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Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

Unparalleled fall in business activity as COVID-19 pandemic continues

Key findings

Business Activity Index drops 28 points to fresh series low

Incoming new business falls at most marked rate on record

Firms output expectations turn negative for first time in series history

Data were collected 7-27 April 2020.

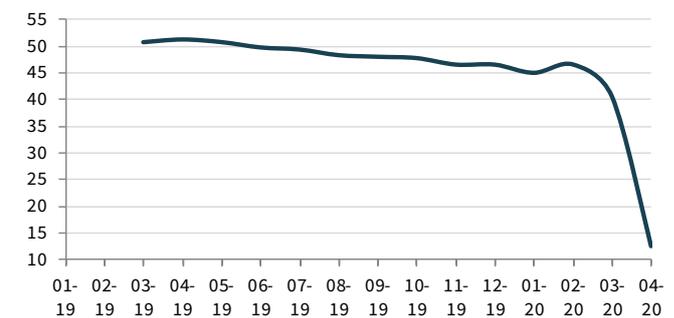
The latest PMI™ survey data from Tengri Partners covering the Kazakh services economy highlighted the most substantial contraction in business activity in the survey's 14-month history during April, as the economic fallout from the coronavirus disease 2019 (COVID-19) virus intensified. Incoming new business fell further, with the rate of decline the quickest on record and eclipsing March's recent low. At the same time, firms' expectations with regards to activity over the coming 12 months collapsed, with sentiment turning negative as service providers expect output to fall from current levels over the year ahead.

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 a substantial month-on-month fall in April, dropping from 40.6 in March to 12.6 in April. The latest reading pointed to the steepest drop in activity since the survey's inception in March 2019 and eclipsed the previous low recorded in March. Panellists associated the reduction with a collapse in client demand amid the worsening COVID-19 pandemic and the adverse impacts of quarantine measures.

Driving the marked downturn was a seventh consecutive fall in new business at Kazakh service providers during April, with the respective seasonally adjusted index plummeting 24.7 points on

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



Sources: Tengri Partners, IHS Markit.

the month to signal the quickest contraction in inflows of new business since data collection began in March 2019. Anecdotal evidence linked the decline to weak client demand resulting from the coronavirus outbreak.

Meanwhile, firms continued to cut staffing levels during April, with respondents citing an increase in spare capacity and frequently reporting that staff had been laid-off. The rate of job shedding eased to the softest in the current five-month sequence of decline, however, and was only marginal overall.

Concurrently, cost burdens facing Kazakh service providers continued to increase, as has been the case in each month since the series began in March 2019. According to panellists, higher fuel costs and unfavourable exchange rates were the main drivers of inflation. That said, the uptick was the softest since June 2019 and only marginal overall. Average selling prices were stable during April following a fall in the previous survey period.

Finally, firms' expectations regarding activity over the coming 12 months collapsed during April. The Future Activity Index dropped below the 50.0 mark to a fresh series low, with firms, on balance, expecting output to fall over the year ahead. Respondents linked pessimism to ongoing uncertainty regarding the COVID-19 pandemic and subsequent economic fallout.

Tengri Partners Kazakhstan Composite PMI™

Unprecedented reduction in Kazakh private sector output

The COVID-19 pandemic weighed heavily on the Kazakhstan private sector in April, with output contracting at the sharpest rate in the survey's 14-month history.

The Kazakhstan Composite PMI Output Index* dropped 26.8 points on the month to a fresh survey low of 15.3 in April, eclipsing March's previous nadir (42.1) and signalling the most substantial deterioration in Kazakh private sector activity recorded in 14 months of data collection.

Central to the downturn was a sixth successive reduction in new orders, with the decline accelerating to the most marked on record. Meanwhile, firms continued to cut jobs, although the reduction softened to only a marginal pace.

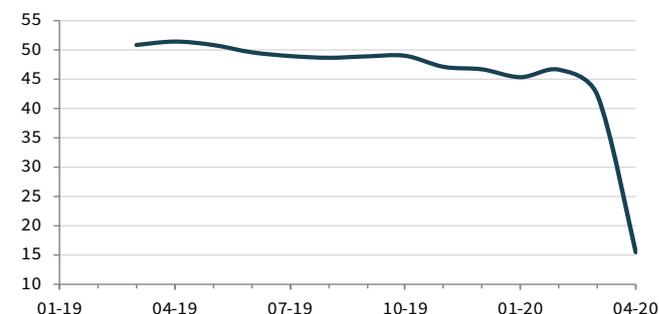
Inflationary pressures intensified, with input prices rising sharply. At the same time, the rate of charge inflation quickened from March, despite being only marginal overall.

Finally, firms' expectations with regards to output over the coming 12 months slumped during April, with sentiment the lowest on record. Kazakh private sector firms, on balance, expect activity to fall from current levels by April 2021.

**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

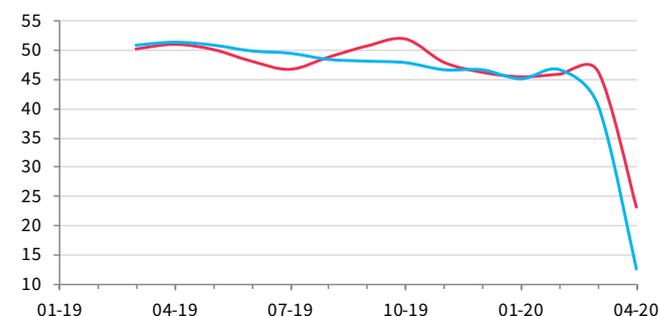
sa, >50 = growth since previous month



Sources: Tengri Partners, IHS Markit.

Manufacturing Output Index
Services Business Activity Index

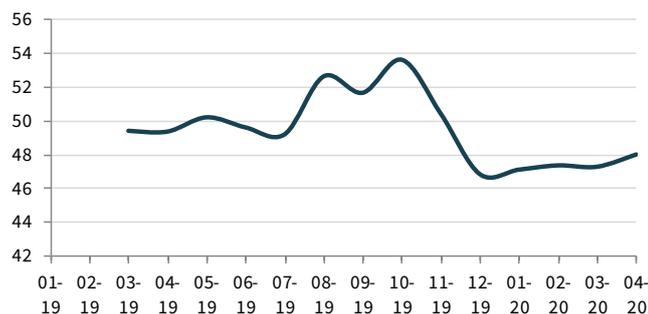
sa, >50 = growth since previous month



Sources: Tengri Partners, IHS Markit.

Services Employment Index

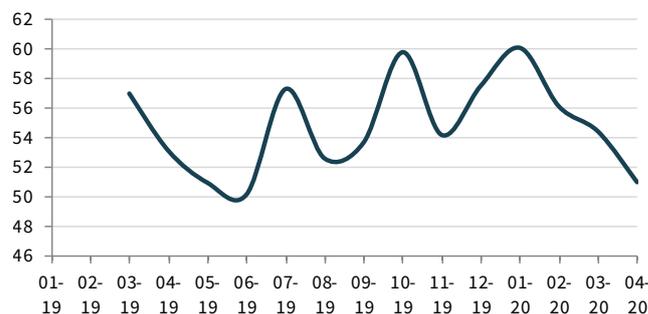
sa, >50 = growth since previous month



Sources: Tengri Partners, IHS Markit.

Services Input Prices Index

sa, >50 = inflation since previous month



Sources: Tengri Partners, IHS Markit.

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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

April data were collected 07-27 April 2020.

Data collection began in March 2019.

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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.

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