

Embargoed until 1200 ALMT (0600 UTC) 7 July 2021

# Tengri Partners Kazakhstan Services PMI™

Including Tengri Partners Kazakhstan Composite PMI™

## Service sector sees record rate of growth during June

### Key findings

Business Activity Index hits fresh series record

Upturn in new work among the sharpest in survey history

Business confidence moderates as costs soar

Data were collected 11-25 June 2021.

The Kazakh services sector registered another record-setting performance during June, according to the latest PMI™ survey data from Tengri Partners covering the Kazakh services economy. Output rose further, with the rate of expansion the strongest in the survey's history, while the latest upturn in inflows of new work was the second-fastest on record. According to panellists, looser COVID-19 restrictions had boosted client demand.

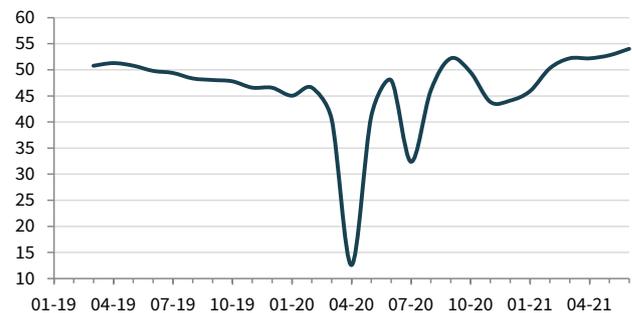
That said, the year-ahead outlook for activity moderated to a seven-month low. Although optimistic overall, some companies were concerned about inflationary pressures as cost burdens rose at the steepest pace on record.

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 above the neutral 50.0 mark for the fifth month in a row during June. At 54.0, rising from 52.8 in May, the latest reading signalled the quickest increase in Kazakh services output since data collection began in March 2019. Anecdotal evidence attributed growth to firmer demand conditions and the signing of new contracts.

Indeed, the seasonally adjusted New Business Index climbed higher during June, registering just below April's recent peak. This was indicative of the second-fastest expansion of new work in the series history and one that was sharp overall.

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



Sources: Tengri Partners, IHS Markit.

Nonetheless, June data highlighted back-to-back reductions in services employment, with workforce numbers falling in 18 of the last 19 months. According to panellists, staff who left voluntarily were not being replaced. The rate of job shedding quickened since May, but was still only marginal.

Kazakh service providers also recorded moderated expectations regarding the outlook for activity over the coming year during June. Although still optimistic overall, and elevated in the context of historical data, sentiment dipped to a seven-month low. Where confidence was recorded, this was linked to improved client demand and hopes of a sustained economic recovery as quarantine restrictions ease. Some firms remained cautious about the year-ahead outlook due to intense inflationary pressures, however.

Indeed, average costs facing services firms rose rapidly again in June, with the rate of inflation the quickest on record. Higher staff, utility, fuel and logistics costs were all cited in anecdotal evidence as drivers of inflation during June.

Subsequently, average charges levied by service providers increased further, thereby extending the current sequence of inflation to eight months. Respondents noted that charges were increasing due to rising input prices, as firms attempted to pass-through some costs to clients where possible. The latest rise in selling prices was slower than in May and only marginal overall, however.

## Tengri Partners Kazakhstan Composite PMI™

### Survey record upturn in private sector output

The Kazakhstan Composite PMI Output Index\* registered at 53.4 in June, rising from 52.2 in May, and signalled the quickest expansion in private sector business activity since the survey began in March 2019. Growth was broad-based across the two monitored sectors, and led by services which saw a record upturn during June.

June data also highlighted a further increase in new work at Kazakh firms, with the rate of growth the fastest on record and sharp overall. Services again registered the quicker expansion.

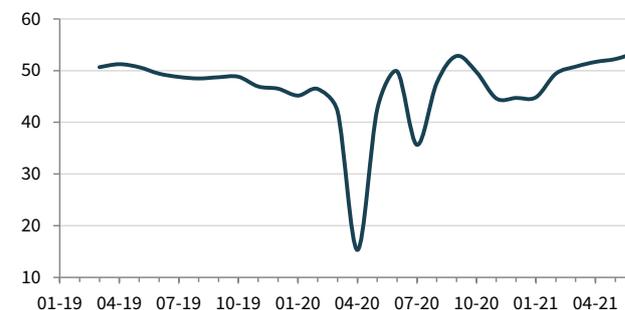
Nonetheless, firms continued to trim their workforce numbers for a second straight month in June. The rate of decline in employment slowed to just a fractional pace, however.

Turning to prices, cost burdens rose rapidly again in June. The rate of inflation accelerated to a series record pace. In response, companies increased their average selling prices for the ninth month in a row, with the latest rise only slightly slower than May's series record.

Finally, business confidence remained robust during June. Sentiment ticked up on the month and was historically elevated.

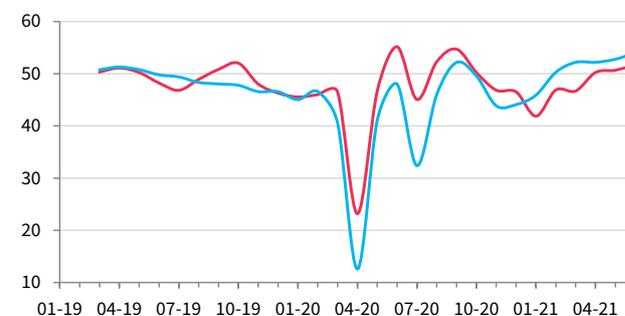
\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Kazakhstan Composite Output Index is a weighted average of the Kazakhstan Manufacturing Output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

Tengri Partners Kazakhstan Composite PMI Output Index  
sa, >50 = growth since previous month



Sources: Tengri Partners, IHS Markit.

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



Sources: Tengri Partners, IHS Markit.

## Comment

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

"The service sector saw a further boost to the recovery during June. Business activity rose at the strongest rate since the survey began in March 2019, spurred on by a near record upturn in new work, with panellists noting that looser quarantine measures had led to improved client confidence and firmer demand conditions.

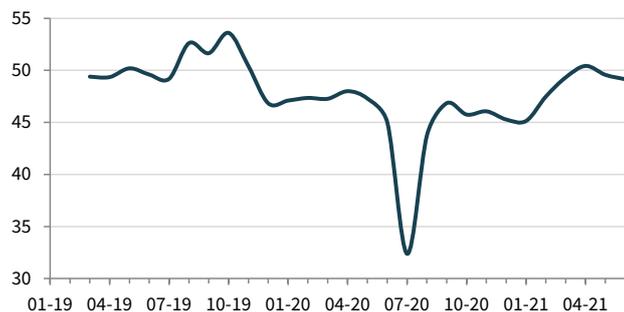
"Rising costs provided the main cause for concern in June, however, as the strong rebound in the sector brought with it the quickest increase in input costs in the series history. Firms remained upbeat towards output over the coming year, nonetheless, although increasing inflation concerns meant the

level of sentiment moderated.

"That said, the private sector as a whole registered the strongest output growth in the survey's history during June, with the record upturn in services coinciding with stronger manufacturing growth. Overall, this bodes well for the Kazakh private sector, and the latest data suggests that the recovery is yet to reach its full potential."

### Services Employment Index

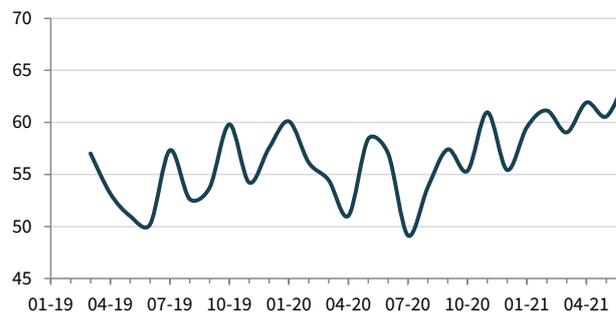
sa, >50 = growth since previous month



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)

Joanna Vickers  
 Corporate Communications  
 IHS Markit  
 T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@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

June data were collected 11-25 June 2021.

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 © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@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)