

News Release

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FREEDOM HOLDING CORP. KAZAKHSTAN MANUFACTURING PMI®

New order growth hits new record in November

Sharpest rise in new business in survey's history

Further expansions in output, employment and purchasing

Input costs increase at marked pace

Business conditions in the Kazakhstan manufacturing sector improved to the greatest extent since the survey began in March 2019 during November.

A rapid rise in new orders was signalled during the month, feeding through to stronger increases in output and purchasing activity, plus sustained job creation.

On the price front, inflationary pressures strengthened slightly since October, with higher prices often linked to weakness of the tenge against the US dollar.

The Freedom Holding Corp. Kazakhstan Manufacturing PMI® (Purchasing Managers' Index™) rose to 53.5 in November from 51.7 in October, pointing to a solid improvement in the health of the manufacturing sector midway through the final quarter of the year. Moreover, business conditions strengthened to the largest extent on record, surpassing the previous peak seen in August. The health of the sector has now improved in nine consecutive months.

The rate of growth in new orders accelerated sharply in November and was the strongest in the series history. Respondents often noted improving customer demand.

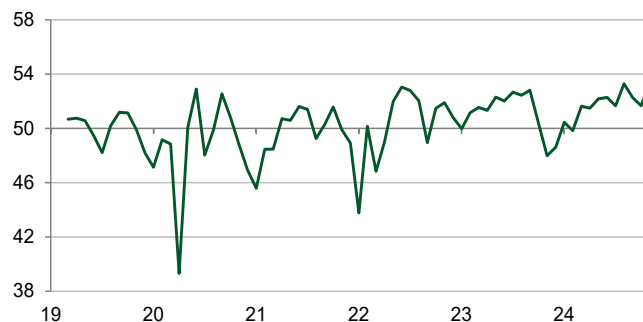
The pace of expansion in output also quickened and was the steepest since September 2020. The increase was the third-fastest on record. As well as rising new orders, production growth also in some cases reflected expanded capacity.

Firms increased their operating capacity through both the hiring of additional staff and the purchasing of inputs.

Staffing levels increased for the ninth consecutive month, albeit modestly and to a lesser extent than in October. Hiring often reflected the taking on of full-time staff members.

Purchasing activity increased sharply, with the rate of growth quickening to a four-month high. Despite the ramping up of input buying, firms reported a further reduction in stocks of purchases as inputs were used directly to support production. The latest fall was only slight, however.

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



Data compiled 12-22 November 2024.

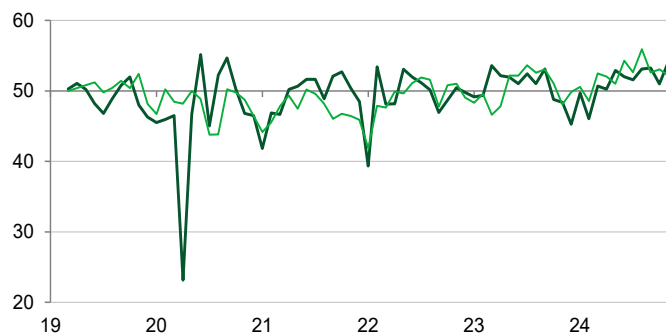
Sources: Freedom Holding Corp. S&P Global PMI. ©2024 S&P Global.

Comment

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

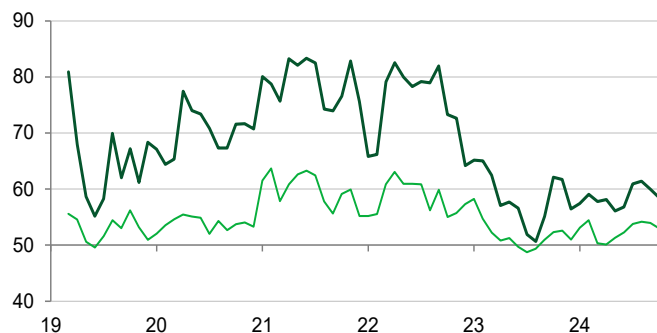
"In November, business conditions and new orders in the manufacturing industry of Kazakhstan reached record levels, surpassing the figures for August this year. Among support factors was strong customer demand – the balance of finished goods and work in progress was decreasing. As a result, we are seeing one of the highest rates of growth in production capacity, accompanied by active procurement and staff expansion. However, the situation is clouded by ongoing logistical problems, rising costs of raw materials and supplies, and a significant depreciation of the national currency. The combination of all these factors is likely to have caused resources to be transferred directly to production, with stocks reduced. Despite the contradictory situation, the industry remains optimistic and predicts production growth next year, although expectations have decreased slightly compared to October."

■ 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.

Expanded capacity helped manufacturers to keep on top of workloads despite strong growth of new orders. As such, backlogs of work were depleted at a solid pace.

Stocks of finished goods also decreased during November, albeit slightly and to the smallest extent since June.

Those firms that purchased materials during the month continued to be faced by longer suppliers' delivery times amid logistical issues, delays at the border and capacity constraints on the railways.

Input costs, meanwhile, increased sharply, and at a slightly faster pace than in October. Rising prices for raw materials were exacerbated by a depreciation of the tenge against the US dollar.

In turn, output prices also increased at a slightly steeper pace in November, albeit one that was still slower than the series average. Charges increased for the fifteenth consecutive month.

With new contracts close to being signed and plans in place to expand production, manufacturers were optimistic that output will rise over the coming year. More than 44% of respondents predicted an increase in production, although sentiment eased slightly from October and was below the average seen since the series began in March 2019.

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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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