

Embargoed until 1200 ALMT (0600 UTC) 04 May 2020

Tengri Partners Kazakhstan Manufacturing PMI™

Output falls at fastest rate in survey history amid COVID-19 pandemic

Key findings

Headline PMI falls to lowest level in series 14-month history

Record declines in output and new business

Firms' sentiment plummets to all-time low

Data were collected 7-23 April 2020.

Efforts to halt the coronavirus disease 2019 (COVID-19) pandemic weighted heavily on the Kazakh manufacturing sector in April, according to the latest PMI™ survey data from Tengri Partners and IHS Markit. Survey record rates of decline in both output and new orders drove the most substantial deterioration in operating conditions deteriorated in 14 months of data collection during April, with panellists linking the contraction in production to weak client demand, stemming from the coronavirus pandemic. Meanwhile, expectations with regards to output over the coming year collapsed in April, with sentiment falling to a survey record low.

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.

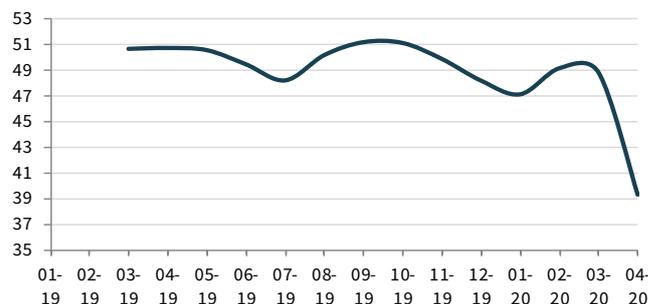
The PMI posted 39.3 in April, down from 48.8 in March, to signal a substantial deterioration in Kazakh manufacturing conditions. Moreover, the headline figure was the lowest recorded since data collection began in March 2019.

Key to the marked deterioration were further falls in both output and new business. Factory production contracted at the quickest rate in the survey's 14-month history and markedly overall. Anecdotal evidence linked the reduction with to demand conditions amid the coronavirus pandemic.

Concurrently, after nearing stabilisation in March, inflows of new work across the Kazakh manufacturing sector showed renewed weakness during April. Order book volumes declined at the fastest rate on record, with panellists reporting that quarantine measures implemented to slow the COVID-19 outbreak had led to a drop in client demand.

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



Sources: Tengri Partners, IHS Markit.

Meanwhile, Kazakh manufacturers signalled a back-to-back reduction in workforce numbers during April, amid reports that staff had been placed on unpaid leave as a result of low production requirements. That said, the rate of job shedding was only marginal.

Nonetheless, the level of outstanding business fell for the fifth month in a row during April. According to respondents, lower inflows of new work had allowed them to direct remaining resources towards completing unfinished orders. The rate of backlog depletion was solid overall.

At the same time, firms pared back on buying activity during April, with input buying falling at the most marked rate in the series 14-month history. Pre-production inventories also fell at a record pace, while stocks of manufactured items fell modestly overall.

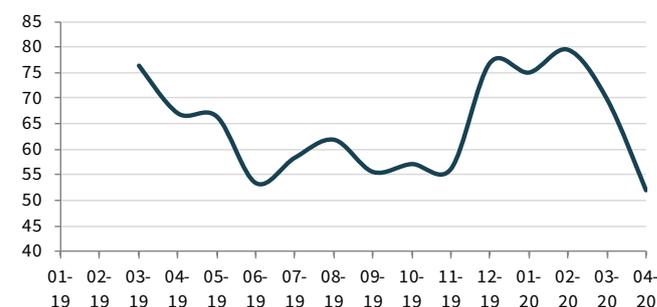
Supply chain disruptions continued, however, with average suppliers' delivery times lengthening to the greatest extent on record amid reports of widespread travel restrictions.

Concurrently, inflationary pressures strengthened during the latest survey period. Input costs rose further, with the rate of cost inflation the second-quickest in the series history and marked overall. According to panellists, higher raw material costs and unfavourable exchange rates were the main drivers of inflation. Greater cost burdens were partially passed through to clients during April, as average selling prices increased at a sharp rate that was the quickest since October 2019.

Finally, amid substantial uncertainty surrounding the COVID-19 pandemic and subsequent economic impact, firms' expectations with regards to output collapsed in April, with sentiment dropping to the lowest in the series 14-month history.

Future Output Index

>50 = growth expected over next 12 months



Sources: Tengri Partners, IHS Markit.

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Survey methodology

The Tengri Partners Kazakhstan Manufacturing PMI™ is compiled by IHS Markit 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@ihsmarkit.com.

Survey dates and history

April data were collected 07-23 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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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