

# Leading indicator of economy

8 months 2022

A leading indicator, acting as a proxy indicator of GDP - **a short-term economic indicator** is calculated to determine the state of the economy in Kazakhstan. The short-term economic indicator is calculated based on the real growth rate of 6 industries, which account for over 60% of GDP: agriculture, industry, construction, trade, transport and communications.

**According to the latest data, the growth of the short-term indicator is slowing down: from +6.5% at the end of the 1st quarter to +3.7% in 8 months).**

The main sectors of the economy continue to grow compared to last year, but there is a slowdown in the largest ones – industry and trade in comparison with previous months.

In industry, mining which is the key sector harms the growth rate. This is due to the shutdown of oil production upon unscheduled repairs at Kashagan and planned ones at Tengiz, as well as due to constant interruptions in the operation of the largest pipeline of the Caspian Pipeline Consortium (CPC), through which most of the extracted oil is exported.

**Source:** BNS of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, calculations by Jusan Analytics

However, if earlier the extraction of metal ores could partially offset the problems of the oil and gas sector, now certain problems are present here.

So, according to the latest data, ore mining is slowing down. Such stagnation, in our opinion, is associated with a significant decline in the supply of ferrous metals, iron ores and concentrates from Kazakhstan to Russia. Mining of iron ores fell by 15.5%.

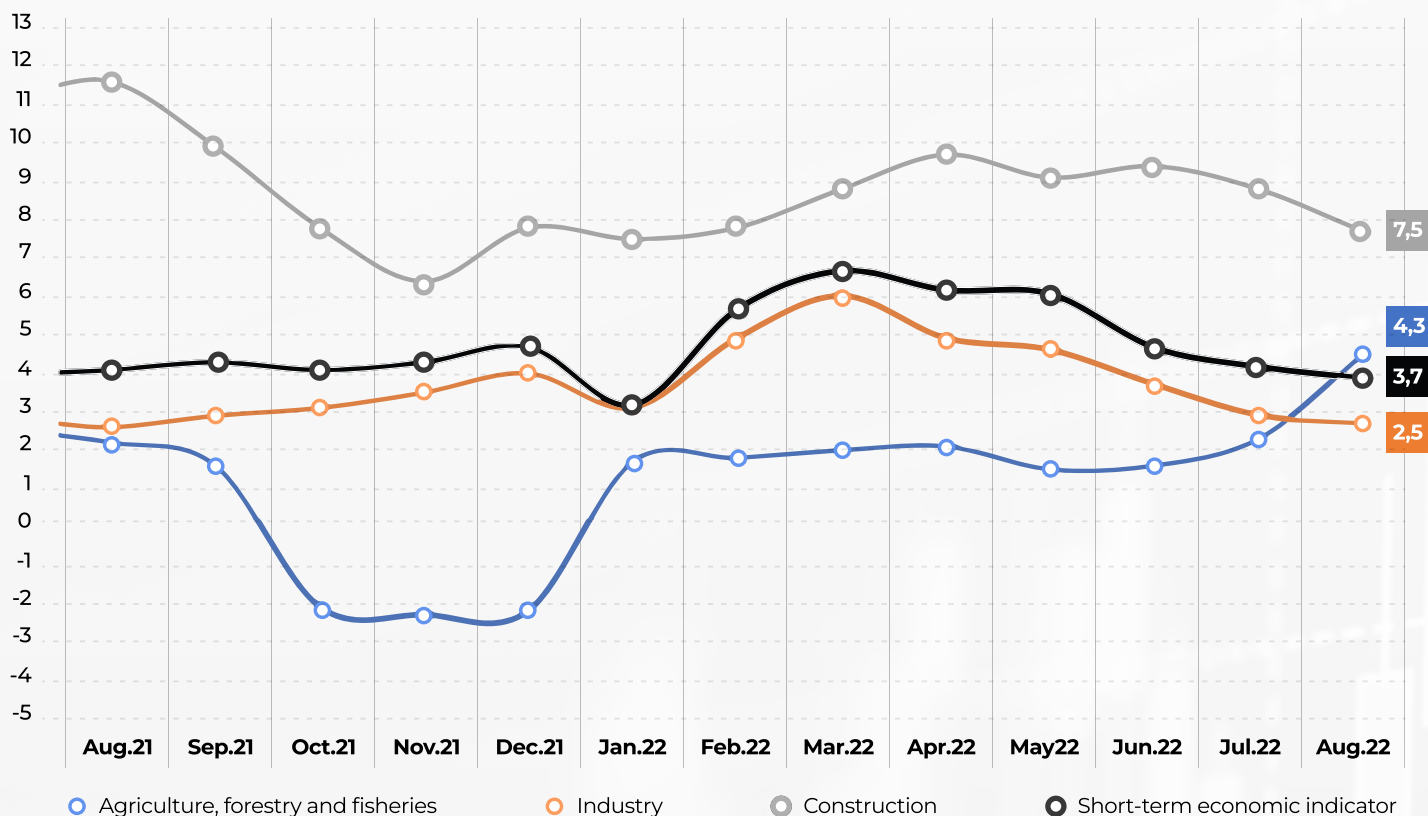
The observed weakening of domestic trade growth from 6.2% to 5.2% is due to rising food prices (+20.8% YoY in August) and worsening inflation expectations. All this leads to the fact that people give much more money for products, respectively, their consumption begins to decrease.

Therefore, although food sales are growing in monetary terms, they are declining in physical volumes.

At the same time, in wholesale trade, on the contrary, there is an increase in sales of food products, which may indicate a reorientation of the trade market to the wholesale segment.

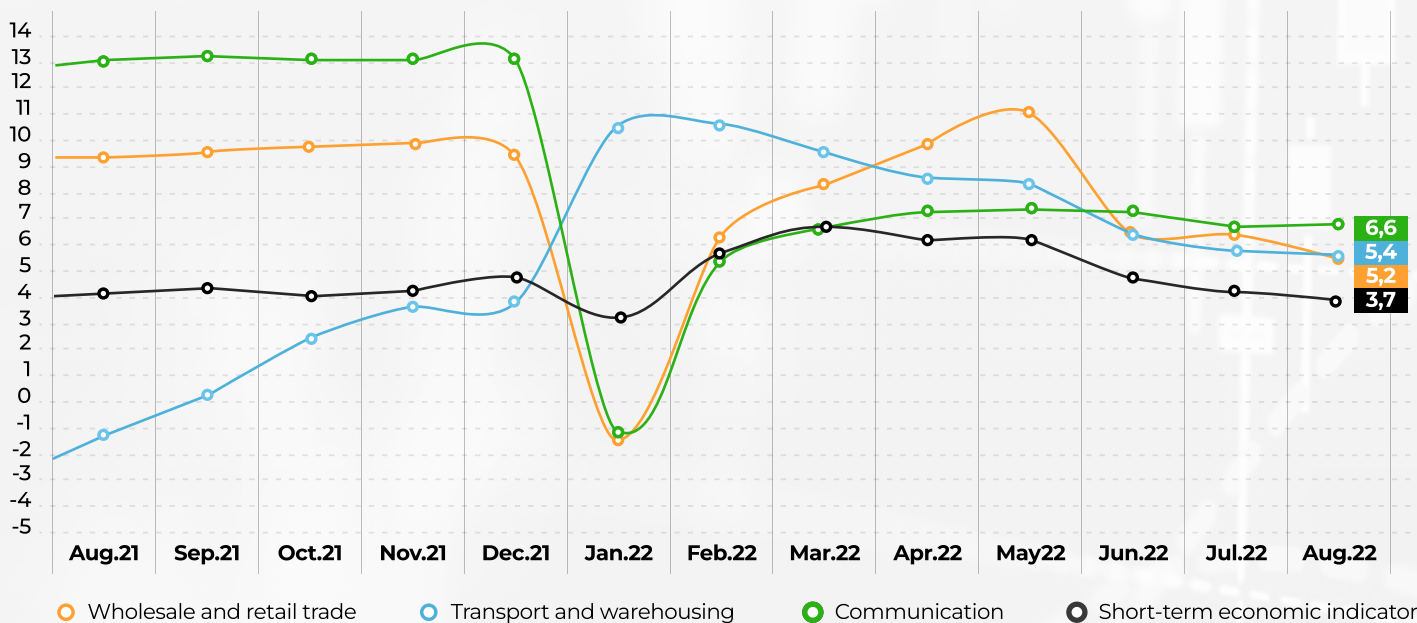
The Short-Term Economic Indicator change in percentage to the corresponding period of the previous year	2019	2020	2021	2022
January	2,9	4,4	-5,8	3,0
January-February	3,6	4,9	-4,0	5,5
January-March	4,2	4,3	-1,8	6,5
January-April	4,1	1,2	1,2	6,0
January-May	3,7	-0,5	2,0	5,9
January-June	4,3	-1,0	2,9	4,5
January-July	4,4	-2,7	3,7	4,0
January-August	4,8	-2,9	3,9	3,7
January-September	4,7	-2,5	4,1	
January-October	4,7	-2,8	3,9	
January-November	4,7	-2,6	4,1	
January-December	5,0	-2,4	4,5	

## Cumulative dynamics of changes in the short-term economic indicator and industries included in the goods production sector



Source: BNS of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, calculations by Jusan Analytics

## Cumulative dynamics of changes in the short-term economic indicator and industries included in the services sector



Source: BNS of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, calculations by Jusan Analytics

## Regional development

The greatest growth is observed in Shymkent (+8.8%), Astana (+8.7%), Akmola (+8.3%) and East Kazakhstan regions (+6.4%).

The leader of growth in Shymkent is the construction, transport and communications industries have grown significantly in the capital, and in the East Kazakhstan region, higher-than-market-growth is observed in wholesale and retail trade.

The decline in the economy was observed in Pavlodar, Kyzylorda and Zhetysu regions.

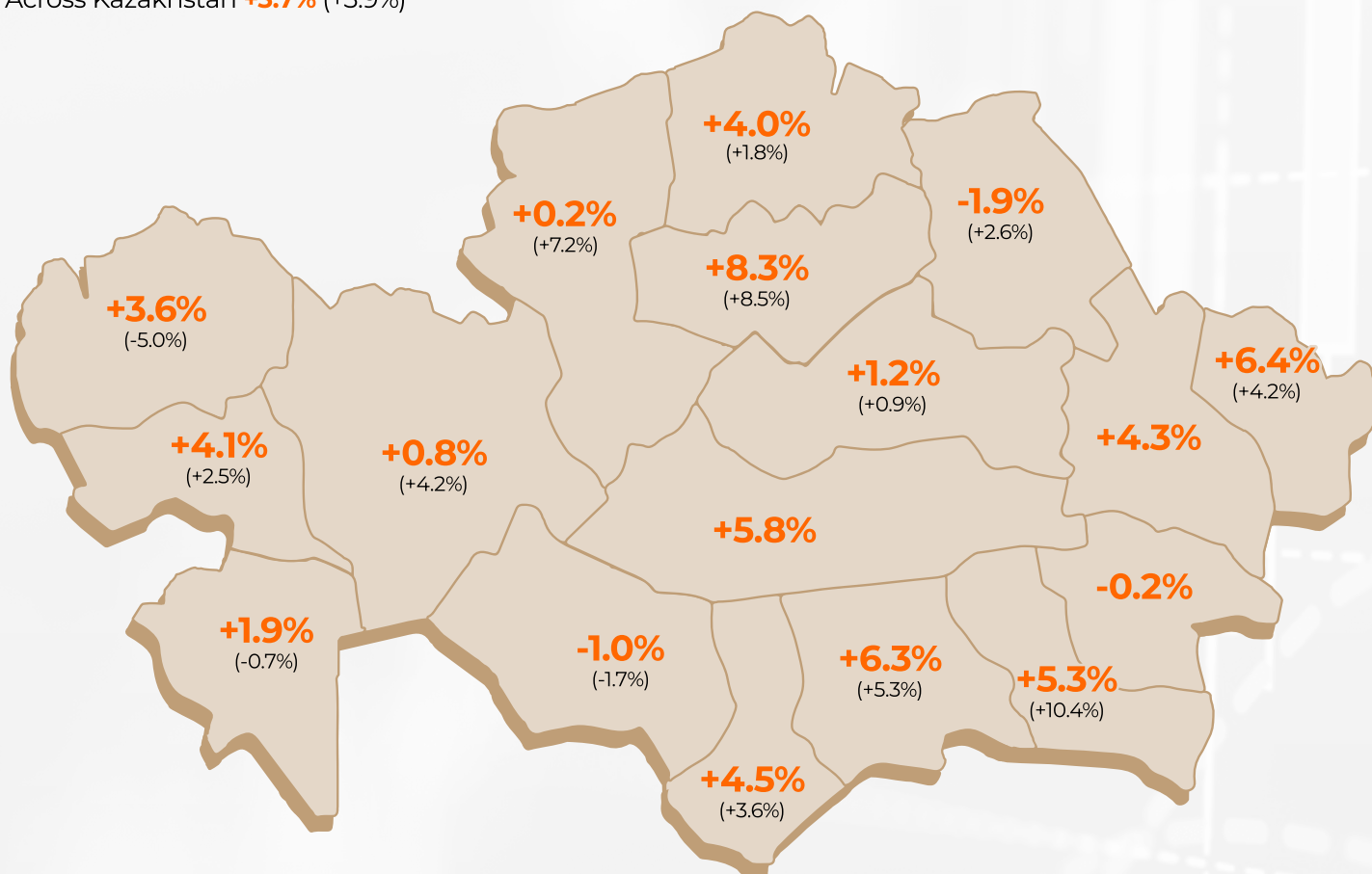
The economic downturn in Pavlodar region occurred due to a decrease in industrial production (a drop in the extraction of metal ores), and Kyzylorda has a decrease in oil production.

Negative economic growth in Zhetysu region is associated with a decrease in construction work and the manufacturing industry.

The largest growth in domestic trade and agriculture compared to last year is observed in Mangystau region, industry in Zhambyl, construction in Almaty regions, and transport and warehousing in Astana.

## The short-term economic indicator growth by regions for 8 months of 2022

Across Kazakhstan **+3.7%** (+3.9%)\*



\*data for January-August 2021 are shown in parentheses

Source: BNS of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Almaty **+5.6%** (+8.7%)  
 Astana **+8.8%** (+9.5%)  
 Shymkent **+8.7%** (+6.5%)

# The short-term economic indicator and main sectors of the economy by regions

for 8 months of 2022

<b>Abai region</b> Short-term economic indicator: <b>4.3%</b> Agriculture: 8.5% Industry: 8.6% Construction: <b>-17.6%</b> Internal trade: <b>-12.6%</b> Transport and warehousing: 1.9% Communication: 6.0%	<b>Akmola region</b> Short-term economic indicator: <b>8.3%</b> Agriculture: 8.2% Industry: 8.9% Construction: 13.6% Internal trade: 2.4% Transport and warehousing: 8.4% Communication: 0.0%	<b>Aktobe region</b> Short-term economic indicator: <b>0.8%</b> Agriculture: 1.5% Industry: 2.4% Construction: 1.7% Internal trade: <b>-11.1%</b> Transport and warehousing: 6.9% Communication: 3.9%
<b>Almaty region</b> Short-term economic indicator: <b>5.3%</b> Agriculture: 1.8% Industry: 6.1% Construction: 29.1% Internal trade: <b>-4.4%</b> Transport and warehousing: 0.1% Communication: <b>-2.4%</b>	<b>Atyrau region</b> Short-term economic indicator: <b>4.1%</b> Agriculture: 1.5% Industry: 0.7% Construction: 12.0% Internal trade: 22.2% Transport and warehousing: 4.3% Communication: 3.6%	<b>West Kazakhstan region</b> Short-term economic indicator: <b>3.6%</b> Agriculture: 3.7% Industry: 4.2% Construction: 4.8% Internal trade: <b>-0.7%</b> Transport and warehousing: <b>-0.7%</b> Communication: 2.4%
<b>Zhambyl region</b> Short-term economic indicator: <b>6.3%</b> Agriculture: 1.7% Industry: 11.4% Construction: 12.8% Internal trade: 5.7% Transport and warehousing: 0.1% Communication: 1.7%	<b>Zhetysu region</b> Short-term economic indicator: <b>-0.2%</b> Agriculture: 1.2% Industry: <b>-5.0%</b> Construction: <b>-6.9%</b> Internal trade: 21.4% Transport and warehousing: 0.4% Communication: 4.5%	<b>Karaganda region</b> Short-term economic indicator: <b>1.2%</b> Agriculture: 0.4% Industry: 1.0% Construction: 1.9% Internal trade: 3.3% Transport and warehousing: 1.9% Communication: <b>-2.8%</b>
<b>Kostanay region</b> Short-term economic indicator: <b>0.2%</b> Agriculture: 9.9% Industry: <b>-2.5%</b> Construction: 12.6% Internal trade: 5.0% Transport and warehousing: 0% Communication: <b>-6.3%</b>	<b>Kyzylorda region</b> Short-term economic indicator: <b>-1.0%</b> Agriculture: 1.9% Industry: <b>-2.6%</b> Construction: <b>-1.1%</b> Internal trade: 2.2% Transport and warehousing: 0.5% Communication: <b>-0.4%</b>	<b>Mangystau region</b> Short-term economic indicator: <b>1.9%</b> Agriculture: 12.8% Industry: 1.5% Construction: <b>-18.1%</b> Internal trade: 24.9% Transport and warehousing: 9.5% Communication: 10.0%
<b>Pavlodar region</b> Short-term economic indicator: <b>-1.9%</b> Agriculture: 2.7% Industry: <b>-3.1%</b> Construction: 4.3% Internal trade: 1.3% Transport and warehousing: <b>-0.1%</b> Communication: <b>-0.6%</b>	<b>North Kazakhstan region</b> Short-term economic indicator: <b>4.0%</b> Agriculture: 9.7% Industry: 1.6% Construction: 3.2% Internal trade: 1.0% Transport and warehousing: 0.8% Communication: <b>-4.6%</b>	<b>Turkestan region</b> Short-term economic indicator: <b>4.5%</b> Agriculture: 3.9% Industry: <b>-0.4%</b> Construction: 9.3% Internal trade: 8.8% Transport and warehousing: 10.6% Communication: 8.7%
<b>Ulytau region</b> Short-term economic indicator: <b>5.8%</b> Agriculture: <b>-0.1%</b> Industry: 6.2% Construction: 25.0% Internal trade: <b>-21.4%</b> Transport and warehousing: 2.6% Communication: <b>-2.7%</b>	<b>East Kazakhstan region</b> Short-term economic indicator: <b>6.4%</b> Agriculture: 3.1% Industry: 6.9% Construction: 4.7% Internal trade: 10.4% Transport and warehousing: <b>-1.5%</b> Communication: <b>-4.2%</b>	<b>Astana</b> Short-term economic indicator: <b>8.8%</b> Agriculture: <b>-0.5%</b> Industry: 2.0% Construction: 6.3% Internal trade: 8.9% Transport and warehousing: 21.5% Communication: 15.1%
<b>Almaty</b> Short-term economic indicator: <b>5.6%</b> Agriculture: <b>-3.0%</b> Industry: 8.5% Construction: 14.9% Internal trade: 2.6% Transport and warehousing: 9.3% Communication: 7.0%	<b>Shymkent</b> Short-term economic indicator: <b>8.7%</b> Agriculture: <b>-11.7%</b> Industry: 7.1% Construction: 18.5% Internal trade: 11.4% Transport and warehousing: 7.2% Communication: 4.5%	

## Risks and prospects

The further development of the economy will also largely depend on the situation in industry and trade.

According to Minister of Energy Bolat Akchulakov, "Kashagan will return to normal operation only in October," which means that **problems in the mining industry will continue** and most likely there will be a decline in industrial production.

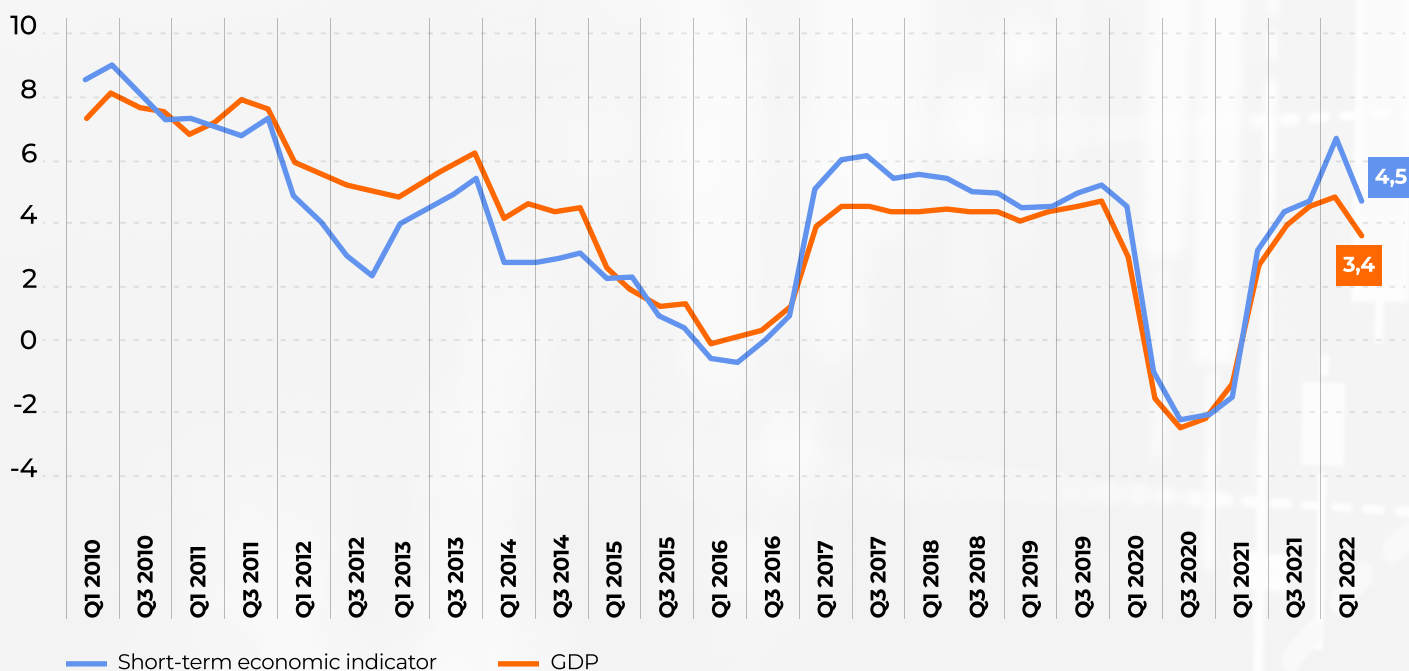
At the same time, the situation with metals also remains unclear, since the search for new sales markets takes time. And the ongoing geopolitical tensions, the global monetary tightening and China's new measures against coronavirus (which is also one of the main buyers of non-ferrous and ferrous metals) may affect demand and negatively affect supply chains and the cost of materials needed for production. All this causes some risks for the manufacturing industry as well.

Without due impetus from the trickle-down of raw material revenues into the economy, we **can** also **expect a certain cooling in the manufacturing sector**, which continues to experience an increase in the cost of production due to global inflation.

The situation of interior trade directly depends on prices. According to our expectations, annual inflation by the end of the year will be at the level of 17-17.5%. **The increasing inflationary pressure within the country will continue to hurt the demand of the population and trade.**

Thus, **we expect the economy to grow by the end of the year at the level of 3-3.5%.**

## Cumulative dynamics of changes in the short-term economic indicator and GDP



Source: BNS of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, calculations by Jusan Analytics



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