



Leading indicator of economy

January 2023



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, communication, transportation and warehousing.

Risks and prospects

The Short-term Economic Indicator growth significantly accelerated in January 2023, the pace of which was provided by significant indicators of the development of construction, communications, wholesale and retail trades. The manufacturing also made a contribution, where the mining industry recovery was noted. Mostly this growth was provided by the revival of many areas relative to the beginning of last year, in which there was suppressed economic activity due to the "January" events.

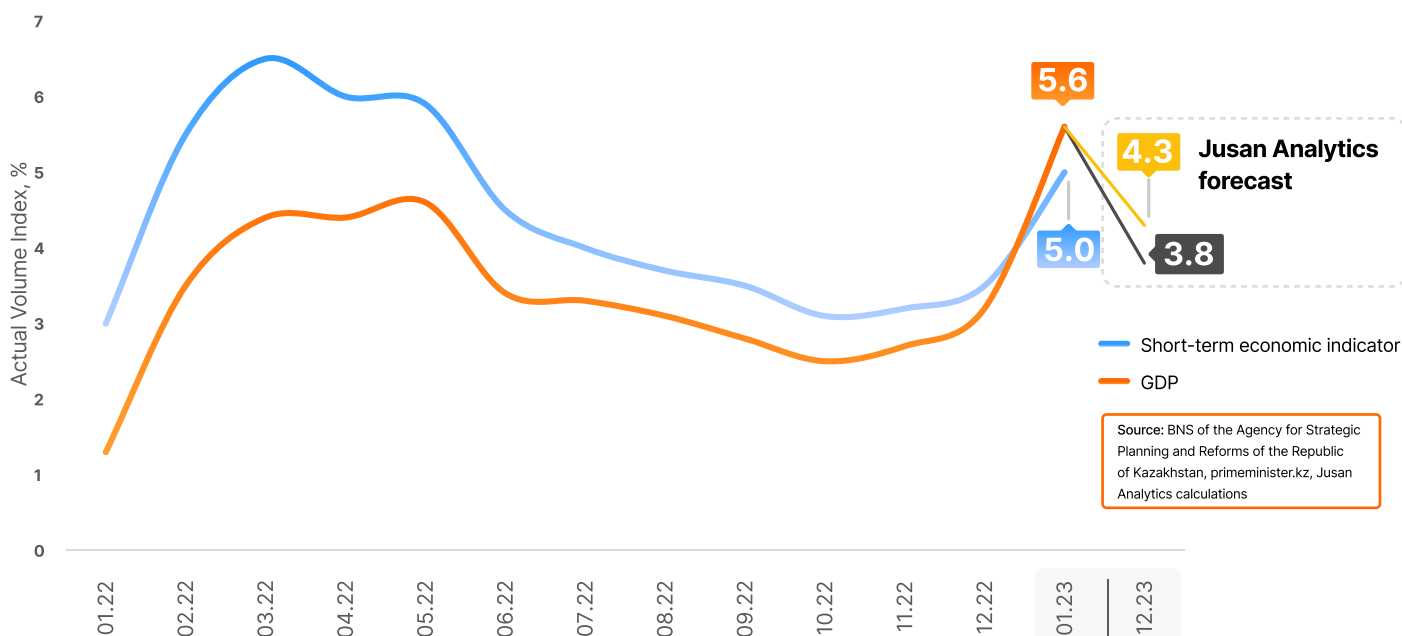
We expect that risks and uncertainties will decrease in the future. This will happen as a result of maintaining steady demand throughout the year and a gradual slowdown in inflation and inflation expectations due to the measures taken to stabilize them. At the same time, there will be a decrease in previous supply chain problems and the risk of geopolitical confrontation.

Thus, according to our expectations, all the main sectors of the economy will continue to grow this year, which will be ensured by the followings:

- growth of investments in fixed assets;
- government support for the development of the communications industry;
- an increase in oil production and exports of goods;
- a gradual decrease in price pressure, which will have a positive impact on the trade and construction;
- the labour market growth;
- continued fiscal stimulus within the framework of new development concepts;
- growth of the construction industry due to investments, improvement of pricing mechanisms, as well as the building of new production and housing facilities.

As a result, we decided to expand the range of our forecasts upward to the values of annual economic growth **at the level of 3.8%-4.3%** in the absence of new shocks.

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





January 2023 results

The Short-term Economic Indicator showed solid growth and amounted to 5.0% in the first month of 2023.

Such accelerated development was provided by the growth of the real sector (+2.3%) and the service sector (+7.6%). Positive dynamics were observed in all major sectors of the economy, while the main contribution to its growth was made by the service industries: wholesale and retail trades, as well as the communications industry. If we consider the real sector, then the greatest growth was observed in construction.

According to data for January 2022, **industry** grew by 1.4%. The **mining industry** moved into the growth zone and amounted to 1.2% (7.2% in January 2022) for the first time since October last year. This growth was provided by the production of oil (+1%), non-ferrous metals (+9.1%) and other minerals (+7.6%). However, there was a decrease in coal and iron ore production continued compared to last year.

The Gross Value Added of the manufacturing sector increased by 1.6% as a result of an increase in the production of pharmaceutical products (+51%), food (+9.8%), beverages (+33.2%), textiles (+25.5%), tobacco products (+21.3%), and mechanical engineering (+12.1%). At the same time, there is a decrease in clothing (-13.8%) and metallurgical production (-7.4%).

The construction industry showed an impressive increase of 12.5%. In January, the construction of residential buildings decreased by 31.5% compared to the same period last year, and, on the contrary, non-residential buildings increased by 39.1%, which blocked the negative impact of the housing part. Construction of structures increased by 14.4%. In our opinion, this was due to increased investment in fixed assets, delivery of construction projects and continued government support of the industry.

All major industries in the real sector showed good growth.

Thus, the growth in the **communications market** was +18.1%, and in **trade** +19.4%: the retail sector grew by 20.8%, and wholesale - by 18.8%. Such accelerated growth of industries is explained by the last year's low base effect due to the January events. At the same time, the development of the communications industry is supported by the state through national projects to provide citizens with high-quality Internet, and the trade – by lending from banks.

According to the BNS, the methodology in the **transportation and warehousing industry** was revised, as a result of which in January there was an increase of 7.9% (according to the new methodology, last year the growth was +8.6%). The growth was provided by the acceleration of passenger turnover by 49.3% and the growth of passenger traffic by 32.5%. The revenues of enterprises from transportation in the first month of this year amounted to 371.5 billion tenge.

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

The Short-term Economic Indicator change in percentage to the corresponding period of the previous year	2019	2020	2021	2022	2023
January	2.9	4.4	-5.8	3.0	5.0
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	3.5	
January-October	4.7	-2.8	3.9	3.1	
January-November	4.7	-2.6	4.1	3.2	
January-December	5.0	-2.4	4.5	3.5	



January 2023 results: Regional development

The most developing regions in January of this year were Almaty city (+36.7%), Shymkent city (+19.2%), Almaty (+13.7%) and Akmola (+12.6%) regions.

The economic growth in Almaty city was ensured thanks to the trade industry (+53%). The main driver of growth in Shymkent city was the transportation and warehousing industry (increased by 2 times). The communications and construction industries have grown record-breaking in Almaty and Akmola regions.

The economic slowdown was noted in 8 regions. The greatest economic decline occurred in Kostanay (-5.9%) and Karaganda (-5.9%) regions due to a decrease in iron ore, coal and metallurgical production.

If we consider the development of economic sectors by regions, agriculture developed the most in East Kazakhstan region (+21.9%).

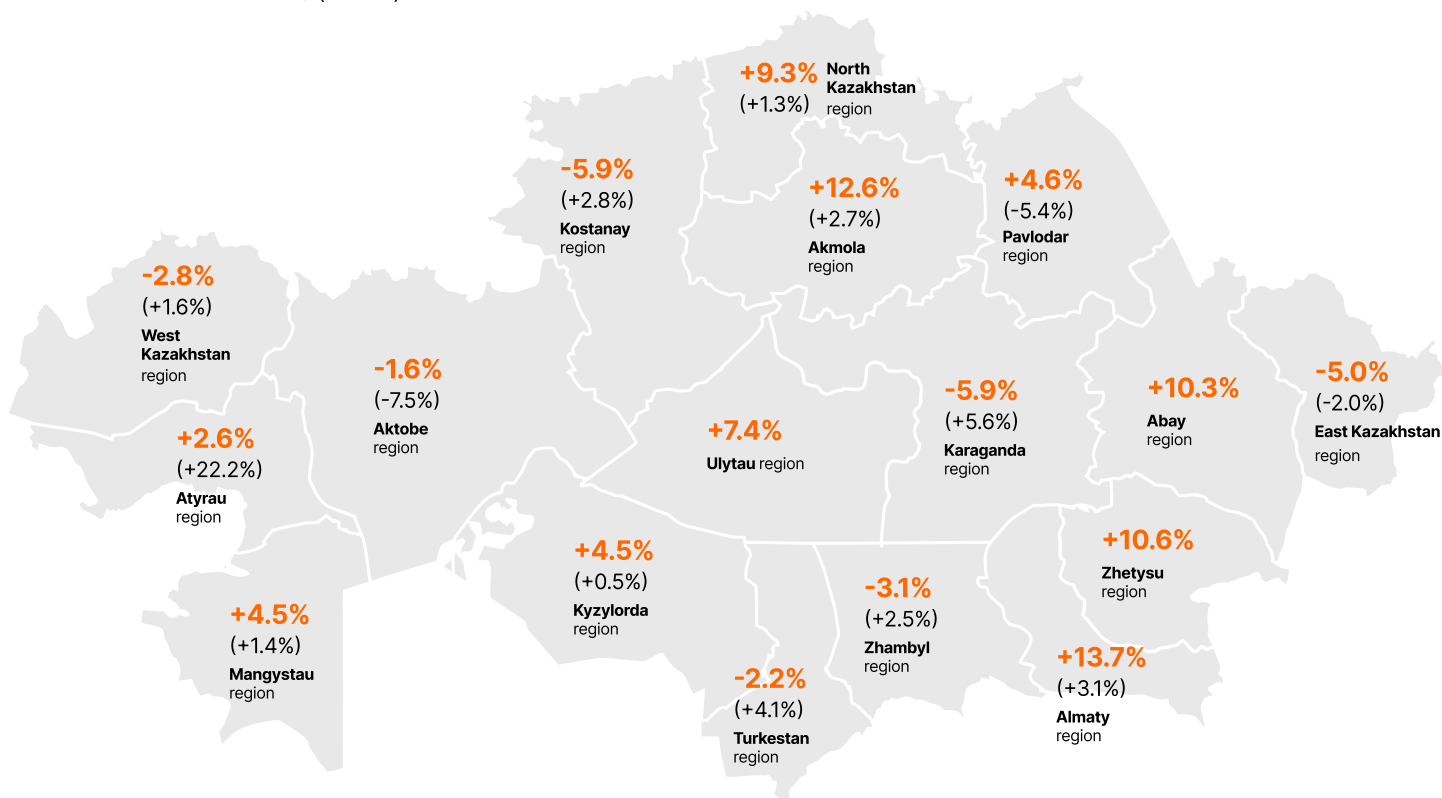
The growth of the industrial sector was noted in Almaty region due to an increase in the production of beverages and tobacco products.

The construction has grown the most in East Kazakhstan and Akmola regions.

Wholesale and retail trade, the industry of information and communication technologies showed the greatest growth in Zhetysu region.

The short-term economic indicator growth by region for January 2023

Across Kazakhstan **+5.0%** (+3.0%)*



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

*data for January 2022 shown in parentheses

Almaty **+36.7%** (-9.8%)
 Astana **-0.2%** (-1.3%)
 Shymkent **+19.2%** (+0.9%)



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

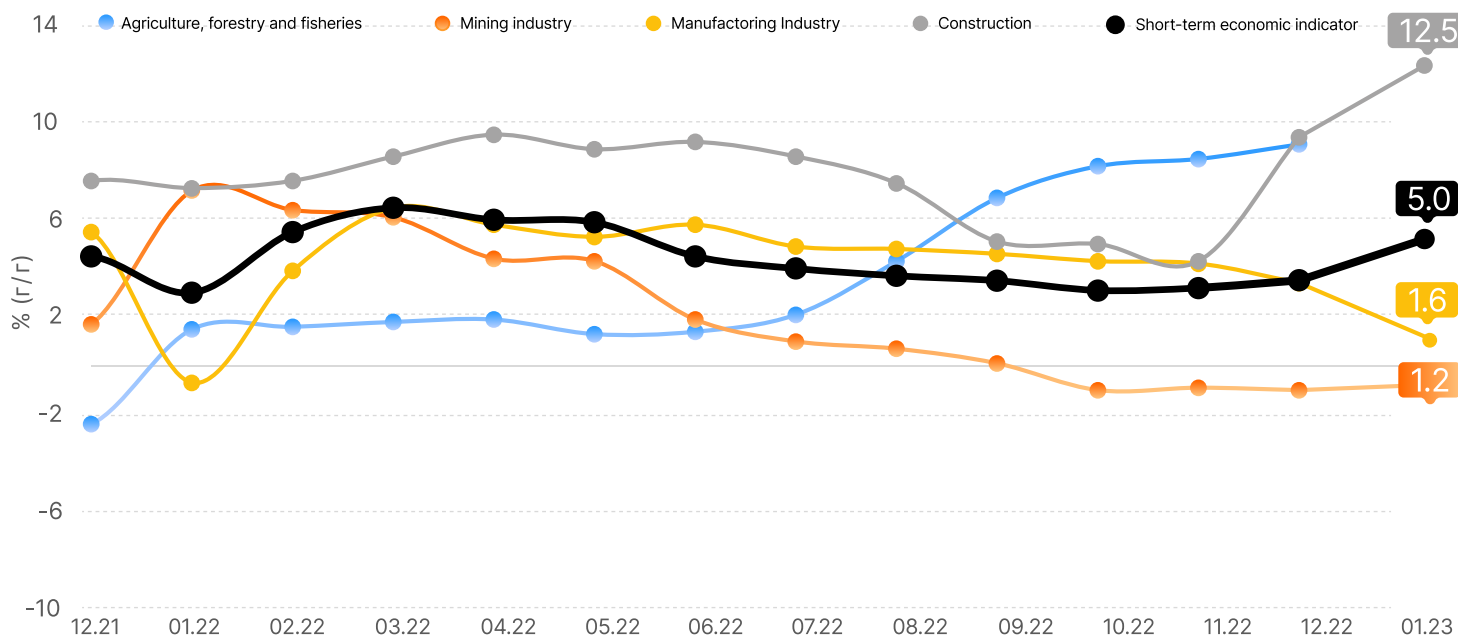
for January 2023

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

Abai region Short-term economic indicator: 10.3% Agriculture: 1.3% Industry: 12.3% Construction: 8.4% Internal trade: 4.5% Transport and warehousing: -1.0% Communication: 66.9%	Akmola region Short-term economic indicator: 12.6% Agriculture: 4.4% Industry: 15.3% Construction: 114.6% Internal trade: 10.4% Transport and warehousing: -8.3% Communication: 50.4%	Aktobe region Short-term economic indicator: -1.6% Agriculture: 0.1% Industry: -0.9% Construction: 38.4% Internal trade: -18.2% Transport and warehousing: 7.2% Communication: 28.2%
Almaty region Short-term economic indicator: 13.7% Agriculture: -0.3% Industry: 21.3% Construction: 57.4% Internal trade: 27.4% Transport and warehousing: -12.5% Communication: 51.6%	Atyrau region Short-term economic indicator: 2.6% Agriculture: 1.8% Industry: 3.3% Construction: 31.7% Internal trade: -10.3% Transport and warehousing: 2.0% Communication: 36.2%	West Kazakhstan region Short-term economic indicator: -2.8% Agriculture: 12.3% Industry: -3.4% Construction: -33.5% Internal trade: 11.8% Transport and warehousing: 2.2% Communication: 43.7%
Zhambyl region Short-term economic indicator: -3.1% Agriculture: 3.0% Industry: 2.5% Construction: 35.5% Internal trade: 1.3% Transport and warehousing: -19.7% Communication: 36.7%	Jetysu region Short-term economic indicator: 10.6% Agriculture: 0.4% Industry: 8.2% Construction: -25.2% Internal trade: 69.1% Transport and warehousing: -1.3% Communication: 79.7%	Karaganda region Short-term economic indicator: -5.9% Agriculture: -1.9% Industry: -9.6% Construction: -31.9% Internal trade: 30.7% Transport and warehousing: 28.1% Communication: 27.1%
Kostanay region Short-term economic indicator: -5.9% Agriculture: 3.1% Industry: -8.8% Construction: 5.3% Internal trade: 1.4% Transport and warehousing: 6.1% Communication: 33.2%	Kyzylorda region Short-term economic indicator: 4.5% Agriculture: 2.4% Industry: 7.2% Construction: 35.9% Internal trade: 2.4% Transport and warehousing: -5.3% Communication: 27.6%	Mangystau region Short-term economic indicator: 4.5% Agriculture: 7.2% Industry: 2.1% Construction: 28.8% Internal trade: 30.8% Transport and warehousing: 9.7% Communication: 21.1%
Pavlodar region Short-term economic indicator: 4.6% Agriculture: 6.0% Industry: 3.8% Construction: -7.0% Internal trade: 3.7% Transport and warehousing: 22.7% Communication: 35.0%	North Kazakhstan region Short-term economic indicator: 9.3% Agriculture: 2.7% Industry: 12.3% Construction: 123.4% Internal trade: -0.7% Transport and warehousing: 8.5% Communication: 43.0%	Turkestan region Short-term economic indicator: -2.2% Agriculture: 0.9% Industry: 8.3% Construction: -15.8% Internal trade: 11.5% Transport and warehousing: -23.0% Communication: 27.6%
Ulytau region Short-term economic indicator: 7.4% Agriculture: 0.8% Industry: 6.8% Construction: 40.7% Internal trade: 17.9% Transport and warehousing: 18.0% Communication: 56.6%	East Kazakhstan region Short-term economic indicator: -5.0% Agriculture: 21.9% Industry: -8.7% Construction: 0.4% Internal trade: 6.8% Transport and warehousing: 20.3% Communication: 27.5%	Astana Short-term economic indicator: -0.2% Agriculture: -0.1% Industry: -11.3% Construction: 0.2% Internal trade: 2.2% Transport and warehousing: 4.6% Communication: 20.3%
Almaty Short-term economic indicator: 36.7% Agriculture: 3.6% Industry: 19.6% Construction: 0.5% Internal trade: 53.4% Transport and warehousing: 28.2% Communication: 12.4%	Shymkent Short-term economic indicator: 19.2% Agriculture: 6.9% Industry: 8.2% Construction: 0.4% Internal trade: 7.7% Transport and warehousing: 100.0% Communication: 44.6%	



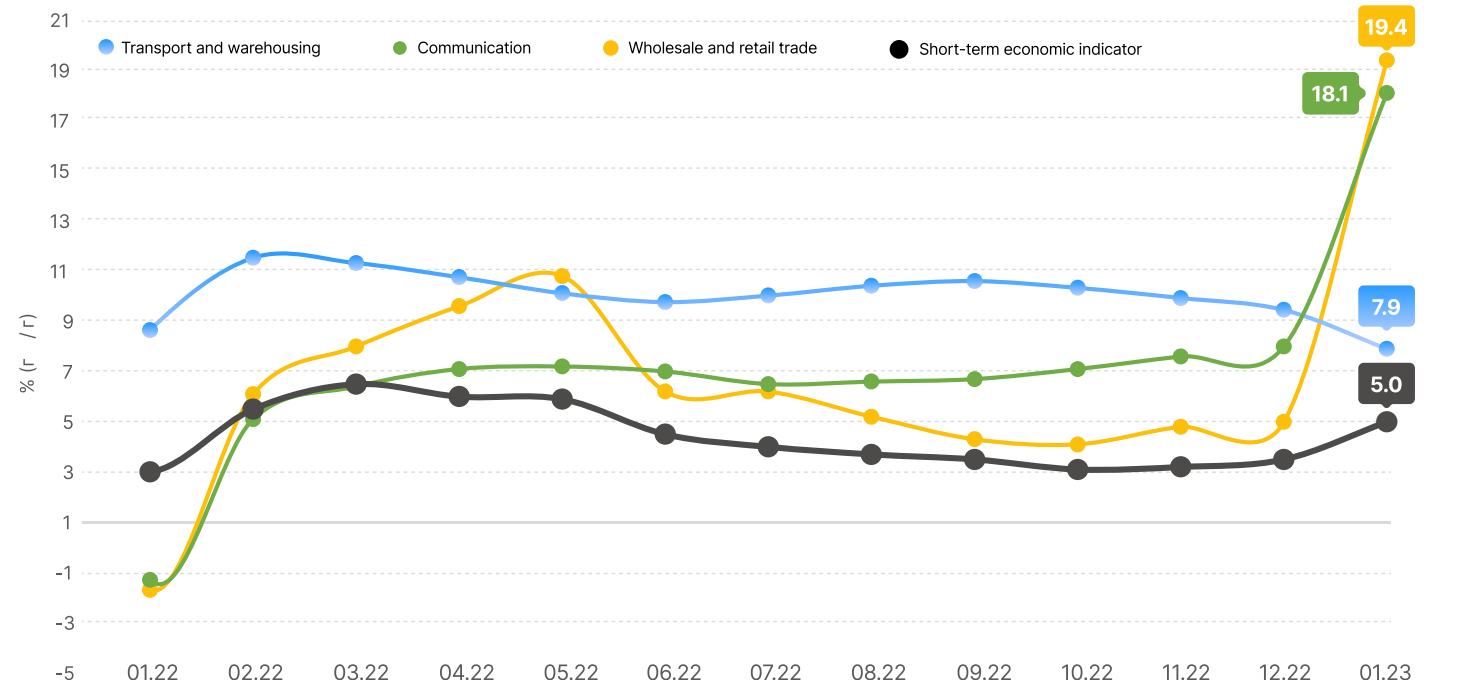
Cumulative dynamics of changes in the short-term economic indicator and industries included in the production of goods sector



Data on the agricultural sector for January 2023 are not available

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



Auhor: Klara Seidakhmetova (K.Seidakhmetova@jusan.kz)

Disclaimer:

Jusan Analytics is an analytical structural division of "Jusan Bank" JSC.

This work is for informational purposes only and is not an offer or attempt to provide report, business, financial, investment, legal, tax or other professional advice or services by Jusan Analytics. The publication is based on information that we consider reliable and obtained from dependable open sources, but we do not confirm that all the information provided is absolutely accurate.

We are not responsible for the readers' use of the information that is contained in the work to make his independent financial decisions. "Jusan Bank" JSC represented by the Jusan Analytics team does not undertake to regularly update the information contained in the publication or correct possible inaccuracies. At the same time, the information in the work is not exhaustive and may be changed at any time without prior notice.

The information published in the work is available for personal use, but is not intended for commercial distribution and cannot be reproduced, transmitted or published, in its entirety or in sections, without the prior written permission of Jusan Analytics.

**For issues on the use of the material,
contact Jusan Analytics:**

6th floor, block B, building 36, Al-Farabi avenue,
A25D5F7, Almaty city, the Republic of Kazakhstan.
analytics@jusan.kz