

Private sector output falls sharply in January

Private sector business activity contracted for the eighth consecutive month in January, with the rate of decline accelerating to the sharpest pace in the survey's 11-month history.

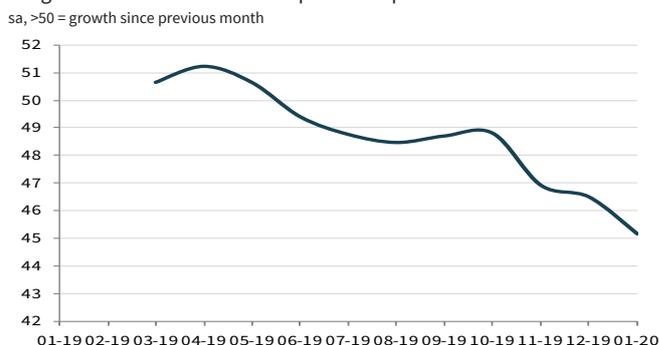
The Kazakhstan Composite PMI Output Index* posted 45.2 in January, down from 46.5 in December, to signal a sharp contraction in private sector business activity across Kazakhstan. At the sector level, the rate of decline quickened across both segments, although services recorded the sharper reduction.

Meanwhile, order book volumes fell further, and at the fastest rate in the series short history. In line with lower sales, firms continued to reduce workforce numbers, although the rate of job shedding was only moderate overall.

Cost burdens rose further in January, with input prices rising solidly and at a quicker rate than in December. Selling prices also increased, with the rate of charge inflation the fastest since March 2019, albeit only modest overall.

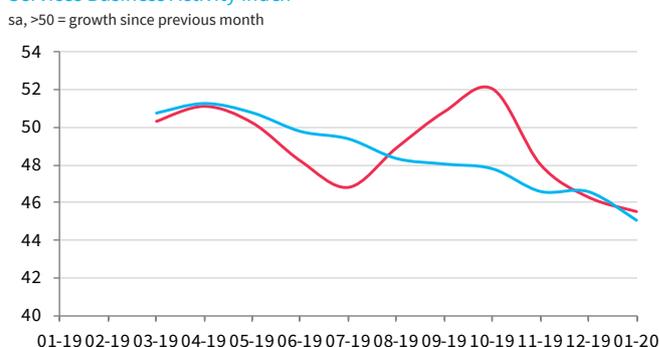
*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Kazakhstan Composite Output Index is a weighted average of the Kazakhstan Manufacturing Output Index and the Kazakhstan Services Business Activity Index.

Tengri Partners Kazakhstan Composite Output Index



Sources: Tengri Partners, IHS Markit.

Manufacturing Output Index
Services Business Activity Index



Sources: Tengri Partners, IHS Markit.

Comment

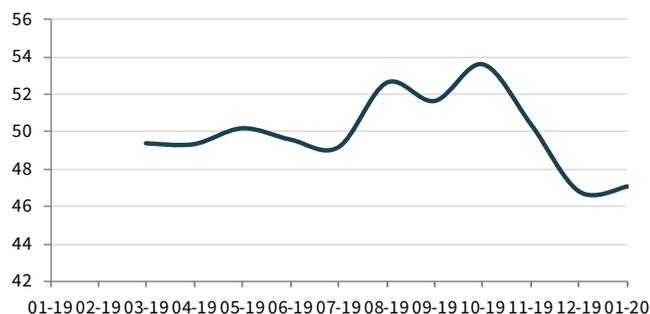
Anuar Ushbayev, Managing Partner and Chief Investment Officer at Tengri Partners said:

“Business activity in the services sector continues its sharp decline for an eighth consecutive month, driven mostly by lower sales. It is noticeable that at the same time future business expectations do not seem to be depressed, but the basis of such optimism shall be tested in the coming months

as the negative trend in new business volumes so far coincides with input price inflation that seems to be on the uptick.”

Services Employment Index

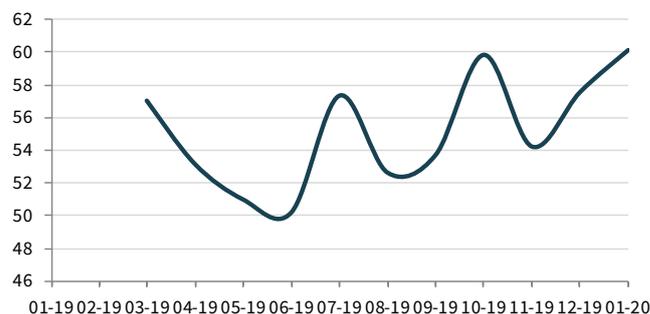
sa, >50 = growth since previous month



Sources: Tengri Partners, IHS Markit.

Services Input Prices Index

sa, >50 = inflation since previous month



Sources: Tengri Partners, IHS Markit.

Contact

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

Maxim Kryuchkov
 Tengri Partners
m.kryuchkov@tengripartners.com

Lewis Cooper
 Economist
 IHS Markit
 T: +44-1491-461-019
lewis.cooper@ihsmarkit.com

Katherine Smith
 Public Relations
 IHS Markit
 T: +1-781-301-9311
katherine.smith@ihsmarkit.com

Survey methodology

The Tengri Partners Kazakhstan Services PMI® is compiled by IHS Markit from responses to questionnaires sent to a panel of around 250 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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

January data were collected 13-28 January 2020.

Data collection began in March 2019.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit 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 IHS Markit 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. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

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 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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.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. To learn more go to ihsmarkit.com/products/pmi.html.