

# Leading indicator of economy

10 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.

**As we expected, the growth of the short-term economic indicator for 10 months of 2022 continued to slow down and amounted to 3.1%.**

As we expected the growth for 9 months has reached 3.5%. The decline in growth rates is observed in the sectors of production of goods and services. There is a cooling **in industry, trade, transport and warehousing**. At the same time, **agriculture and communications have grown**.

The industrial sector is slowing down: the mining industry has moved into negative territory (-1%), and the growth of the manufacturing industry has decreased from 4.6% to 4.3%. Problems are noticed in the production of crude oil (-2.5%), natural gas (-1.5%), iron ores (-18.5%) and other minerals (-9.9%).

The construction industry is returning to its potential level after the overheating previously observed in the market.

Problems in the industry also affect separate sectors in the service industry. Thus, domestic trade continued to slow down from +4.3% to +4.1%. And we believe that the slowdown is due to the increase in food prices (+23.1% YoY in October) and the high base of last year. Due to a 2.9% drop in cargo transportation and a decrease in the growth rate of cargo turnover from 3.0% to 2.5%, growth cooled from 4.8% to 3.9% in transport and warehousing.

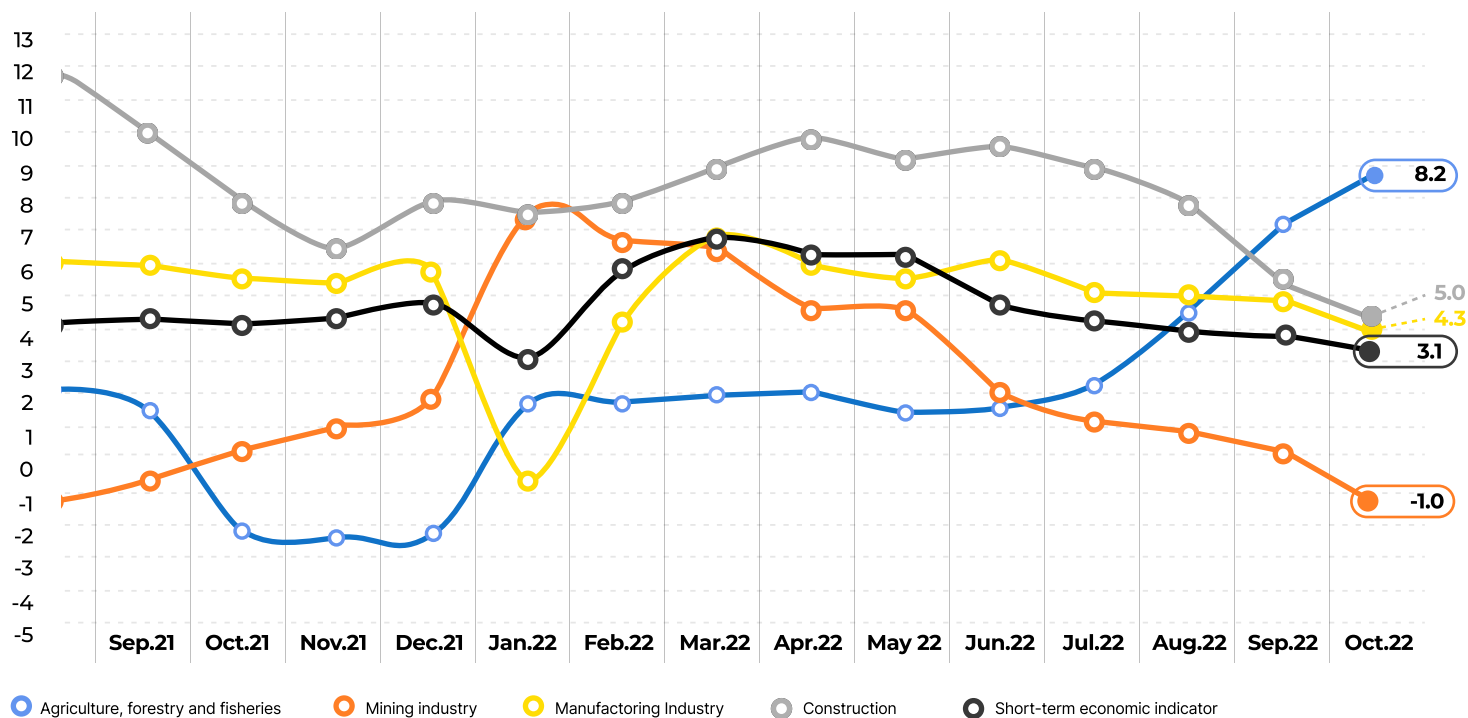
At the same time, the growth of the agricultural sector reached 8.2% due to a good harvest.

The telecommunication market shows advanced development (+7.1%). This is due to the growth of Internet services in Almaty and Astana cities.

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-Jule	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	▼ 3.5
January-October	4.7	-2.8	3.9	▼ 3.1
January-November	4.7	-2.6	4.1	
January-December	5.0	-2.4	4.5	

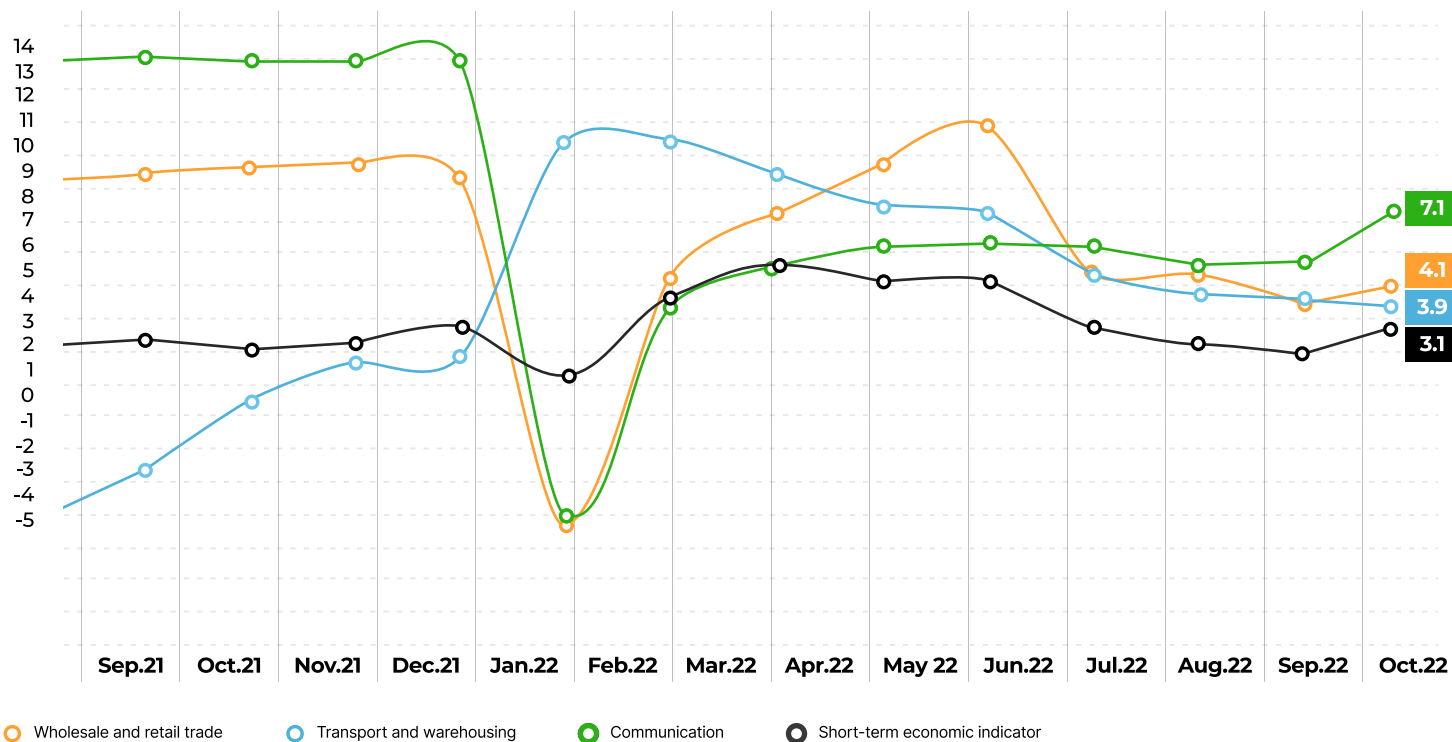
Source: BNS of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, Jusan Analytics calculations

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



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

## 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, Jusan Analytics calculations

## Regional development

**Economically, the most growing regions** are Shymkent (+10.5%), Astana (+7.6%), Akmola (+12.1%) and North Kazakhstan regions (+7.3%).

The construction sector is growing significantly in Shymkent and Akmola regions, communications, transport and warehousing are growing in Astana city, and agriculture is growing in North Kazakhstan region.

**The decline in the economy** was observed in two regions: **in Aktobe** (-0.3%) and **West Kazakhstan** (-0.7%). The economic downturn here is due to a decrease in trade (Aktobe region) and gas condensate production (West Kazakhstan).

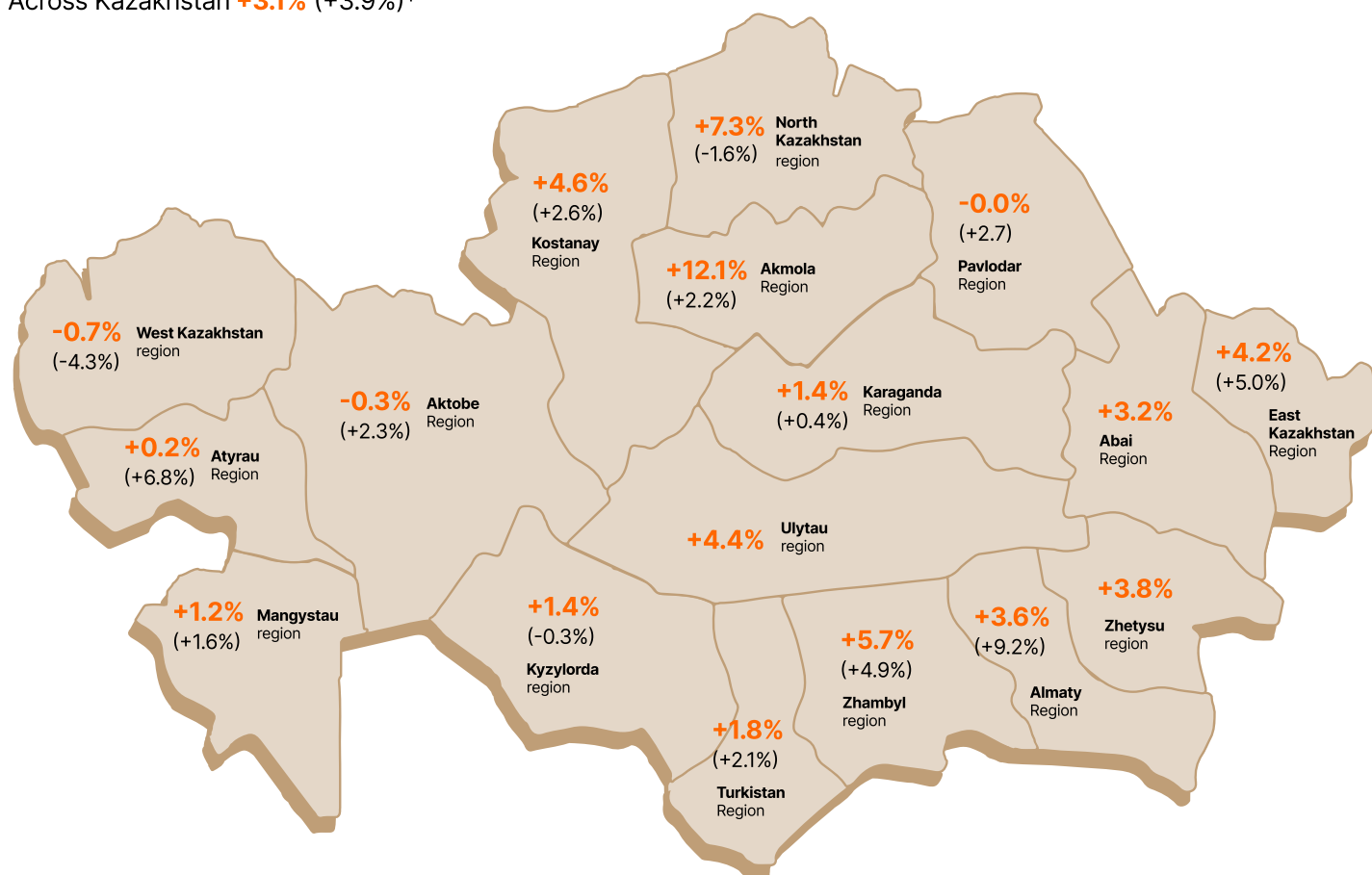
If we consider the development of economic sectors by regions, then agriculture is developing most in Kostanay region (+38.6%).

The growth of the industrial sector is noted in Zhambyl region, where "Taraz Chemical Park" special economic zone is developing.

The trade sector is growing dynamically in Zhetysu region.

## The short-term economic indicator growth by regions for 10 months of 2022

Across Kazakhstan **+3.1%** (+3.9%)\*



\*data for 10 months of 2021 are shown in parentheses

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

Almaty **+5.6%** (+8.4%)  
Astana **+7.6%** (+9.2%)  
Shymkent **+10.5%** (+6.9%)

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

for 10 months of 2022

<b>Abai region</b> Short-term economic indicator: <b>3.2%</b> Agriculture: 0.7% Industry: 9.4% Construction: <b>-14.2%</b> Internal trade: <b>-15.5%</b> Transport and warehousing: 0.0% Communication: 8.5%	<b>Akmola region</b> Short-term economic indicator: <b>12.1%</b> Agriculture: 18.7% Industry: 8.8% Construction: 26.8% Internal trade: 4.1% Transport and warehousing: 2.6% Communication: 0.3%	<b>Aktobe region</b> Short-term economic indicator: <b>-0.3%</b> Agriculture: 5.6% Industry: 1.2% Construction: 4.2% Internal trade: <b>-15.6%</b> Transport and warehousing: 3.7% Communication: 4.6%
<b>Almaty region</b> Short-term economic indicator: <b>3.6%</b> Agriculture: 0.4% Industry: 4.8% Construction: 16.4% Internal trade: <b>-0.5%</b> Transport and warehousing: 0.0% Communication: <b>-3.9%</b>	<b>Atyrau region</b> Short-term economic indicator: <b>0.2%</b> Agriculture: 1.5% Industry: <b>-1.9%</b> Construction: 11.2% Internal trade: 3.8% Transport and warehousing: 2.7% Communication: 5.0%	<b>West Kazakhstan region</b> Short-term economic indicator: <b>-0.7%</b> Agriculture: 4.8% Industry: <b>-1.3%</b> Construction: 0.5% Internal trade: <b>-0.5%</b> Transport and warehousing: <b>-0.1%</b> Communication: 3.7%
<b>Zhambyl region</b> Short-term economic indicator: <b>5.7%</b> Agriculture: 4.9% Industry: 11.1% Construction: 4.3% Internal trade: 4.1% Transport and warehousing: 0.6% Communication: 1.6%	<b>Zhetysu region</b> Short-term economic indicator: <b>3.8%</b> Agriculture: 1.3% Industry: <b>-2.4%</b> Construction: 13.9% Internal trade: 24.5% Transport and warehousing: 0.9% Communication: 6.6%	<b>Karaganda region</b> Short-term economic indicator: <b>1.4%</b> Agriculture: 1.2% Industry: 1.5% Construction: <b>-8.9%</b> Internal trade: 6.5% Transport and warehousing: 0.2% Communication: <b>-2.6%</b>
<b>Kostanay region</b> Short-term economic indicator: <b>4.6%</b> Agriculture: 38.6% Industry: <b>-4.3%</b> Construction: 4.5% Internal trade: 7.1% Transport and warehousing: 0.2% Communication: <b>-5.6%</b>	<b>Kyzylorda region</b> Short-term economic indicator: <b>1.4%</b> Agriculture: 0.1% Industry: <b>-1.3%</b> Construction: 22.9% Internal trade: 2.3% Transport and warehousing: 0.2% Communication: <b>-0.9%</b>	<b>Mangystau region</b> Short-term economic indicator: <b>1.2%</b> Agriculture: 13.4% Industry: 2.1% Construction: <b>-33.1%</b> Internal trade: 21.7% Transport and warehousing: 13.1% Communication: 10.8%
<b>Pavlodar region</b> Short-term economic indicator: <b>0.0%</b> Agriculture: 2.7% Industry: <b>-0.9%</b> Construction: 5.1% Internal trade: 2.2% Transport and warehousing: <b>-0.2%</b> Communication: 0.7%	<b>North Kazakhstan region</b> Short-term economic indicator: <b>7.3%</b> Agriculture: 12.8% Industry: 1.1% Construction: 7.6% Internal trade: 0.2% Transport and warehousing: <b>-0.1%</b> Communication: <b>-4.7%</b>	<b>Turkestan region</b> Short-term economic indicator: <b>1.8%</b> Agriculture: 2.0% Industry: <b>-4.2%</b> Construction: 5.1% Internal trade: 10.5% Transport and warehousing: 8.3% Communication: 8.8%
<b>Ulytau region</b> Short-term economic indicator: <b>4.4%</b> Agriculture: <b>-1.9%</b> Industry: 5.1% Construction: 13.5% Internal trade: <b>-18.4%</b> Transport and warehousing: 0.1% Communication: <b>-0.1%</b>	<b>East Kazakhstan region</b> Short-term economic indicator: <b>4.2%</b> Agriculture: 3.6% Industry: 3.4% Construction: 8.5% Internal trade: 9.6% Transport and warehousing: 0.1% Communication: <b>-4.7%</b>	<b>Astana</b> Short-term economic indicator: <b>7.6%</b> Agriculture: <b>-0.4%</b> Industry: 1.2% Construction: 1.1% Internal trade: 9.3% Transport and warehousing: 18.2% Communication: 16.7%
<b>Almaty</b> Short-term economic indicator: <b>5.6%</b> Agriculture: <b>-0.4%</b> Industry: 9.2% Construction: 5.1% Internal trade: 4.1% Transport and warehousing: 6.2% Communication: 6.8%	<b>Shymkent</b> Short-term economic indicator: <b>10.5%</b> Agriculture: <b>-10.0%</b> Industry: 5.8% Construction: 31.4% Internal trade: 14.8% Transport and warehousing: 7.7% Communication: 5.0%	

## Risks and prospects

The main pressure on economic growth **will continue to be exerted by the industrial** sector, particularly the mining industry, which has problems that do not end. Kashagan and CPC, which, following the statement of the Minister of Energy, were supposed to restore their work by mid-October, have not yet brought into production at full capacity.

This and the continued decline in exports of ferrous metals, ores and iron concentrates to Russia, presumably affecting the extraction of iron ores (according to our study), **cause the risk of uncertainty in the further development of the industry.**

At the same time, a prolonged double-digit inflation background (*inflation for October - 18.8%*) harms the development of manufacturing and construction industries, in which the cost price is already getting more expensive.

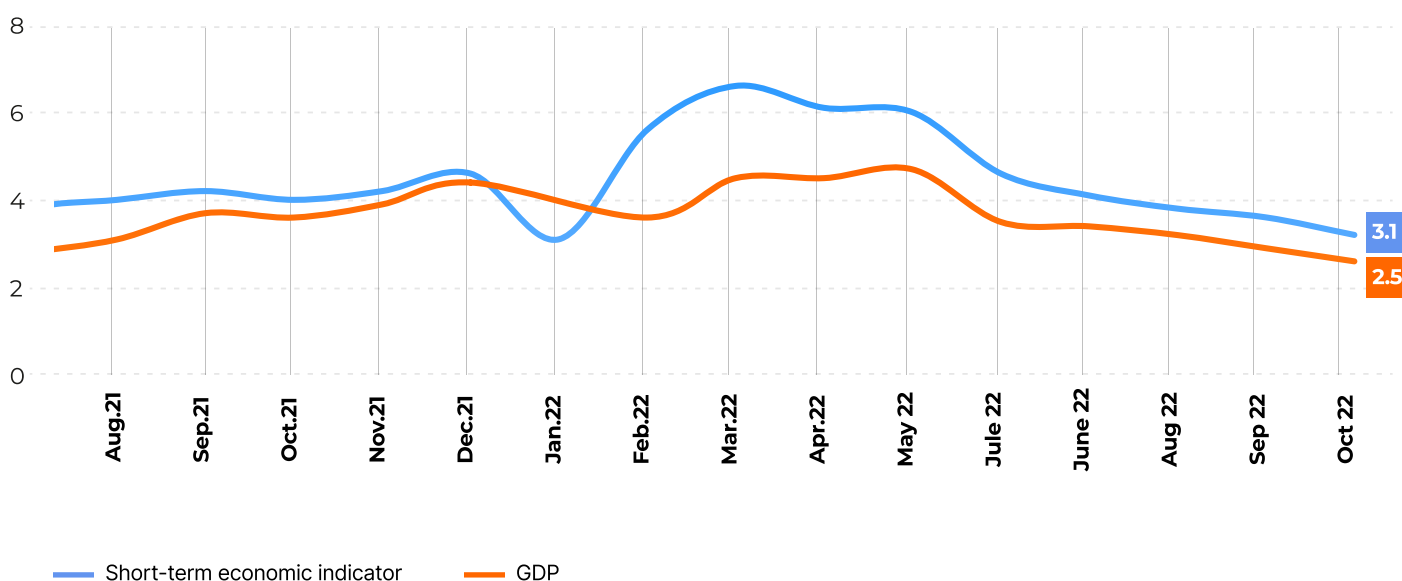
Alongside with that, in our opinion, the trend of switching trade to the wholesale segment since the beginning of the year will also continue. It is explained by the risk of disruption of supply chains, prolonged geopolitical tensions and the global rise in food prices.

The development of the agricultural sector, mostly related to the seasonal factor, may subsequently have a downward effect on economic growth.

Thus, the deceleration of a wide range of economic directions observed in the current conditions occurs against the background of growing global inflationary pressure and tightening of monetary measures by world central banks – raising interest rates.

Given the increased risk of further uncertainty in the development of the economy, we **decided to reduce the lower limit of the forecast value range of annual economic growth to 2.2%-2.5%.**

## 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, Jusan Analytics calculations



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