

5 November 2024

FREEDOM HOLDING CORP. KAZAKHSTAN SERVICES PMI[®]

Fresh contraction in Kazakh services activity
in October

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About the report

The Freedom Holding Corp. Kazakhstan Services PMI[®] provides a timely snapshot of service sector performance. The report tracks monthly changes in activity, demand, employment and prices, compiled from survey responses from a representative panel of local service providers.

KEY FINDINGS

October 2024

Demand trends deteriorate...

...leading to fresh contraction in activity

Cost pressures all but evaporate

**Freedom Holding Corp.
Kazakhstan Services PMI
Business Activity Index
October 2024**

49.0

The Services PMI Business Activity Index is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The 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 index is seasonally adjusted. For more information on the PMI survey methodology, click [here](#).



FRESH CONTRACTION IN KAZAKH SERVICES ACTIVITY IN OCTOBER

Kazakh service sector business activity fell into contraction as demand trends deteriorated at the start of the final quarter.

The latest PMI® data by Freedom Holding Corp. and S&P Global signalled varied trends. The sector faced demand-side challenges as a decline in new business at Kazakh service providers was noted in October. The downturn in turn fed through to a renewed deterioration in activity.

However, employment was raised for a second month running, albeit with the rate of growth slowing on the month. Additionally, price pressures also softened on the month, with easing cost burdens allowing businesses to raise their service charges at a weaker pace.

The headline figure is the Business Activity Index. This is calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The index varies between 0 and 100, with a reading above 50 indicating an increase and below 50 a decrease. The index is adjusted for seasonal variation.

After recording a modest expansion in the month prior, Kazakh service sector activity recorded a renewed contraction, as the headline index fell to 49.0 in October from 51.1 in September. The index has now printed below the neutral 50.0 mark in two of the last three survey periods.

Underscoring the decline in business activity among Kazakh services firms was a fresh, albeit slight, deterioration in demand trends. New business

received at service providers fell in October, thereby reversing a month of solid expansion observed in September. Surveyed respondents frequently pointed to growing competition and decreased customer activity as the key drivers of the downturn.

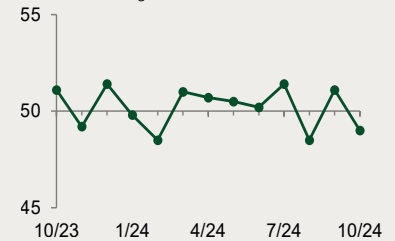
Falling business requirements caused a slowdown in job creation in October, resulting in only a modest increase in workforce numbers. However, with two consecutive monthly expansions under its belt, employment remains a positive feature of Kazakhstan's service sector at present.

Also on a positive note, inflationary pressures further eased in October. Cost pressures nearly disappeared in the latest survey period. Excluding the outright fall in costs recorded in July 2020, the rate of input price inflation was the joint-weakest since the survey began in March 2019, equal with that seen in June 2019. Where prices continued to rise, firms often attributed this to higher costs for utilities.

Subsiding cost pressures resulted in a weaker uptick in charges. In fact, Kazakh service providers raised their service prices only slightly and at the weakest pace in 46 months.

Finally, firms became slightly more optimistic about a rise in business activity over the coming year, with confidence levels approaching the long-term average. This positive outlook stemmed from expectations of securing new contracts, plans for marketing and investment, and efforts to seek new tenders.

Freedom Holding Corp. Kazakhstan Services PMI Business Activity Index, sa, >50 = growth m/m



Data compiled 10-28 October 2024.

Source: 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 October, activity in Kazakhstan's service sector declined again, driven by a reduction in new orders amidst high competition and declining customer activity. Nevertheless, the sector demonstrated expansion in the

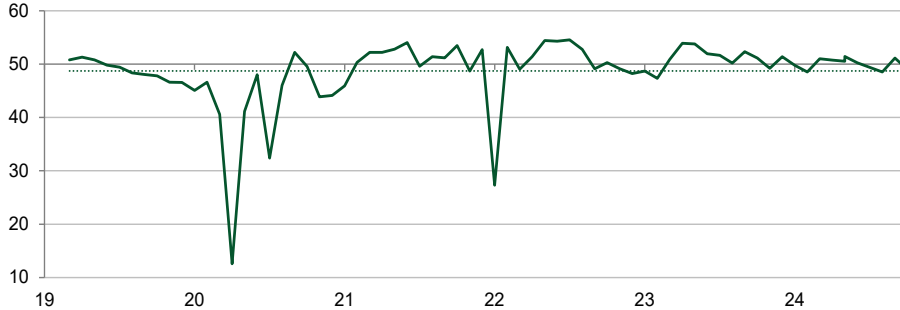
labour market, recording employment growth for the second consecutive month, albeit at a somewhat slower pace that lagged industrial enterprises. The continued easing of cost inflation pressures led to a restraint on the rate of price growth among service providers, reaching its lowest level in the past four years. Despite these challenges, market participants remain optimistic about the future, expecting new contracts and investment opportunities to boost activity in the next twelve months."

Contact

Yerlan Abdikarimov
Financial Analysis Department
Director, Freedom Finance Global PLC
Yerlan.abdikarimov@ffin.kz
Freedom Holding Corp.

Freedom Holding Corp. Kazakhstan Services PMI Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average.



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



DEMAND, EMPLOYMENT AND OUTLOOK

Softening demand resulted in a renewed decline in business activity.

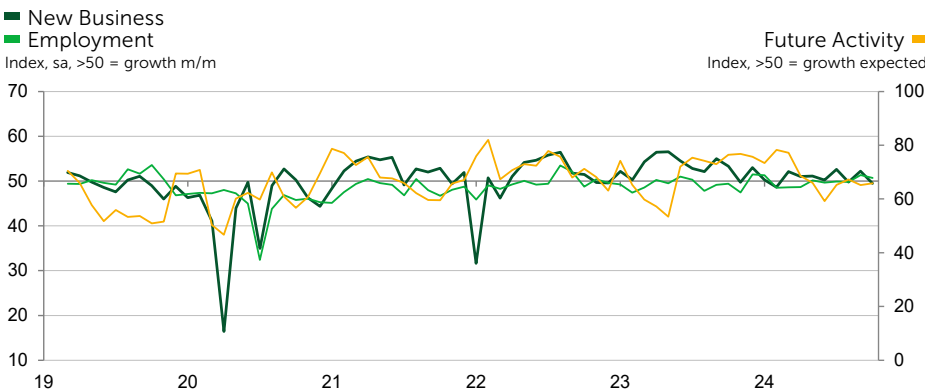
October data saw a fall in new business received at Kazakh service firms, a shift from the solid rise in September. According to anecdotal evidence, higher competition and reduced customer activity were linked to the decrease. The respective seasonally adjusted index has recorded in contraction territory in two of the last three survey periods, albeit signalling marginal contractions in both instances.

The downturn in new business prompted firms to reduce their activity in October. The rate of decrease though modest, contrasted with the growth observed in September.

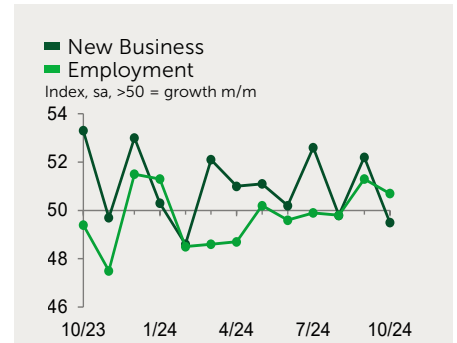
Alongside falling demand, companies also mentioned challenging weather conditions and the need for machinery repairs as contributing to the drop in output.

Employment was raised for a second straight month in October, but the rate of job creation eased and was slight overall. Falling new business led some firms to lower their payroll numbers.

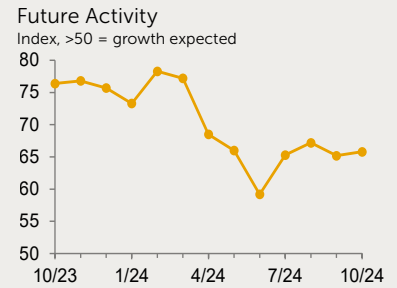
Despite the fresh downturn in new business, firms were optimistic regarding the outlook for activity in October. Sentiment strengthened slightly over the month, moving closer to the historical average. Confidence was bolstered by hopes for new contracts, the easing of sanctions on Russia, plans for marketing and the transition to new suppliers.



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.

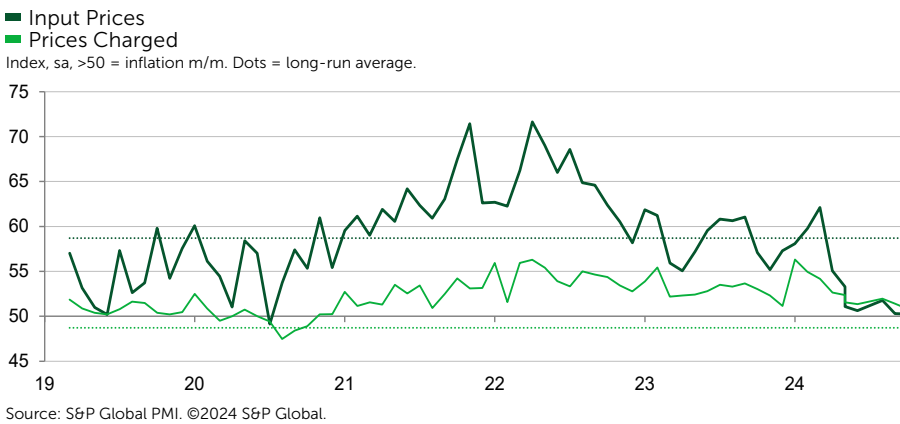
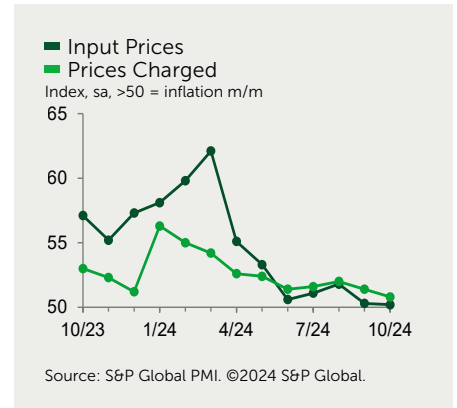


INFLATION

Rates of inflation slowed to a crawl at the beginning of the fourth quarter.

Like in September, cost pressures showed minimal growth in October. Excluding the outright decline in input prices noted in July 2020, the respective seasonally adjusted index recorded its joint-lowest level since the survey began, equalling that of June 2019. Where input prices did increase, companies attributed this to higher costs for utilities.

Easing cost pressures allowed firms to raise their charges at a softer and slight pace. The rate of charge inflation was the weakest in 46 months.



KAZAKHSTAN COMPOSITE PMI[®]

Private sector activity slips into contraction

The Kazakhstan Composite PMI Output Index fell to 49.6 in October from 51.8 in September to record the first fall in private sector activity since February. While the contraction was solely driven by the service sector, manufacturers noted a softer rise in output during the latest survey period.

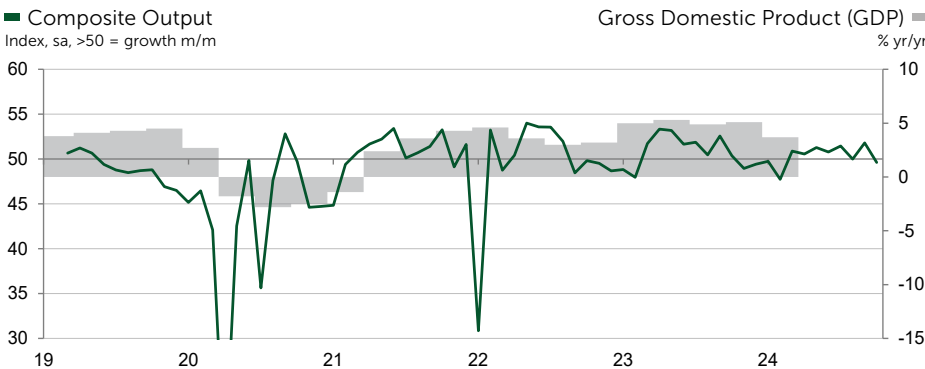
Demand trends also showed signs of cooling, with new business rising only fractionally and at the weakest pace in the current eight-month period of growth.

However, employment was a bright spot for the private sector. The rate of job creation was modest, but eased to a three-month low. However, trends diverged by sector, with manufacturing employment rising at a quicker pace while service providers recorded a slower increase.

Price pressures ebbed during the latest survey period, with softer upticks noted across both the sectors.

Looking ahead, sentiment for the year ahead outlook brightened in October, with both sectors expressing greater confidence.

Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Kazakhstan Composite Output Index is a weighted average of the Kazakhstan Manufacturing Output Index and the Kazakhstan Services Business Activity Index.



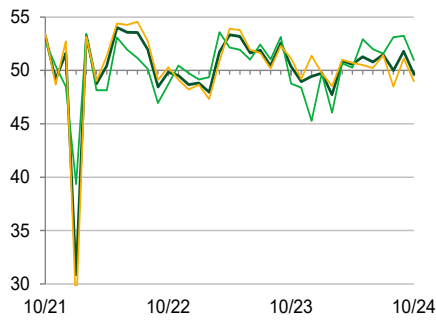
Sources: Freedom Holding Corp., S&P Global PMI. Agency of Statistics of the Republic of Kazakhstan via S&P Global Market Intelligence. ©2024 S&P Global.



Composite

Output

Index, sa, >50 = growth m/m

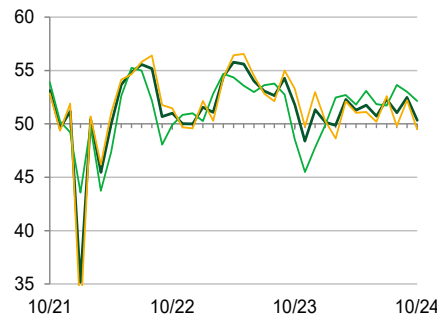


Source: S&P Global PMI. ©2024 S&P Global.

Manufacturing

New Business

Index, sa, >50 = growth m/m

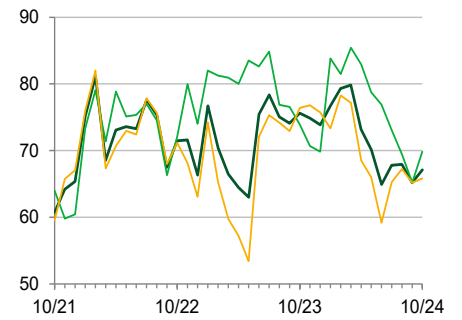


Source: S&P Global PMI. ©2024 S&P Global.

Services

Future Output

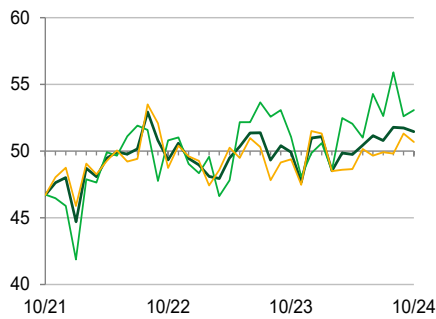
Index, >50 = growth expected



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

Employment

Index, sa, >50 = growth m/m

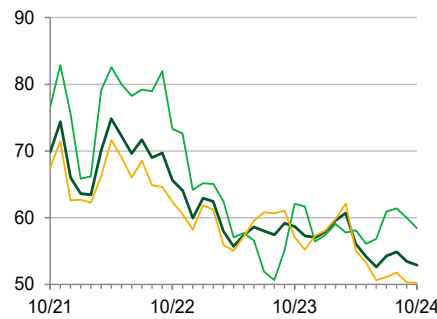


Source: S&P Global PMI. ©2024 S&P Global.

Note: Sector indices are smoothed using a three-month moving average (3mma).

Input Prices

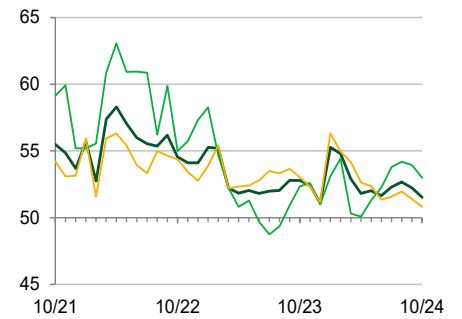
Index, sa, >50 = inflation m/m



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

Output Prices

Index, sa, >50 = inflation m/m



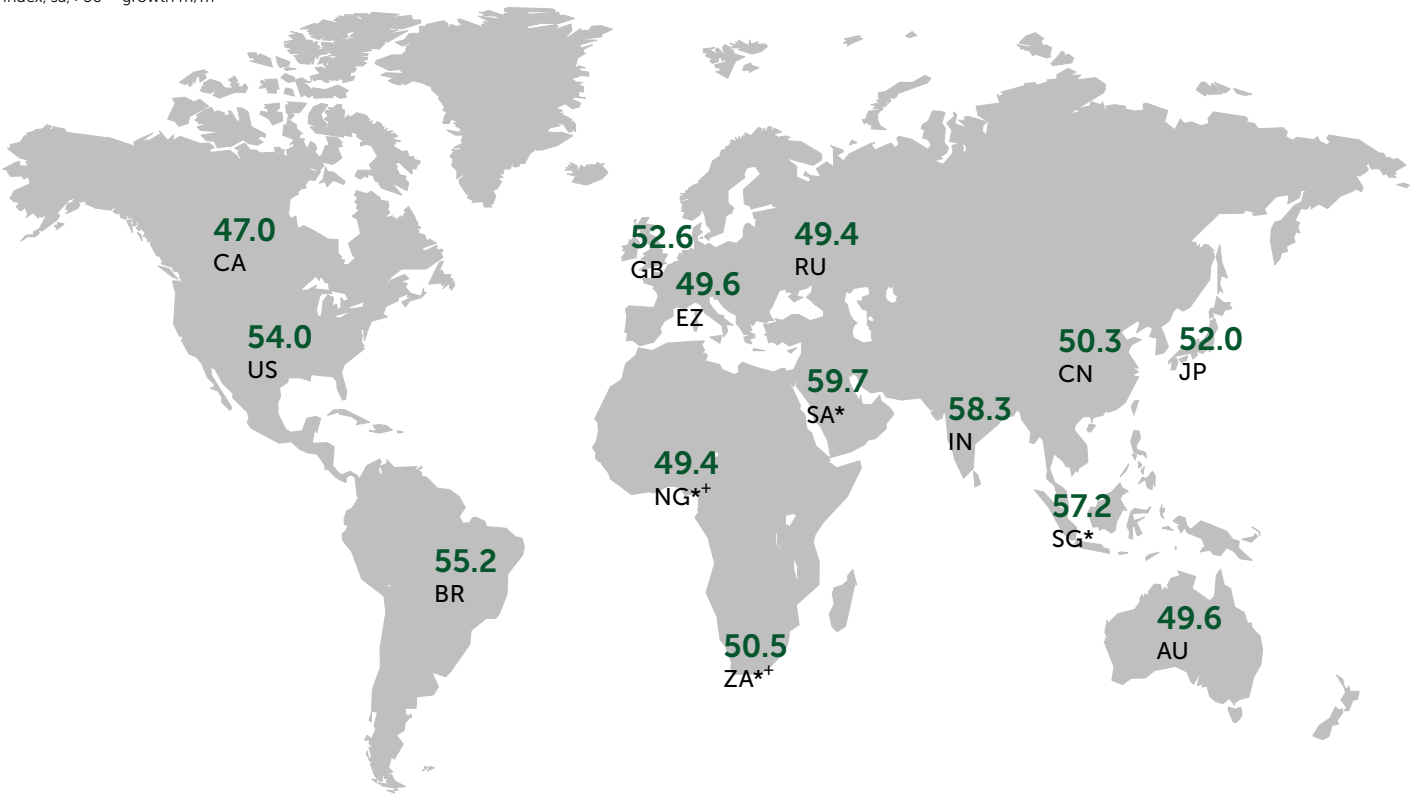
Source: S&P Global PMI. ©2024 S&P Global.



INTERNATIONAL PMI

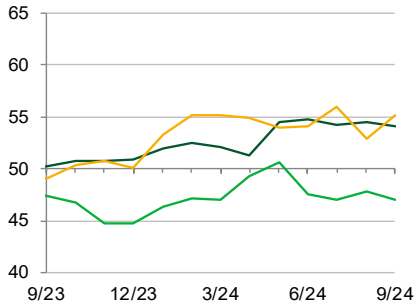
Composite Output (manufacturing and services)
Index, sa, >50 = growth m/m

Sep '24



Americas

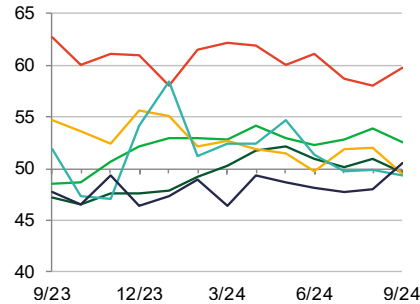
■ US ■ CA ■ BR
Index, sa, >50 = growth m/m



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

Europe, Middle East & Africa

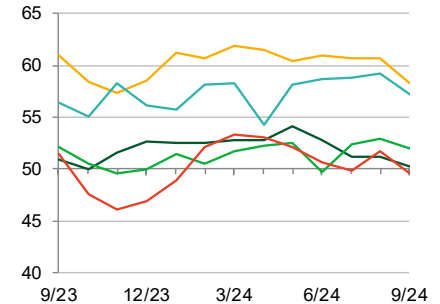
■ EZ ■ GB ■ RU ■ SA* ■ NG** ■ ZA**
Index, sa, >50 = growth m/m



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

Asia-Pacific

■ CN ■ JP ■ IN ■ AU ■ SG*
Index, sa, >50 = growth m/m



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

Key

US United States
CA Canada
BR Brazil

EZ Eurozone
GB United Kingdom
RU Russia
SA Saudi Arabia*
NG Nigeria**
ZA South Africa**

CN Mainland China
JP Japan
IN India
AU Australia
SG Singapore*

*Sector coverage also includes construction, wholesale and retail. **Sector coverage also includes agriculture and energy.

■ Advanced economies ■ Emerging economies

X axis = PMI Output Index, sa, >50 = growth m/m . Y = Change in Index 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

AE United Arab Emirates*	CA Canada	FR France	HK Hong Kong SAR*	JP Japan	MZ Mozambique**	SA Saudi Arabia*	ZA South Africa**
AU Australia	CN China	DE Germany	IE Ireland	KE Kenya**	NG Nigeria**	SG Singapore*	ZM Zambia**
BR Brazil	EG Egypt*	GB United Kingdom	IN India	KZ Kazakhstan	QA Qatar*	UG Uganda**	
	ES Spain	GH Ghana**	IT Italy	LB Lebanon*	RU Russia	US United States	

*Sector coverage also includes construction, wholesale and retail. **Sector coverage also includes agriculture and energy.

METHODOLOGY

The Freedom Holding Corp. Kazakhstan Services PMI[®] is compiled by S&P Global from responses to questionnaires sent to a panel of around 250 service sector companies.

The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

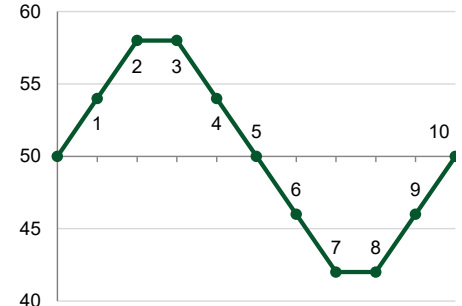
The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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



Source: 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 service providers

Survey history

March 2019

Survey questions

Business activity, new business, new export business, future activity, employment, outstanding business, input prices, prices charged

Sector coverage

International Standard Industry Classification (ISIC) code

- H Transportation and storage
- I Accommodation and food service activities
- J Information and communication
- K Financial and insurance activities
- L Real estate activities
- M Professional, scientific and technical activities

N Administrative and support service activities

P Education*

Q Human health and social work activities*

R Arts, entertainment and recreation

S Other service activities

*Private sector only

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, Azerbaidjan 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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Contact

Yerlan Abdikarimov
Financial Analysis Department
Director, Freedom Finance Global PLC

Yerlan.abdikarimov@ffin.kz
Freedom Holding Corp.

Public Relations Department,
Freedom Finance Global PLC
pr@ffin.kz
Freedom Holding Corp.

Maryam Baluch
Economist
S&P Global Market Intelligence
T: +44 (0) 1344 327 213
maryam.baluch@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447 030
sabrina.mayeen@spglobal.com

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