

1 November 2024

FREEDOM HOLDING CORP. KAZAKHSTAN MANUFACTURING PMI[®]

Job creation strengthens as demand improves further



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Contents

Key findings

Overview

Comment

Output and demand

Employment and capacity

Supply chains

Inflation

International PMI

Methodology

Further information

About the report

The Freedom Holding Corp. Kazakhstan Manufacturing PMI[®] provides a timely snapshot of manufacturing performance. The report tracks monthly changes in output, demand, employment, prices and supply chains, compiled from survey responses from a representative panel of local manufacturers.

KEY FINDINGS

October 2024

Employment increases at faster pace

Sustained improvements in output and new orders

Inflationary pressures soften

The PMI provides a snapshot of manufacturing performance. It is a weighted average of five sub-indices tracking reported monthly changes in new orders, output, employment, suppliers' delivery times and stocks of purchases. Each sub-index varies between 0 and 100, and is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The indices are seasonally adjusted. For more information on the PMI survey methodology, click [here](#).

**Freedom Holding
Corp. Kazakhstan
Manufacturing PMI
October 2024**

51.7



JOB CREATION STRENGTHENS AS DEMAND IMPROVES FURTHER

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 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.

COMMENT

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

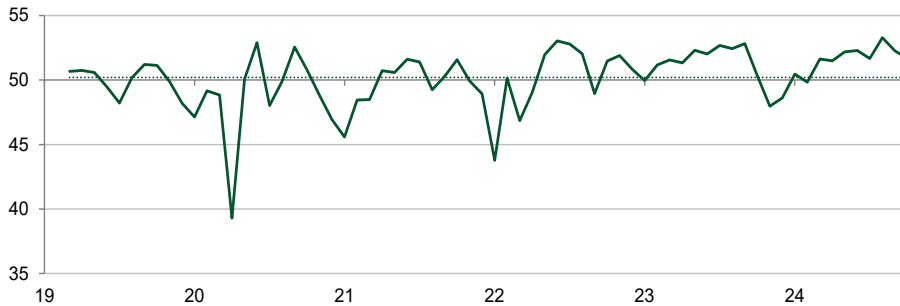
"Kazakhstan's manufacturing industry is showing stability, with growth potential remaining in the coming months. Demand, albeit at a slower pace, continues to grow: production and new orders have been in the optimistic zone for eight months in a row. At the

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."

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Freedom Holding Corp. Kazakhstan Manufacturing PMI
Index, sa, >50 = improvement m/m. Dots = long-run average.



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



OUTPUT AND DEMAND

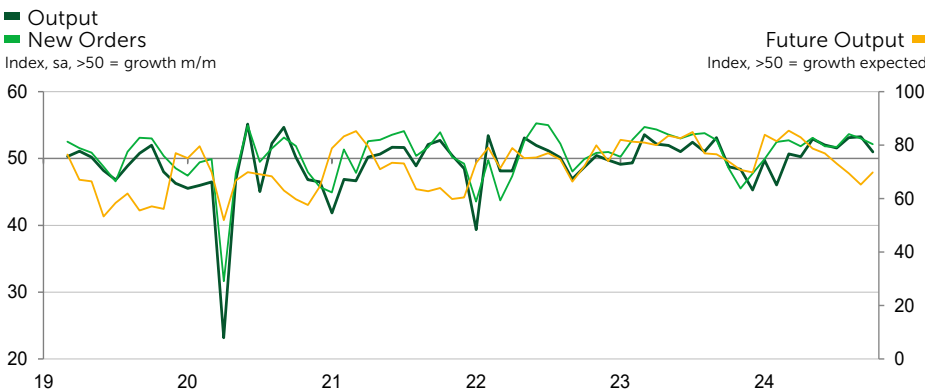
Manufacturing production in Kazakhstan continued to expand during October.

Output has now risen in each of the past eight months, although the pace of growth eased from September and was the softest since April.

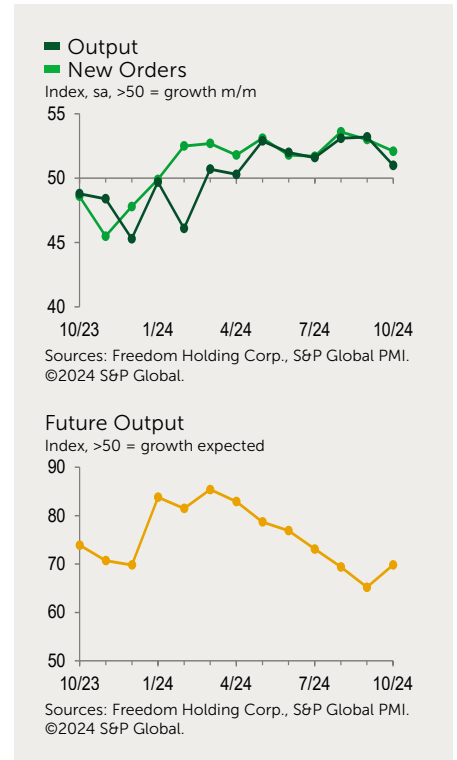
Where production increased, panellists often linked this to higher new orders amid improvements in customer demand. New business was up for the ninth consecutive month as clients

remained willing to commit to new orders. As was the case with output, however, the rate of expansion eased from that seen in the previous survey period.

The imminent signing of new contracts and expected improvements in client demand supported confidence in the year-ahead outlook for production. Moreover, optimism strengthened to a three-month high, with close to half of all respondents predicting growth.



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



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

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



EMPLOYMENT AND CAPACITY

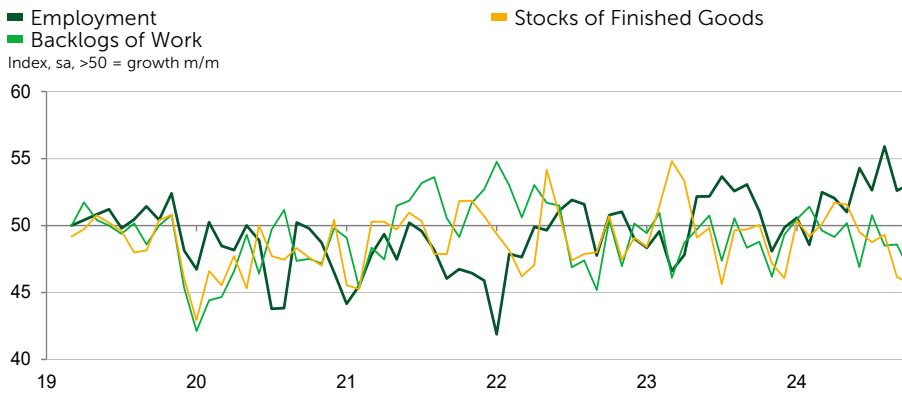
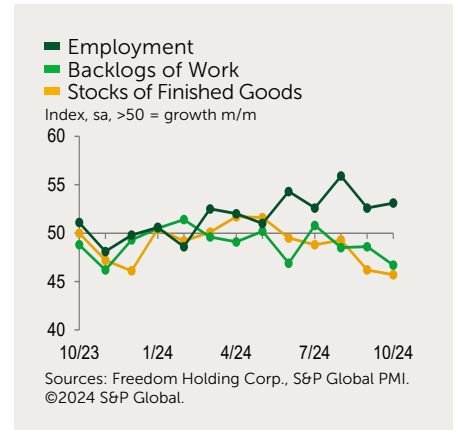
A solid increase in staffing levels was recorded in October, with the pace of job creation quickening.

The latest rise in employment extended the current period of growth to eight months. Encouragingly, a number of respondents indicated that they had taken on staff on a full-time basis.

Meanwhile, backlogs of work decreased for the third month running

as firms were able to complete previously placed orders. Moreover, the solid reduction in outstanding business was the sharpest in almost a year.

Stocks of finished goods also decreased, and at a solid pace that was the fastest since July 2023. Anecdotal evidence signalled that finished products were often shipped immediately to customers, meaning that stocks were not replenished.



SUPPLY CHAINS

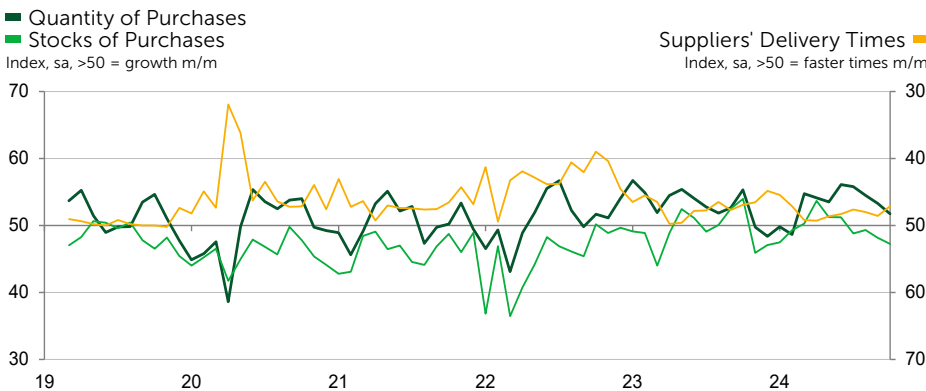
In line with the trend in manufacturing production, the rate of expansion in purchasing activity softened.

Input buying rose for the eighth month running in October in response to higher output requirements. That said, the latest increase was modest, and the least marked in the current sequence of growth.

A softer rise in purchasing activity and the use of inputs to support growth of production meant that stocks of

purchases decreased again in October. Pre-production inventories were down for the fourth month running, and to the largest extent in the year-to-date.

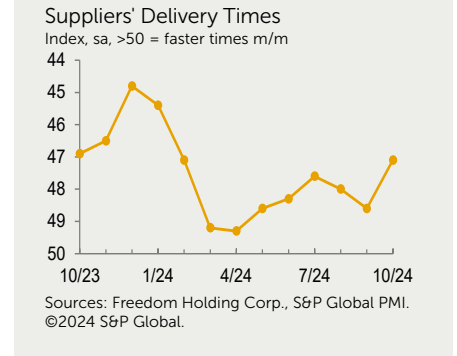
Manufacturers recorded a further lengthening of suppliers' delivery times at the start of the fourth quarter, with the rate of deterioration the most pronounced since February. Geopolitical issues were widely reported to have caused delays, with customs procedures and general logistical problems also mentioned.



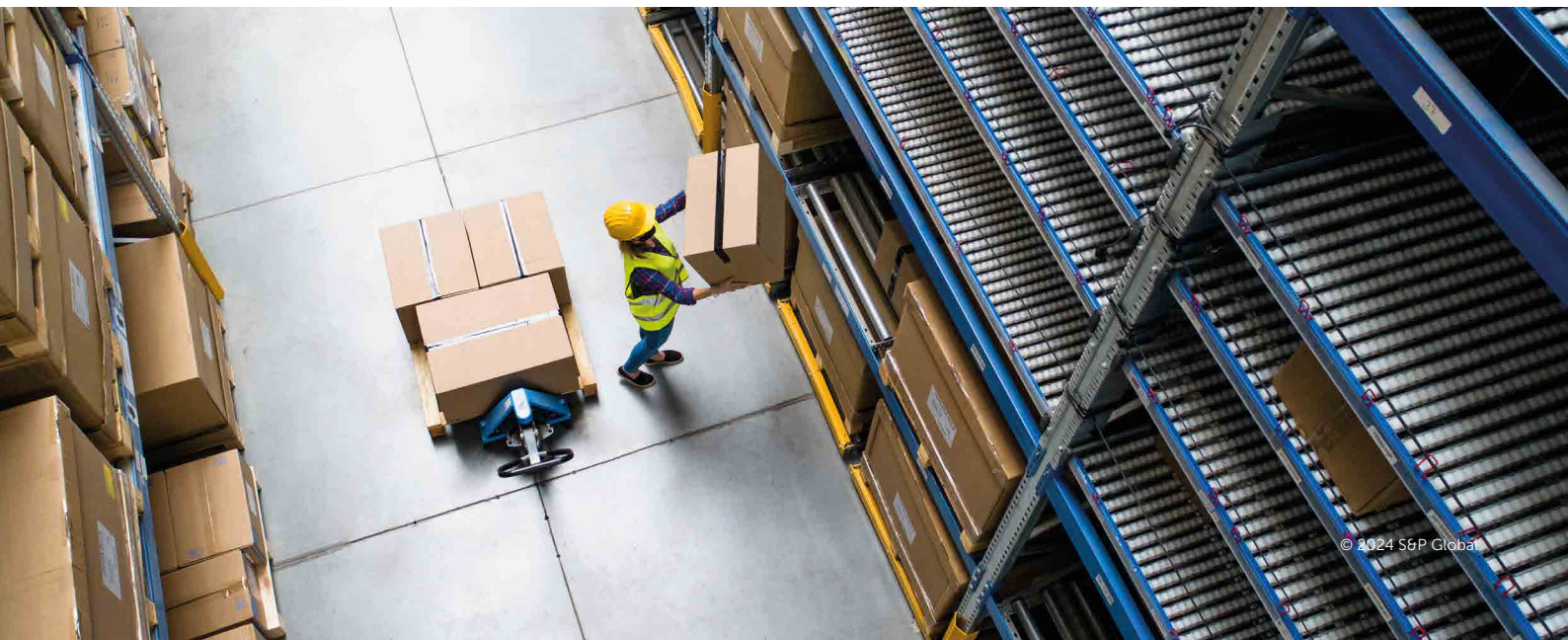
Sources: Freedom Holding Corp., S&P Global PMI. ©2024 S&P Global.



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



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



INFLATION

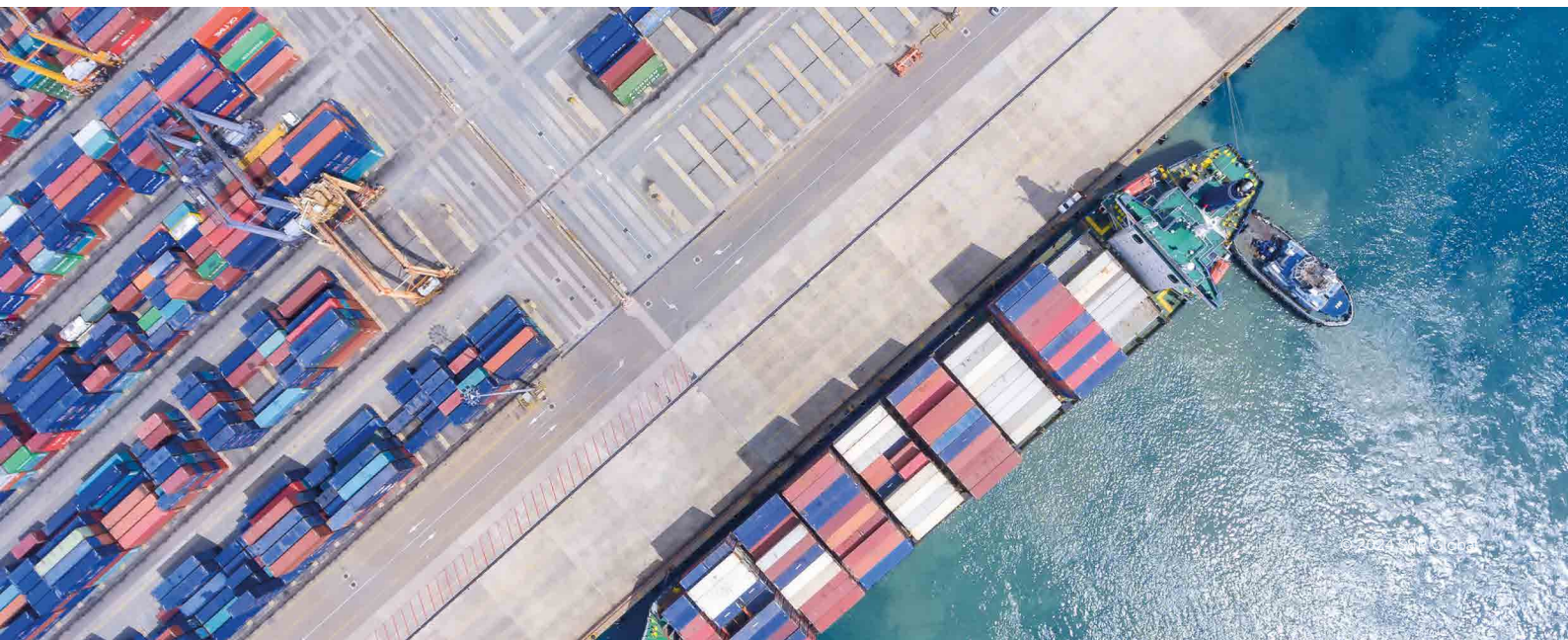
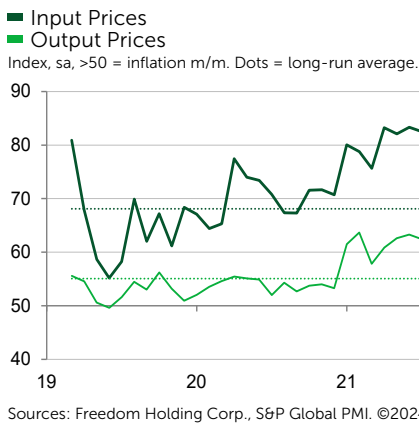
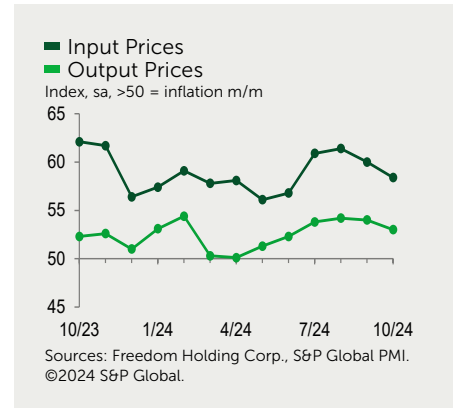
The rate of input cost inflation showed further signs of softening in October.

Although input prices continued to increase sharply, the pace of inflation was the slowest in four months and weaker than the series average. Higher raw material costs were widely reported, with electricity also up in price. A number of respondents mentioned that a depreciation of the tenge against the US dollar had added

to inflationary pressures.

Output prices also increased at a slower pace in October, with the rate of inflation easing to the weakest since June.

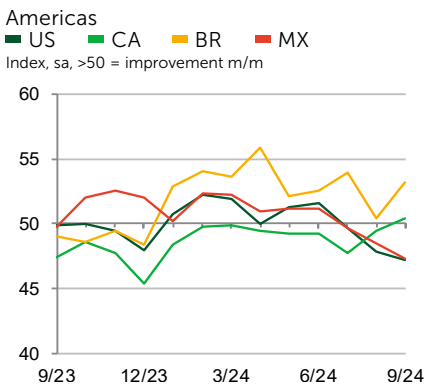
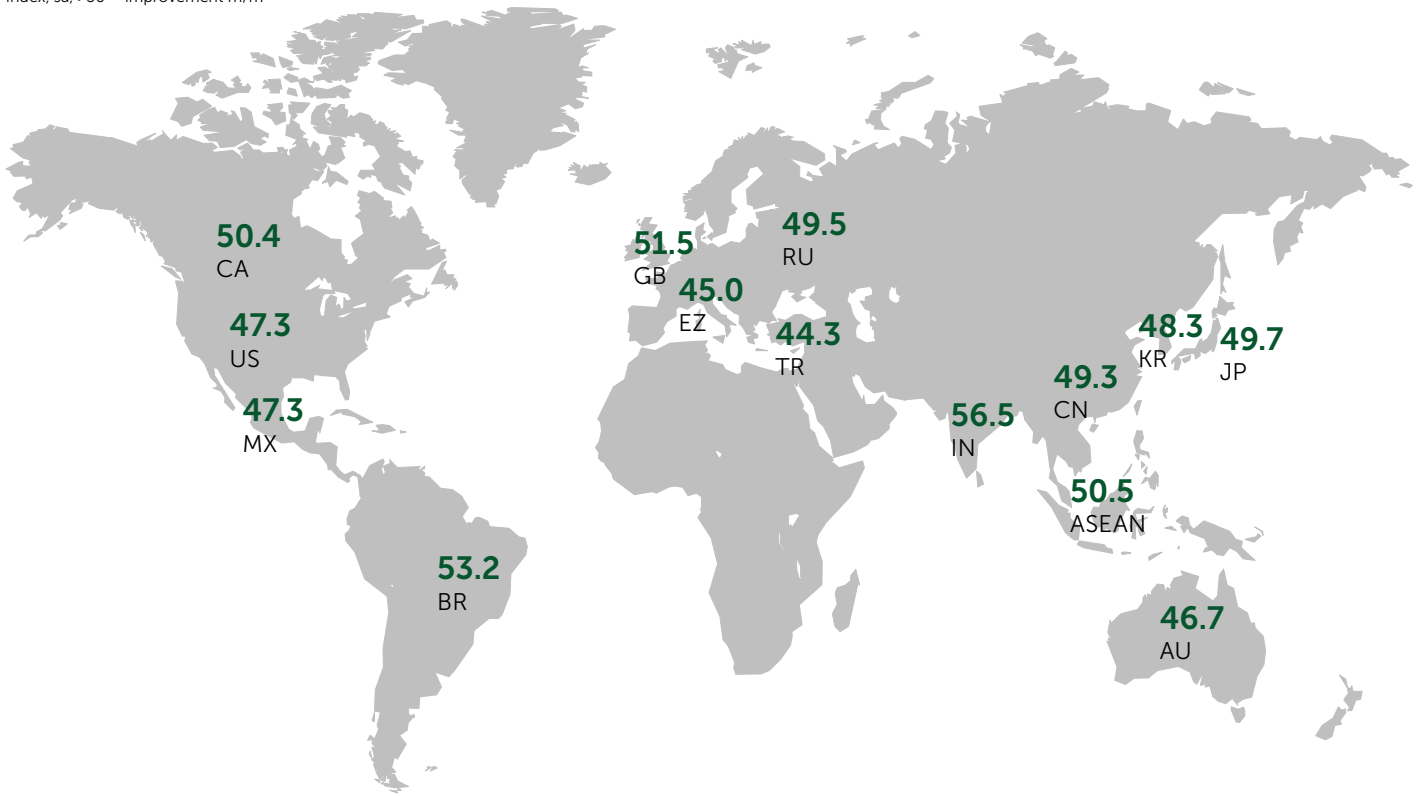
Where charges were raised, this was linked to the pass-through of higher raw material costs to customers. On the other hand, some firms lowered selling prices to help increase sales, while an improvement in the tenge against the Russian ruble had helped to alleviate inflationary pressures.



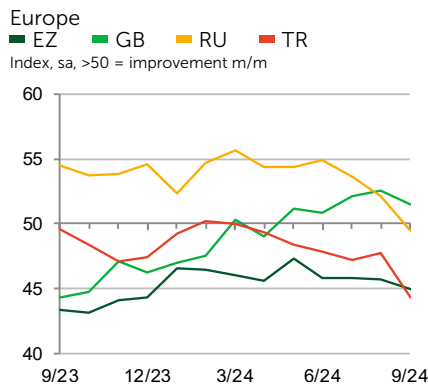
INTERNATIONAL PMI

Manufacturing PMI
Index, sa, >50 = improvement m/m

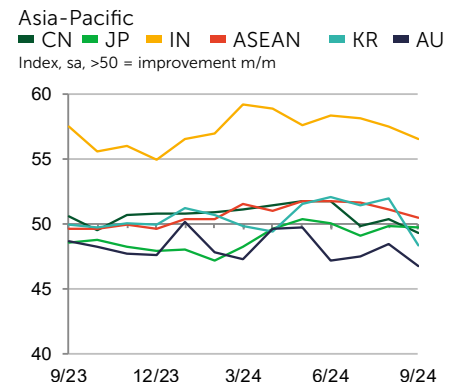
Sep '24



Source: S&P Global PMI. ©2024 S&P Global.



Source: S&P Global PMI. ©2024 S&P Global.



Source: S&P Global PMI. ©2024 S&P Global.

Key
US United States
CA Canada
BR Brazil
MX Mexico

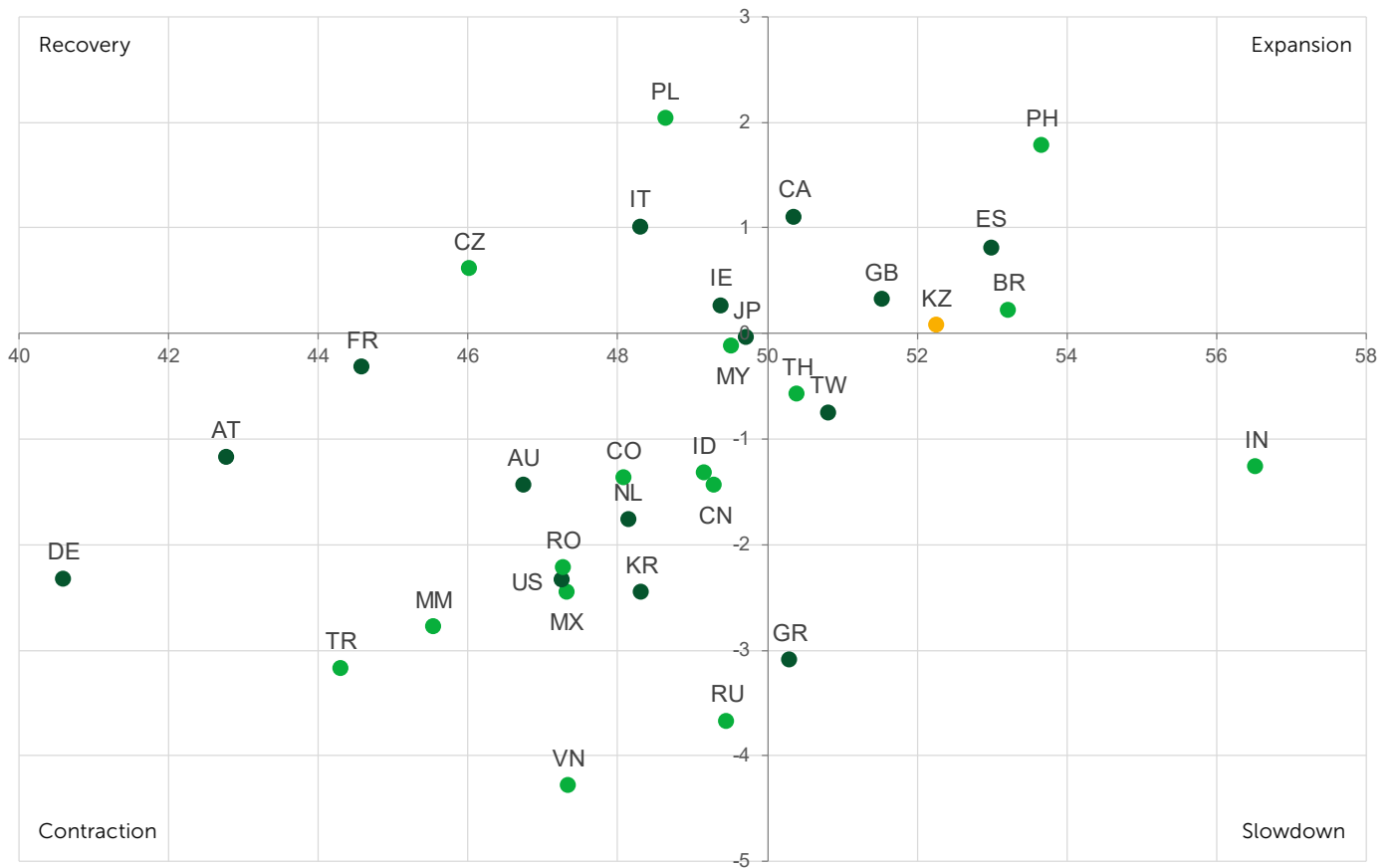
EZ Eurozone
GB United Kingdom
RU Russia
TR Turkey

CN Mainland China
JP Japan
IN India
ASEAN Association of South East Asian Nations
KR South Korea
AU Australia

■ Advanced economies ■ Emerging economies

X axis = PMI, sa, >50 = improvement m/m . Y = Change in PMI vs. six-month average

Sep '24



Source: S&P Global PMI. ©2024 S&P Global.

Expansion

Regions are expanding at a faster rate than the six-month trend. Regions furthest right are growing at the strongest rate, and the highest regions are seeing the greatest acceleration in growth.

Slowdown

Regions are expanding at a slower rate than the six-month trend. Regions furthest right are growing at the strongest rate, and the lowest regions are seeing the greatest deceleration in growth.

Contraction

Regions are contracting at a faster rate than the six-month trend. Regions furthest left are contracting at the strongest rate, and the lowest regions are seeing the greatest acceleration in the rate of decline.

Recovery

Regions are contracting at a slower rate than the six-month trend. Regions furthest left are contracting at the strongest rate, and the highest regions are seeing the greatest deceleration in the rate of decline.

Key

AT Austria	CN Mainland China	ES Spain	ID Indonesia	JP Japan	MX Mexico	PL Poland	TR Turkey
AU Australia	CO Colombia	FR France	IE Ireland	KR South Korea	MY Malaysia	RO Romania	TW Taiwan
BR Brazil	CZ Czech Republic	GB United Kingdom	IN India	KZ Kazakhstan	NL Netherlands	RU Russia	US United States
CA Canada	DE Germany	GR Greece	IT Italy	MM Myanmar	PH Philippines	TH Thailand	VN Vietnam

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

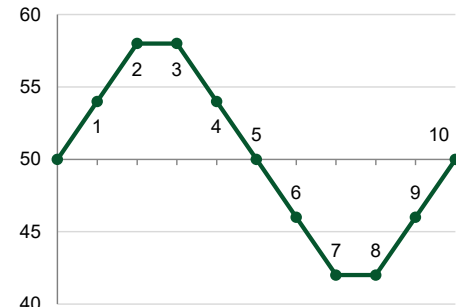
compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

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.

Index interpretation
Index, sa, >50 = growth m/m



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

Key

- | | |
|--------------------------|----------------------------|
| 1 Growth, from no change | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 10 No change, from decline |

Survey size

250 manufacturers

Survey history

March 2019

Survey questions

Output, new orders, new export orders, future output, employment, backlogs of work, stocks of finished goods, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices

Sector coverage

International Standard Industry Classification (ISIC) code

- 10 Food products
- 11 Beverages
- 12 Tobacco products
- 13 Textiles
- 14 Wearing apparel
- 15 Leather and related products
- 16 Wood and wood products
- 17 Paper and paper products
- 18 Printing and reproduction of recorded media
- 19 Coke and refined petroleum products
- 20 Chemicals and chemical products

- 21 Pharmaceutical products
- 22 Rubber and plastic products
- 23 Other non-metallic mineral products
- 24 Basic metals
- 25 Fabricated metal products
- 26 Computer, electronic and optical products
- 27 Electrical equipment
- 28 Machinery and equipment n.e.c.
- 29 Motor vehicles, trailers and semi-trailers
- 30 Other transport equipment
- 31 Furniture
- 32 Other manufacturing
- 33 Repair and installation of machinery and equipment

FURTHER INFORMATION

Freedom Holding Corp.

Freedom Holding Corp. is a diversified company. It provides financial services and brokerage services securities trading, investment research and consulting, investment banking and underwriting services, mortgages, insurance, telecommunications, online sales of airline tickets and event tickets, offer online supermarket services and many others.

The Holding, including subsidiaries, employs more than 6.8 thousand people.

The headquarter of Freedom Holding Corp. is in Almaty (Kazakhstan) with supporting administrative offices and subsidiaries locations in 22 countries including Kazakhstan, the United States of America, Cyprus, Poland, Spain, Uzbekistan, Azerbaijan and others.

Freedom Holding Corp.'s common stocks are registered with the U.S. Securities and Exchange Commission and trades under the ticker symbol FRHC on the Nasdaq Capital Market.

www.freedomholdingcorp.com

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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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