

Embargoed until 1200 ALMT (0600 UTC) 04 March 2020

# Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

## Business activity contracts for ninth month in a row

### Key findings

Service sector output falls at solid pace

Order book volumes decline for fifth month running

Business confidence strengthens to series high

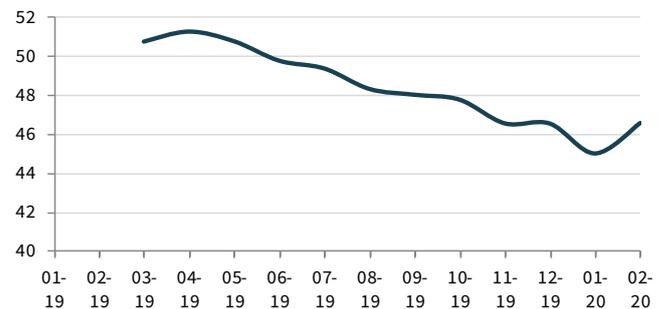
The latest PMI™ survey data from Tengri Partners covering the Kazakh services economy highlighted a further contraction in service sector output during February, as has been the case in each month since June last year. Despite softening from January, the decline was solid overall. Central to the continued downturn was a further reduction in order book volumes, with new business declining for the fifth month running. Nonetheless, firms' output expectations climbed to the highest in the series 12-month history.

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 registered 46.6 in February, up from 45.0 in January, to signal the ninth consecutive reduction in Kazakh service sector output. Panellists associated the latest fall, which was solid, with weak demand conditions and increased competition. That said, the rate of decline softened from January.

Meanwhile, incoming new business fell during February, as signalled by the seasonally adjusted New Business Index posting below the crucial 50.0 no-change mark which separates expansion from contraction. Order book volumes have now declined for five successive months, with respondents linking the latest reduction to weak client demand. The rate of decline, although slower than in January, was solid.

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



Sources: Tengri Partners, IHS Markit.

In line with lower activity requirements, Kazakh services firms continued to reduce workforce numbers during February, extending the current sequence of contraction to three months. Respondents associated the decline with a high volume of voluntary leavers as well as staff redundancies. The rate of job shedding was the softest in the aforementioned sequence of contraction, however.

Concurrently, input prices continued to rise during February, as has been the case in each month since data collection began in March 2019. Anecdotal evidence associated the increase, which was sharp, to greater fuel and utility costs, in addition to higher prices at suppliers. That said, the rate of cost inflation was the softest for three months.

Higher cost burdens were partially passed through to clients during the latest survey period. Average selling prices continued to rise, extending the current sequence of inflation to a year. The rate of increase softened from January and was only mild, however.

On a positive note, Kazakh service providers remained confident that business activity would increase over the coming year during February. In fact, the level of positive sentiment climbed to the highest in the short series history. Anecdotal evidence associated optimism with hopes of improved demand conditions and new client wins as well as plans to invest in new machinery.

## Tengri Partners Kazakhstan Composite PMI™

### Private sector output declines solidly in February

Private sector business activity across Kazakhstan contracted for the ninth month running in February, amid further weak demand conditions.

The Kazakhstan Composite PMI Output Index\* climbed from 45.2 in January to 46.4 in February, to signal a ninth consecutive contraction in private sector output across Kazakhstan. Albeit softer than in January, the decline was solid overall. At the sector level, the reduction was broad-based, led by the manufacturing segment.

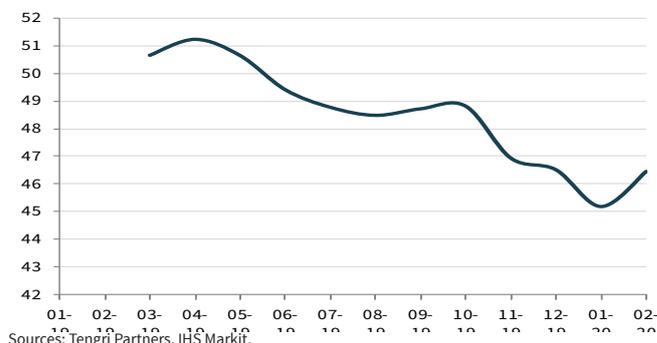
Order book volumes declined for the fourth month running and moderately overall. Meanwhile, job shedding continued, although it eased to only a modest rate.

On the price front, input costs continued to rise. The rate of inflation, albeit sharp, was the softest since last November. Average selling prices also rose, although the rate of charge inflation softened and was only mild.

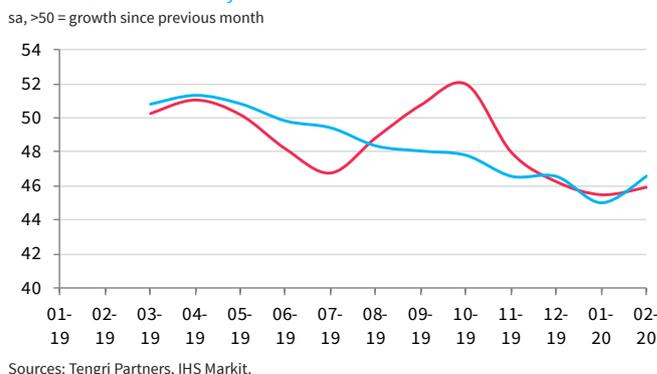
Firms remained confident that output would increase over the coming year, with sentiment the highest in the series 12-month history.

*\*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  
sa, >50 = growth since previous month



Manufacturing Output Index  
Services Business Activity Index



### Comment

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

*"Business activity in the services sector continues to be depressed despite consistent optimism in business expectations. Such dichotomy is unlikely to persist for too long, and we shall soon find out which way it is going to resolve."*

### Services Employment Index

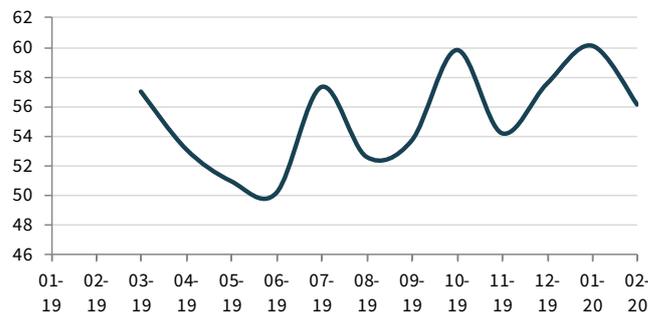
sa, >50 = growth since previous month



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](mailto:i.tsakalidis@tengripartners.com)

Maxim Kryuchkov  
 Tengri Partners  
[m.kryuchkov@tengripartners.com](mailto:m.kryuchkov@tengripartners.com)

Lewis Cooper  
 Economist  
 IHS Markit  
 T: +44-1491-461-019  
[lewis.cooper@ihsmarkit.com](mailto:lewis.cooper@ihsmarkit.com)

Katherine Smith  
 Public Relations  
 IHS Markit  
 T: +1-781-301-9311  
[katherine.smith@ihsmarkit.com](mailto: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](mailto:economics@ihsmarkit.com).

### Survey dates and history

February data were collected 12-25 February 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](mailto: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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)