

News Release

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FREEDOM HOLDING CORP. KAZAKHSTAN MANUFACTURING PMI®

Job creation strengthens as demand improves further

Employment increases at faster pace

Sustained improvements in output and new orders

Inflationary pressures soften

Growth was sustained in the Kazakhstan manufacturing sector at the start of the final quarter of the year.

Output and new orders both increased amid demand improvements, although there were some signs of rates of growth softening. Firms responded to higher output requirements by increasing purchasing and employment, the latter at a faster pace than in September.

Meanwhile, there were some signs of inflationary pressures softening.

The Freedom Holding Corp. Kazakhstan Manufacturing PMI® (Purchasing Managers' Index™) was above the 50.0 no-change mark for the eighth month running in October, signalling a sustained improvement in the health of the sector. At 51.7, however, the latest reading was down slightly from 52.3 in September and pointed to the least marked strengthening of business conditions since July.

In line with the headline index, softer expansions in both output and new orders were recorded in October.

New orders increased for the ninth month running amid improving customer demand. In turn, this fed through to a further rise in production. The eighth consecutive monthly expansion in output was the slowest since April, however.

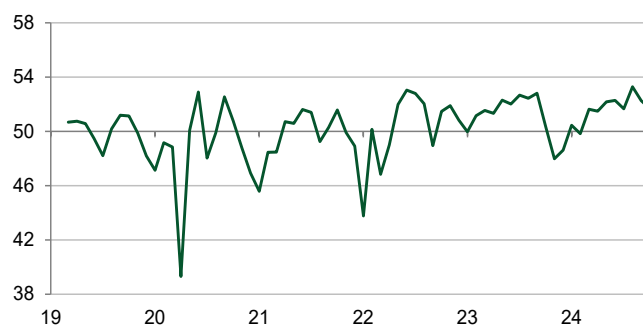
The hiring of full-time staff to work through orders resulted in an eighth consecutive monthly increase in employment during October. The rate of job creation was solid and faster than seen in September.

Purchasing activity was also up, albeit to the least extent in the current eight-month sequence of growth.

Rising capacity helped firms to work on previously received orders, thus reducing their backlogs of work at a solid pace that was the most marked since November last year.

The need to fulfil orders meant that finished products were often distributed immediately to customers rather than being used to replenish stocks. As a result, post-production

Freedom Holding Corp. Kazakhstan Manufacturing PMI
Index, sa, >50 = improvement m/m



Data compiled 10-24 October 2024.

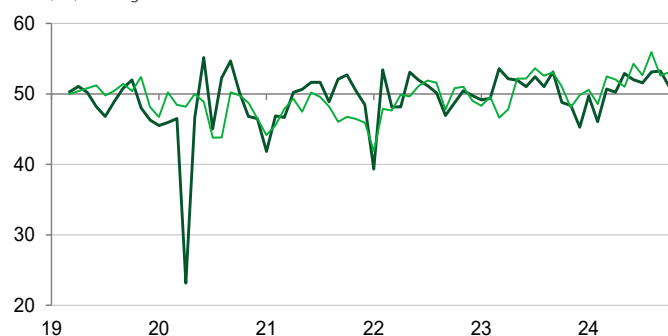
Sources: Freedom Holding Corp. S&P Global PMI. ©2024 S&P Global.

Comment

Yerlan Abdikarimov, Director of Financial Analysis Department at Freedom Finance Global PLC (100% subsidiary of the Freedom Holding Corp.):

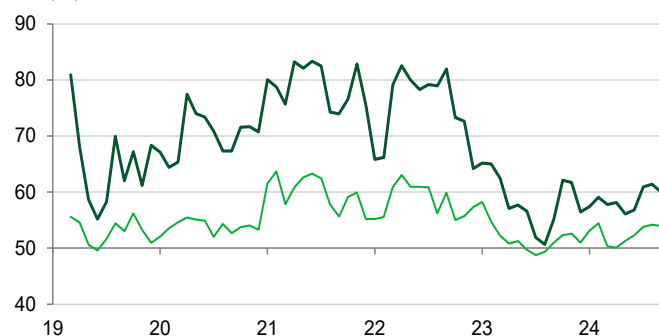
"Kazakhstan's manufacturing industry is showing stability, with growth potential remaining in the coming months. Demand, albeit at a slower pace, continues to grow: production and new orders have been in the optimistic zone for eight months in a row. At the same time, October was marked by both one of the strongest slowdowns in production growth this year and a sharp increase in the number of new jobs. We associate the latter with improved short-term expectations amid the signing of new contracts. Among the restraining factors is the extension of delivery times. The weakening of inflationary pressures, although generally a positive factor, nevertheless limits the growth of sales prices and slows down the growth of revenue."

■ PMI Output ■ PMI Employment
Index, sa, >50 = growth m/m



Sources: Freedom Holding Corp., S&P Global PMI. ©2024 S&P Global.

■ PMI Input Prices ■ PMI Output Prices
Index, sa, >50 = inflation m/m



Sources: Freedom Holding Corp., S&P Global PMI. ©2024 S&P Global.

inventories decreased for the fifth month running, and to the largest degree since July 2023. Stocks of purchases were also down as inputs were used to support production.

Input costs continued to increase sharply in October, although the pace of inflation eased for the second month running and was the slowest since June. Output prices also rose at a slower pace during the month.

Higher costs were often linked to higher raw material prices, with electricity also reportedly costing more. A depreciation of the tenge against the US dollar added to inflationary pressures, but an improvement against the Russian ruble helped to soften inflation.

Meanwhile, suppliers' delivery times continued to lengthen amid geopolitical issues, customs procedures and general logistical issues. The latest deterioration in vendor performance was solid and the most pronounced since February.

Business confidence improved to a three-month high as close to half of all respondents predicted an increase in output over the coming year. The imminent signing of new contracts supported optimism, alongside expectations that customer demand will continue to strengthen.

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Methodology

The Freedom Holding Corp. Kazakhstan Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 2019.

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 Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

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@spglobal.com.

PMI by S&P Global

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.

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