STATISTICS KAZAKHSTAN'S RESPONSE TO CHANGES IN ECONOMIC SITUATION

International seminar on Timeliness, Methodology and Comparability of Rapid Estimates of Economic Trends

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With times of crisis official statistics role has increased sharply. Timeliness and reliability of qualitative macroeconomic data became an issue of highly requested need of policy makers, researchers and citizens for:

- monitoring their impacts on economy, society and environment;
- monitoring political responses and their influences.

With this purpose Statistics Kazakhstan has made some changes in formation and dissemination of macroeconomic data. Additional response from the Governmental anti-crisis program is directed to four areas:

- Stabilisation of the market of the real estate;
- Support of small and medium business;
- Agriculture development;
- Realisation of innovative industrial and infrastructural projects.

Statistics Kazakhstan response to crisis situation is reflected in producing the following statistical indicators:

- Short-term economic indicator;
- GDP;
- Business Register, including information on partially active enterprises;
- Short-term monthly indicators by all statistics branches;
- Price Statistics;
- Unemployment rate including hidden unemployment;
- Business and Population Opinion Survey.

These indicators are estimated monthly.

Short-term economic indicator

Short-term indicator, referred also as mini-GDP, defines economic development tendency. Its calculation is performed for operative data supply. This index is calculated on the basis of output indices changes by main branches, such as:

- agriculture;
- industry;
- construction;
- transport;
- trade;
- communication.

1.Short term economic index, in percentage
*to the relevant month of previous year*

Share of these branches in GDP volume is about 67- 68%. Changes in short term indicator are presented in percentage to the relevant month of previous year. Indicator level shows the sharp decrease from its initial point 104.4% in January 2008 to 93.2% in April 2009 (1).
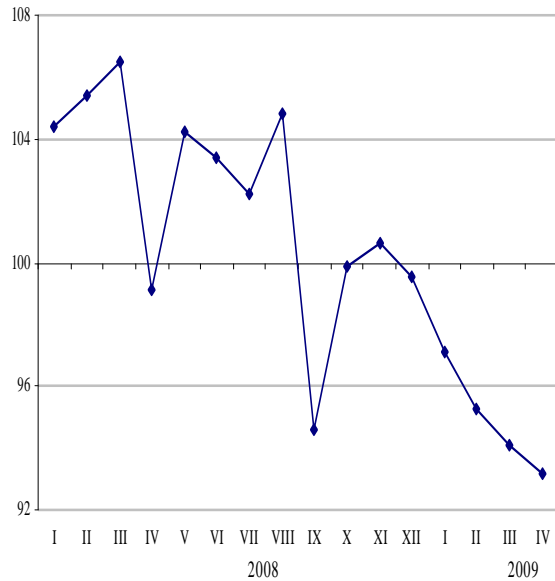
GDP

2.Volume index of GDP
*the quarter to the relevant quarter of previous year*
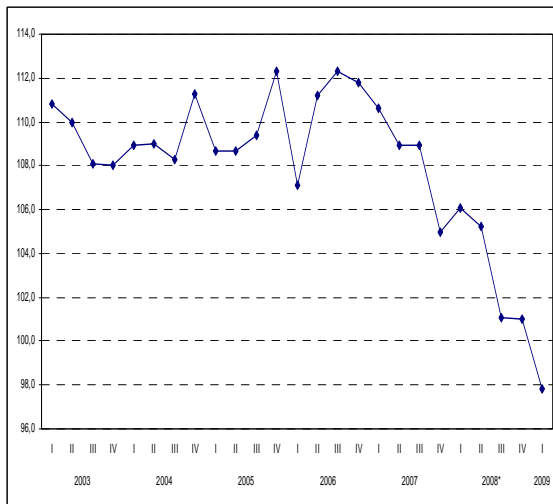
The Gross Domestic Product is calculated in Kazakhstan according to international standards of SNA 93.

Currently GDP in Kazakhstan is calculated by 3 methods: **by production, by income and by expanditures.** The main is the production method. Volume index also has suffered fall since 2006 diminuishing from 110.7% to 97.8% in January-March 2009 (2).
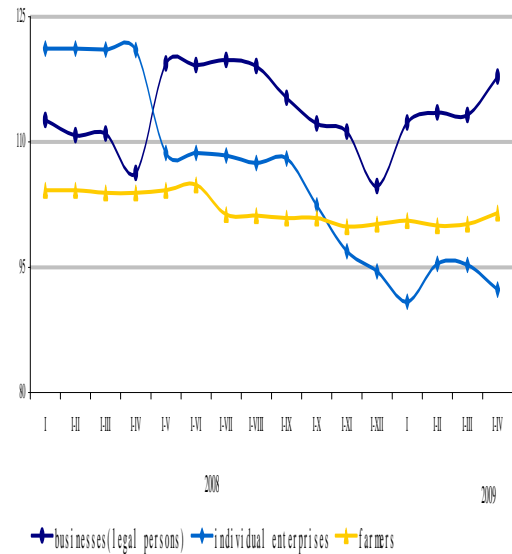
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Business register

By the business register the information is provided on the quantity of registered and active businesses by size and type of ownership and type of activity in regional frame.

3.Registered and acting businesses
number of units
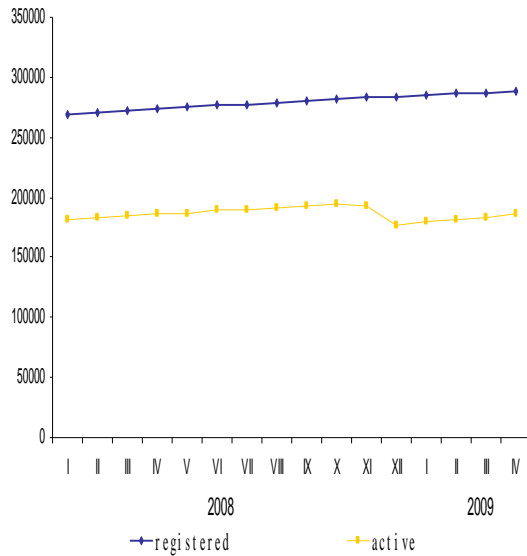
4.Changes in the number of active small enterprises

In percentage to the relevant period of the previous year

Types of activities correspond to "State Classificatory by Economic Activity" classification system. Acting businesses are divided according to the size into small (50), medium (51-250) and large (over 250). They include:

- currently acting businesses;
- newly registered, yet not acting businesses;
- businesses temporarily holding up economic activity (3).

The special attention deserves subjects of **small enterprises**, forming the bulk of businesses. They include individual enterprises, businesses realizing private entrepreneurship and farmers. The average number of employees of these businesses should not exceed 50 persons per year. The cost of assets per year there is not more than 60000 monthly calculated indices of national budget (now 500 000 USD). The decrease in the number of active small enterprises is observed mostly in individual enterprises and businesses. While individual enterprises decline has started from March 2008, the businesses fall observed from August 2008 (4). The number of active businesses (legal

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persons) since August 2008, which is consisted 119.1% for January-August 2008 to the relevant period of previous year decreased till 104.7% in January-December 2008. However, there has been an increase since January 2009, which has made up 117.8% for January-April 2009. The similar trend of decrease and increase by months is observed on individual enterprises.

Short-term monthly indicators by all statistics branches

Fixed capital investments volume is calculated on a monthly basis. There are 3 sources of financing (private, budget and foreign). Information is also provided on technological structure (repair of buildings, investments into machinery), statistics branches (transport, mining, industry, construction and others), as well as type of enterprises.

General volume of direct investments (in percentage to the relevant month of previous year) which was 102.8% in January 2007 grew up to 126.7% reaching the peak in September 2007, then lowering up to 86.1% in January 2009. The trend has shown an increase since February, which has made up 136.9% in April (5).
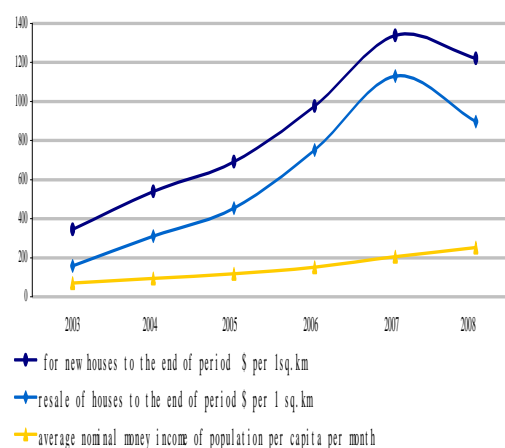
5.Investments into fixed capital

in percentage to the relevant month of previous year
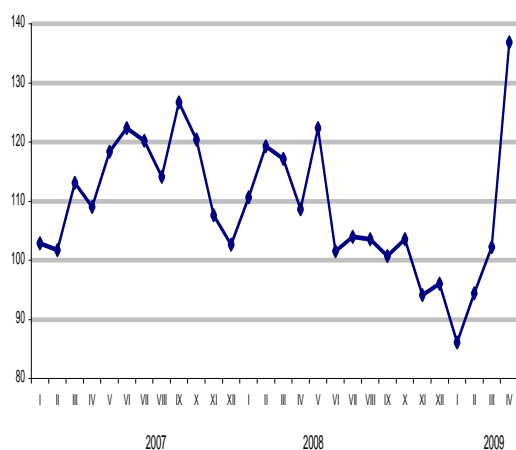
6.Prices for housing and population income in USD

*in percentage to the relevant month of previous year*

Construction. In construction the information is presented in investments, including housing construction investments with volume of construction works (cost of construction companies on repair, construction, reconstruction) and total area of all

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buildings. Investments into construction-montage works decreased to 32.3%. in this regard, there is an increase in the investments into machinery and other capital works. There are also price indices in construction on a monthly basis. The prices in the real estate market are produced on sale and its resale. Financing reduction in banking sector in 2008 resulted in reduction of prices in housing market. Thus, in 2007 prices in the primary housing market have increased by 30.2 %, secondary housing market – by 42.6 %, in 2008 they have decreased by – 8.7 % and 20.4 %, accordingly (6). The price index in construction gives the possibility to observe price changes in all elements of technological structure in construction. These data are disseminated monthly.

Turnover of goods in **retail trade** covers all channels of realization and an index of physical volume on retail goods turnover. Goods turnover of medium and large enterprises is defined according to monthly survey, the quarterly data estimation is held on small enterprises.

7.Retail trade volume
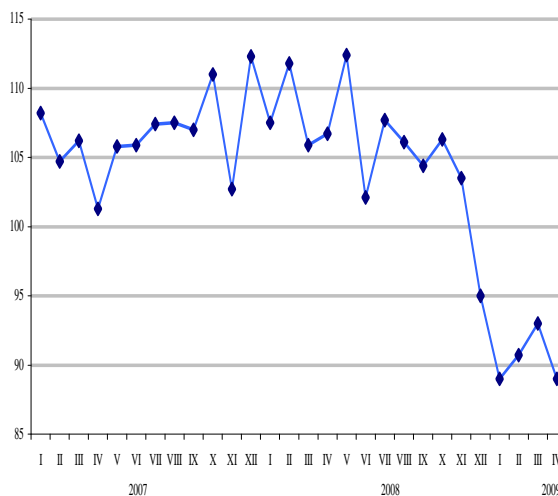*in percentage to the relevant month of previous year*
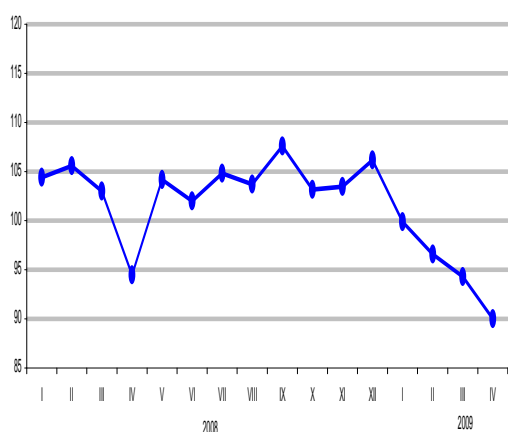
Besides, retail goods turnover includes volume of goods sale in trade markets by individual entrepreneurs in trade sector. A sample survey is carried out on a national scale. Retail trade volume has shown decrease since December 2008. Decline of trade turnover is connected with the decrease of numbers of enterprises in trade sector to 6% consisting 54.9% in the turnover structure (7).

Transport. The transportation of cargoes, indexes of physical volume are produced in transport statistics sector. It is performed on a monthly basis according to the reports of transport enterprises by all types of transport. There is also an estimation

of non-transport enterprises and individual entrepreneurs in commercial transportation service sphere. Volume index of cargo turnover (month to the relevant month) which was 103.5% in November 2008 began to decrease reaching 89.0% in January 2009. In March 2009 it went up to 4% and again decreased till 89.0% in April(8).

8. Cargo turnover
*month to relevant month*

9. Volume index in communication
in percentage to the relevant month of previous year
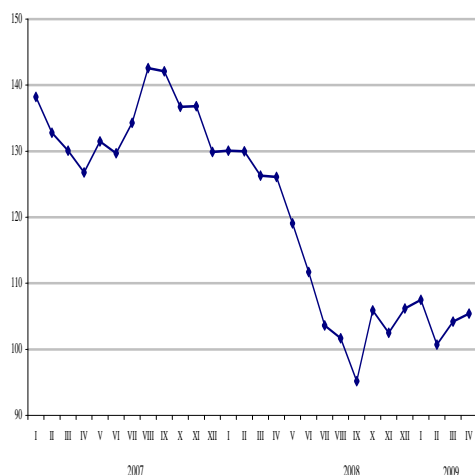
The volume index of a **telecommunication** service is given also in communication. The volume of telecommunication service is formed monthly on the basis of enterprises report in post, express mail and telecommunication services. Income in telecommunication is increased, due to mobile service, making up 52.0% from total volume of communications (9).

Financial results of enterprises. In goods production sector, the Agency carries out monitoring of the large and medium businesses for monthly formation of data on a financial situation. The annual data on loading capacities is formed for acceptance of operative administrative decisions on production. Loading level allows to define the expediency of manufacture and support of production of the most significant goods. In this regard, the following list of indicators is produced:

10. Dynamic of profit(losses) before taxation
in percentage to the relevant quarter of the previous year
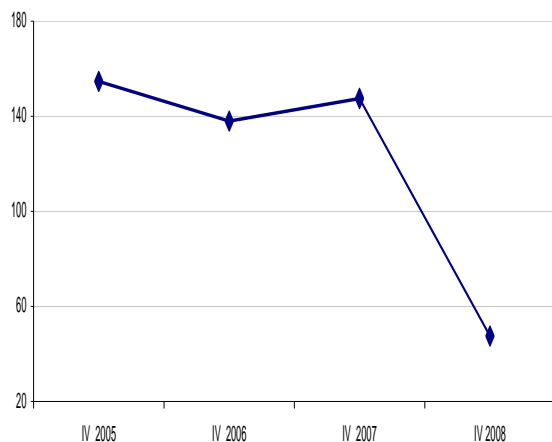
- incomes and expenses of industrial activity;
- production cost price;
- production efficiency;
- debts indicators (debts on obligations, debtor debts);
- volume index of production and services (10).

Dynamic of profits (losses) has lowered from 147.6% in 4th quarter of 2007 to 47.6% in 4th quarter of 2008.

Unemployment

As sample survey of employment is conducted on a quarterly basis, the Agency carries out monthly estimation of number of unemployed persons and unemployment rate. The following indicators are disseminated:

- number of unemployed persons;
- unemployment rate;
- hidden unemployment rate.

Reports of Labour Ministry on registered unemployed persons as well as quarterly household survey data are used for a monthly calculation of the estimated data. So, by an estimation, the rate of unemployment from economically active population in January 2009 was 6.8 %, February 2009 – 7.0 %, March 2009 - 7.0 %, April 2009 – 7.2% and in the first quarter 2009 (the preliminary data) – 6.9 % (11).

The data on partially employed workers on a labour market, in particular, a number of employed persons with incomplete working day or week, labour vacation without salary or with a partial payment is used at calculation of the hidden unemployment rate. Thus, by estimation, in January 2009 this indicator has made up 1.7 %, February – 1.9 %, March – 1.7 %, April – 1.5%.

11. Unemployment rate
in %

registered unemployment ratio — unemployment rate, %
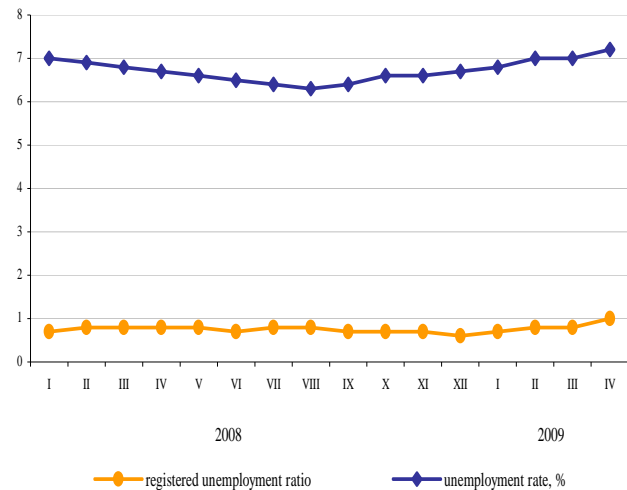
Prices

For assessment of macroeconomic situation change surveys in price statistics are carried out by all segments of economy. Prices are presented by 19 main indices. Main components of price indicators are:

- price rate, dynamic;
- price indices by all sectors of economy;
- price ratio by main types of products.

12. Inflation
In percentage to the relevant month of previous year
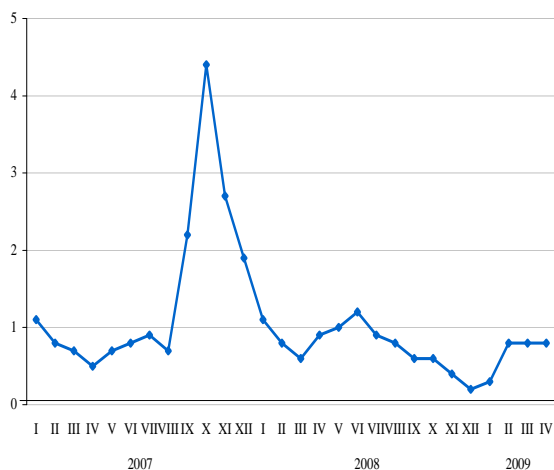
The information on price changes for socially significant foodstuffs, non-foodstuff goods and payable services are presented in the middle of each month.

According to these data the estimation is conducted on inflation processes tendency. The indicator is published in the beginning of month. In 2007 inflation has made 18.8% (to the December of previous year). It is its

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highest indicator, since 1997. Sharp rise in prices has been noted by all food, non-food goods and payable services list. Inflation in 2008 was 9.5%. Monthly dynamics of inflation in 2008 had distinctive features from prices changes trends within a year (12).

Business and population opinion survey

In industry and trade sector heads of enterprises are surveyed on a monthly basis. The telephone survey of consumers by regions is conducted for observance of trends in households consumer demand in the goods of long-term consumption. Indexes reflect opinions of enterprises heads on a direction and character of objective changes in indicators.

Observation is conducted on a current condition for given month in comparison with the last one additionally to estimation of expected situation for the next 2-3 months on the following indicators:

Industry:
- Physical volume of output;
- Prices for realised production;
- Prices for raw materials and goods;
- Stocks (raw materials, not complete production and finished goods);
- General demand of enterprises on goods;
- Financial resources provision (private, budgetary, credit and loan);
- Number of employed persons at the enterprise.

Trade:
- Volume of goods turnover;
- The average prices on the basic groups of goods;
- Financial resources provision (private, budgetary, credit and loan);
- Stocks of the goods of the enterprise;
- Assortment of the goods of the enterprise;
- Number of employed persons at the enterprise;
- Purchase of commodity resources.

By the end of interviewing the estimation of enterprise's financial and economic situation is requested on current situation and for next 2-3 months with supposed answers (good, satisfactory and bad).

Decrease started September 2008 in the index of enterprise confidence in industrial sector stabilized in November-December 2008, has increased slightly since

January 2009. In March the index in comparison with the last month has increased by 4 % points and has made (+2) % (taking into account the seasonal prevalence factor), and decreased again in April arriving to -1%. At the same time, the index of enterprise confidence characterising business activity in trade sector's decrease started in October 2008, has shown the slowdown of decrease in April 2009 (13).

13. Enterprise confidence index
in percentage to the previous year
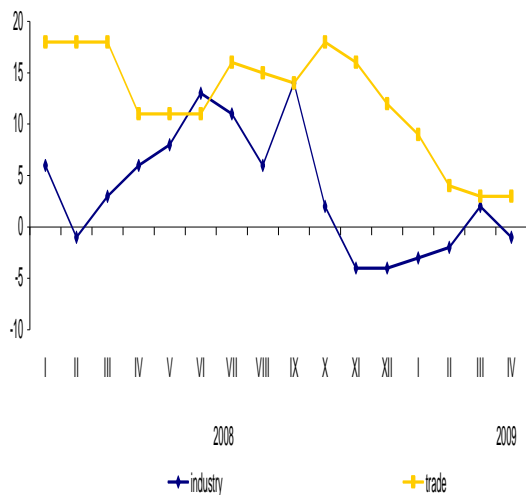
14. Consumer activeness index
in percentage to the previous year
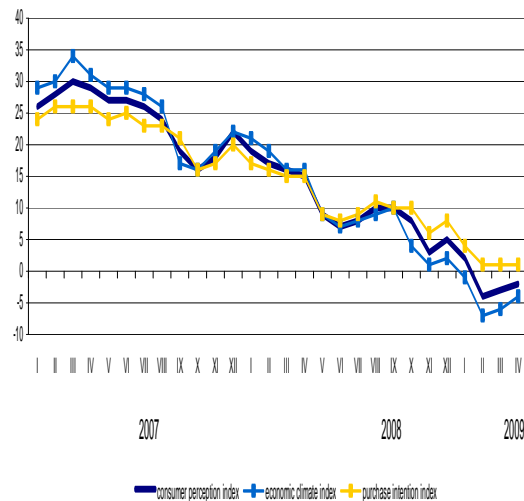
The consumer activeness index includes three indicators such as economic climate index, consumer perception index and purchase intention index. All segments have shown decline since March 2007. The indexes level decreased sharply, quite to 40 percentage point. For example, economic climate index which was at +35% in March 2007 lowered to -4 % in January 2009. in April, economic climate index was at -4%, purchase intention index - +1%, and consumer perception index - -2% (14).

Budget statistics

State budget statistics counting that reflects income and expenditure of state sector bodies is calculated on a monthly, quarterly and yearly basis. The data base is formed on aggregated reports of Ministry of Finance on consolidated, republic and local budget (regional, rayon, city level included in regional budget and regional level city budgets and rayon budgets for Astana (capital) and Almaty (the biggest city) cities budget). To form and perform budget the single budget classification is used. The income statistics is produced on the basis of tax and non-tax incomes, fixed capital sale and transfers income (15). This year in Kazakhstan new Tax code entered into force, according to

which the burden to non-raw material sector will be decreased. Corporate tax will be minimized gradually to 2011 from 30% to 15%, tax added value rate to 12% from 13%. Terms of carrying over of losses with 3 till 10 years will be increased. These measures will liberate for business the essential sum approximately in 3.3 billion USD.

Expenses on payment of pensions and social allowances will increase to almost 6.6 million USD in 2011. The next three years average pensions and salaries of state employees will grow almost in 2 times. The income and expenditure indexes of state budget sharply decreased in December 2008, till 286 billion in March in income, and till 281 billion tenge in expenditure.

15. State budget
Billion tenge
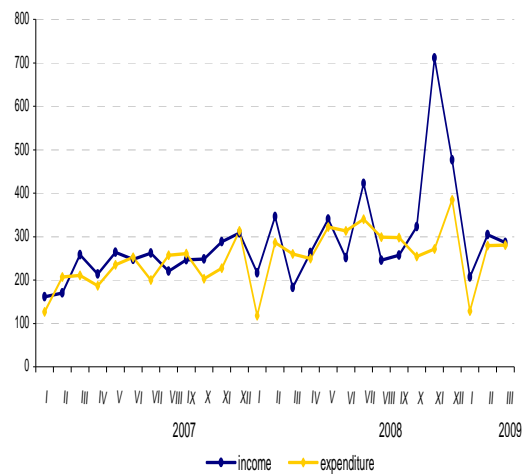
Credit and monetary system statistics

16. Official currency exchange rate to the end of period
tenge per unit of currency
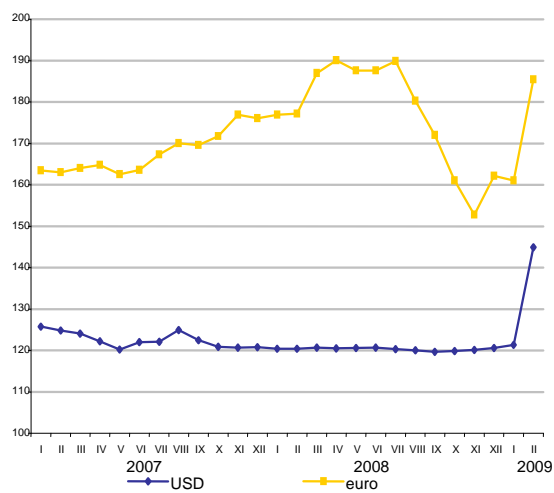
Credit and monetary system statistics is conducted by the National Bank. Data are produced on following sections such as international stocks and assets of National Bank, money aggregates and monetary review by National bank, by banks, by banking system. The statistical information is provided also on non-deposit financial organizations review, financial sector and credit organizations as well as deposit, credit and monetary markets.

All of data are disseminated on a monthly basis.

According to devaluation of national currency of neighboring countries for support of national commodity producers there was announcement transition to devaluation of currency by the National Bank of Kazakhstan in February 2009. The devaluation was for 24%, the currency exchange rate has changed from 120 tenge per 1 USD to 148 tenge per USD. For April 2009 tenge became stronger for 0.4% and to the end of month stock market course rate of tenge has made up 150.64 tenge per 1 USD.

Official rate of refinancing reviewed and established by the National Bank quarterly. From the January 2009 the official refinancing rate was decreased from 10.5% to 9.0%. It is connected with the currently observed slowdown of inflation processes according to slowdown in economic growth rate, limited consumer demand and low growth rate of money supply. The decrease of rate will support and stabilize the financial market of the country. From 12th of May 2009 the official rate of refinancing is 9.0%.

Since 2006 in the Kazakhstan economy presence of crisis was started at construction sphere. During 2003-2007 commissioning of a total area of residential buildings has grown in 4.3 times. Thus the prices of sale of new houses have grown in 4.4 times, the prices of resale have increased in 8.2 times. Credits of banks for building and house acquisition have grown from 204.6 million USD on the end of 2003 to 5.7 billion USD on the beginning of 2008.

17. Nominal growth of bank credits
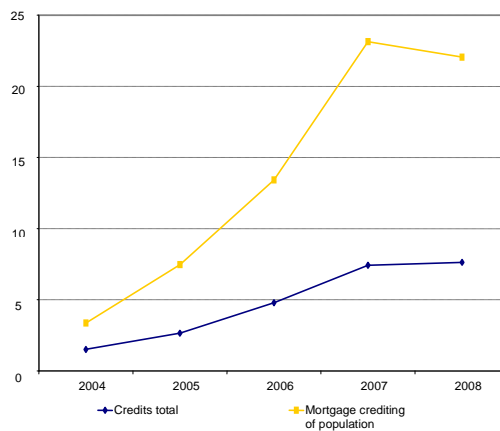
However, since 2007 there is a falling in mortgage crediting of population from 23.1 to 22.0 in 2008 (17).

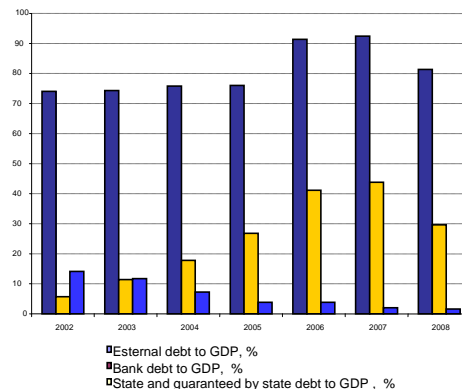Credits to businesses increased to 1.1% in March 2009 and has made 5699.2 billion tenge, whereas credits to population decreased to 1.8%, making up 2443.2billion tenge. Credits to small enterprises decreased to 0.2% in March in comparison with February, consisting 20.8% of the whole credits in economics. Mainly crediting is directed to such directions as trade (22.6%), construction (20.9%), industry (9.5%) and agriculture (3.4%).

Balance of payment

Balance of payment is also formed by the National Bank. Data is disseminated on the quarterly basis.

As an outcome, there was a decrease in economic rate of growth from 9 % per year to 3.3 % in 2008. Negative influence of crisis was especially reflected in sphere of external loans of banks. The external debt of banks has grown with 3.5 to 45.9 billion USD at a total external debt of the country $96.9 billion USD. Thus in the summer of 2007 external loan has reached $56 billion, having decreased to $35 billion in the end of a quarter (18).

18. Gross external dept and bank dept to GDP

in %

■ Esternal debt to GDP, %
■ Bank debt to GDP, %
■ State and guaranteed by state debt to GDP , %

For the 1st quarter, 2009 the account of current operations of payment balance formed with the deficit more than 1 US billion dollars.

As a result, a positive balance of trade operations for the 1st quarter, 2009 composed more than 2 US billion dollars (for the 1st quarter, 2008- 8,6 US billion dollars)

Net income of foreign direct investments exceeded 2,5 US billion dollars. Net- outflow of Kazakhstani residents investments into affiliated foreign enterprises composed nearly 300 US million dollars. As a result, the positive balance on direct investing operations made up more than 2,2 US billion dollars (as result of 1st quarter of 2008 - 1,8 bl. USD (19).

19. Balance of direct and portfolio investments

million USD

direct investment   portfolio investments
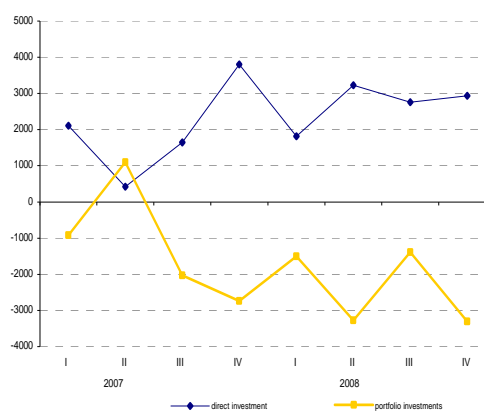
For the 1st quarter of 2009 external actives grew up for 1 US billion dollars and external obligation of banking sector decreased almost to 3,8 US billion dollars.

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Capital net – inflow on operations with portfolio investments composed 4 US billion dollars.

Concluding, it can be stated that the Statistics Kazakhstan improved statistics dissemination in operative data supply as well as in introducing new indicators. However, the plans on improvement of statistics potential are going on. Currently, Statistics Kazakhstan works under the creation of the system of leading indicators. These indicators will be used for forecasting of economic transition from recession to growth.

	Price indicators		
	Indicator	**Periodicity**	**Use for crisis characterizing**
1.	Price indices in construction	monthly	For reflection of a price situation in the building industry. Give the chance to trace change of the prices in dwellings building and other objects of various branches of economy. Allow to estimate tendencies of development of building branch.
2.	Price indices for construction works and residential buildings services	quarterly	
3.	Prices in dwellings market	monthly	For reflection of price tendencies in real estate market of primary and secondary dwellings sale.
4.	Price index in agriculture	monthly	To define prices in the agriculture market products and estimation of their effect to other types of economic activity
5.	CPI inflation	monthly	For defining inflation processes
6.	CPI for goods	monthly	To take operative decisions on prices growth on socially important food
7.	CPI for population with different levels of income	monthly	Price changes effect on low-income population group
8.	Base inflation index	monthly	For analytical and forecasting of economic institutions
9.	Enterprise – PPI	monthly	To reflect price situation in manufacture production and its impact into inflation processes and macroeconomic indicators
10.	PPI on oil, manufacturing products and products	monthly	Price changes on strategic goods in internal and external markets
11.	Export and import price indices	monthly	Price changes reflection on external trade products and their impact on macroeconomic situation.

	Short term indicators by statistics branches		
	Indicator	Periodicity/branch	Structure
1	Producing production volume index	Monthly / agriculture, industry and construction	Is observed by all three branches of goods production
2	Financial activity of large enterprises	Monthly / agriculture, industry and construction	Income and expenditure from production activity, cost price of product, profitability of production
3	Debts by obligations	Monthly / agriculture, industry and construction	Debt by wages
4	Production and consumption of domestic goods («kazakhstan maintenance»)	Monthly / agriculture, industry and construction	Production and consumption of goods
5	Volume index of retail trade turnover and retail trade turnover	Monthly / trade	On medium and large enterprises by the general survey, small enterprises-estimation on the basis of quarterly data
6	Gargo turnover volume index and cargo turnover	Monthly/ transport	by the data of enterprises an legal persons in transport service
7	Volume index and volume of communication service	Monthly/ communication	by the reporting data in the sphere of post, currier and electric communication services
8	Volume index and volume of services in real estate operations	Quarterly/ services	by the data on main activity in the sphere of real estate operations
9	Unemployment rate, hidden unemployment, registered unemployed persons rate	Monthly / labor	Workers and partially employed persons number flow. Number of incomplete working day workers and temporarily non workers in connection with manufacture idle time, thousand persons (the latent unemployed)

Signs « + » and « - » in balance of payment

Operations	« + » Credit	« - » Debit
1. <u>Current account</u>		
Goods and services	Goods and services export	Goods and services import
Income	Non-residents receipt	Non-residents payment
Current transfers	Non-residents receipt	Non-residents payment
2<u>. Operations with capital, finance and stocks account</u>		
Capital transfers	Non-residents receipt	Non-residents payment
Operations with financial assets and obligations	Inflow of financial assets (increase of obligations before non-residents/ decrease of requirements to non-residents	Outflow of financial assets ((increase of requirements to non-residents / decrease of obligations before non-residents)