

SECTORAL MARKET REVIEW

**Enterprises Survey Results in the Real Sector of the Economy
(Sectors: Mining, Manufacturing, Construction, Trade, Transportation and
Warehousing, Agriculture)**

Q3 2024



**Monetary Policy Department
National Bank of Kazakhstan**

General

I. Assessment of economic conditions:

- competitive environment (p. 4)
- conditions for investment activity (p. 5)
- the effect of the exchange rate (p. 6)
- credit conditions (p. 7-8)

II. Assessment of performance indicators of enterprises

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- capacity utilization (p. 10)
- financial performance of enterprises (p. 11-13)
- debt burden in industries (p. 14)
- production and labor costs (p. 15)

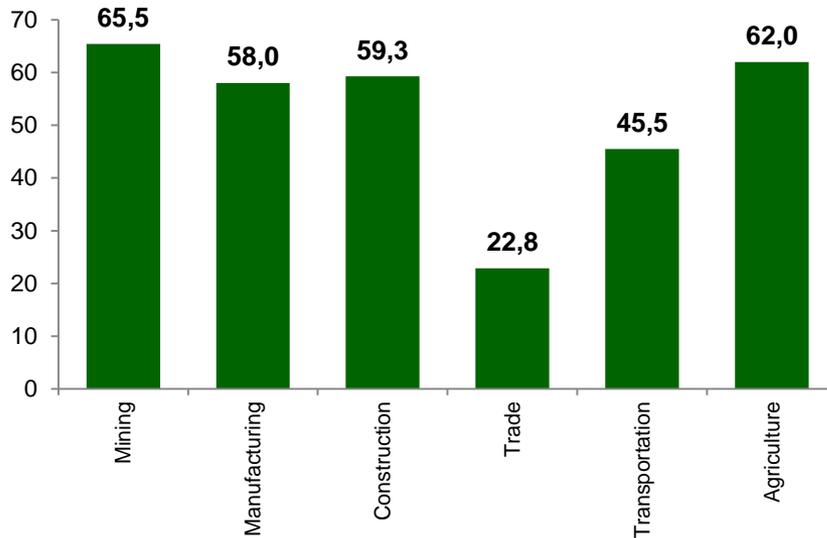
Conclusions

Survey details	
The purpose of the survey	➤ Identification of the main trends in the business environment in industries
Respondents	➤ Heads of enterprises, employees of financial departments
Survey method	➤ Questionnaire
Period of the survey	➤ 3Q 2024
Total monitoring participants	➤ 3438
Sample details	
Mining	➤ 220
Manufacturing	➤ 786
Construction	➤ 329
Trade	➤ 941
Transportation and warehouse	➤ 268
Agriculture	➤ 187
Total respondents in the sample	➤ 2 731

Assessing Economic Conditions

Competitive Environment

Chart 1. The share of large and medium-sized enterprises, %



In Q3 of 2024 the importance of competition increased in trade and manufacturing.

Trade remains the industry most affected by market competition, with **42.5%** of enterprises feel its impact on their business.

In the **manufacturing industry**, the share of such enterprises reached **36.1%**, **transportation and warehousing** – **26.1%**, **agriculture** – **21.4%**, **construction** – **17.0%**, and in the **mining industry** – **12.7%**.

The sample of the **mining** industry is mainly represented by large and medium-sized enterprises (**65.5%**), among which the largest share belongs to enterprises producing oil and natural gas, metal ores, as well as enterprises providing technical services in the industry.

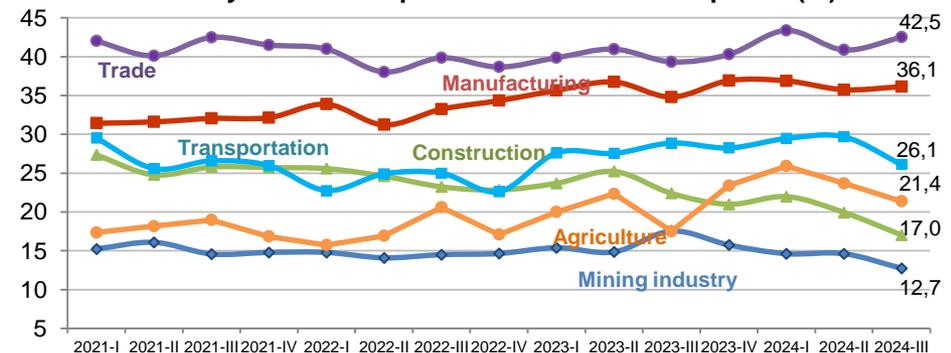
Large and medium-sized enterprises in the **manufacturing industry** make up **58.0%** of the total number of surveyed enterprises in the industry. The largest volumes in the industry are produced by enterprises in the metallurgical industry.

Large and medium-sized enterprises prevail also in **agriculture** and **construction** (**62.0%** and **59.3%**, respectively).

In **transportation and warehousing**, almost half of the sample is represented by large and medium-sized enterprises (**45.5%**), most of which provide services for the transportation of oil and oil products through main pipelines. Among them there are many enterprises from the register of subjects of natural monopolies.

In **trade**, the share of large and medium-sized enterprises in the sample, as well as in the general population, is low (**22.8%**).

Chart 2. The share of enterprises whose further development opportunities are limited by market competition from other enterprises (%)



Assessment of Economic Conditions

Conditions for Investment Activity

Chart 3. Restrictions on investment activity of enterprises

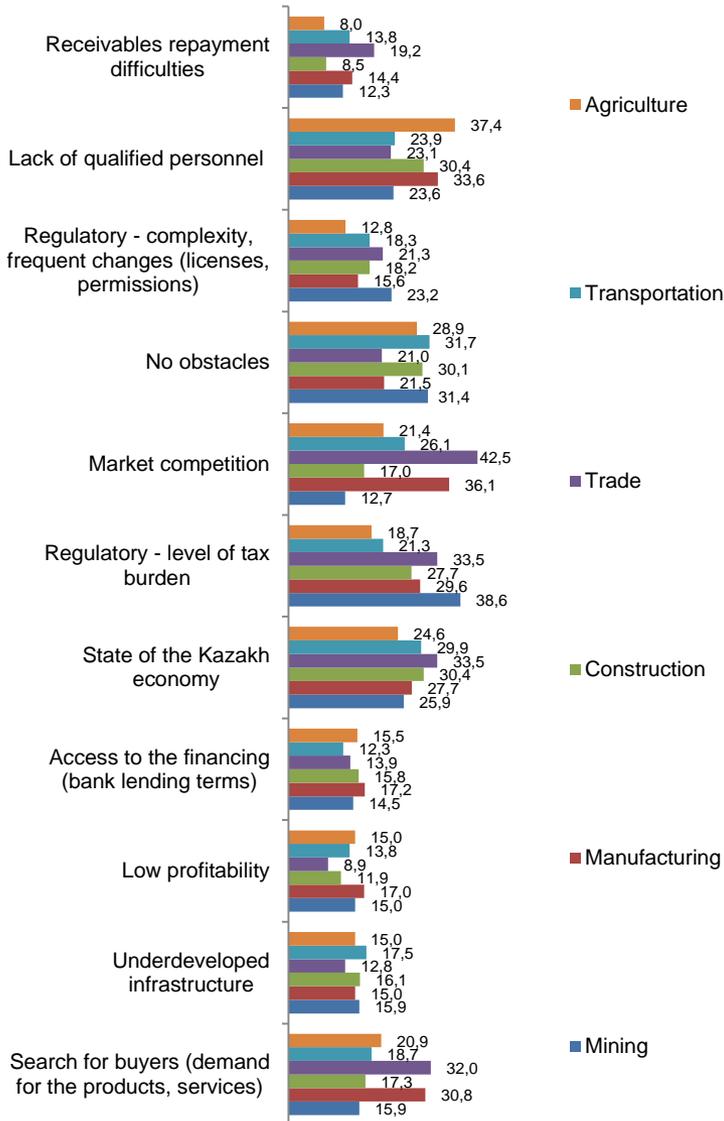
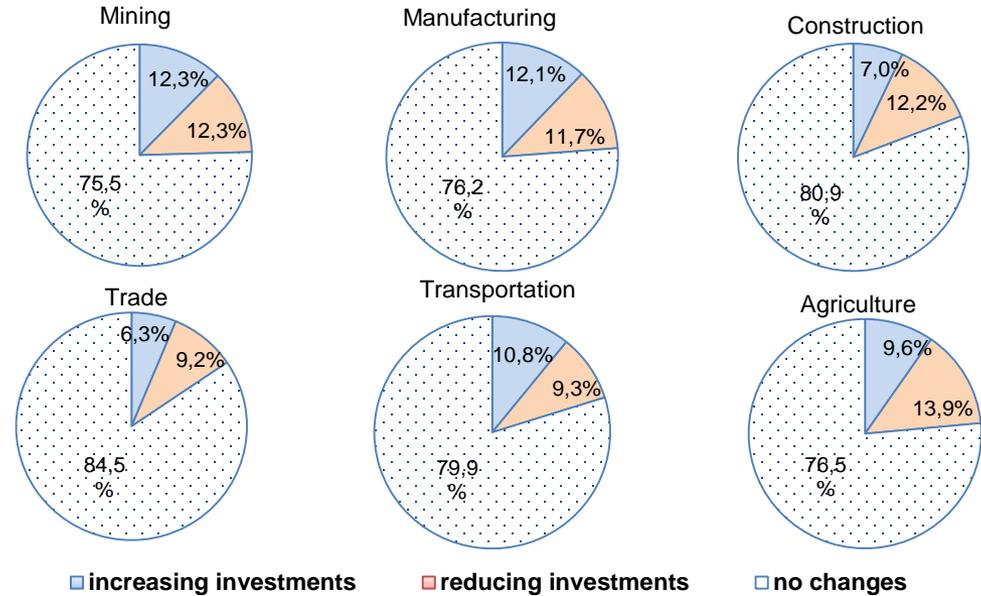


Chart 4. Expectations of enterprises for changes in investments in the next 12 months, %



In Q3 2024, according to many enterprises, the main obstacles to doing business were **market competition** and the **state of the economy of Kazakhstan**.

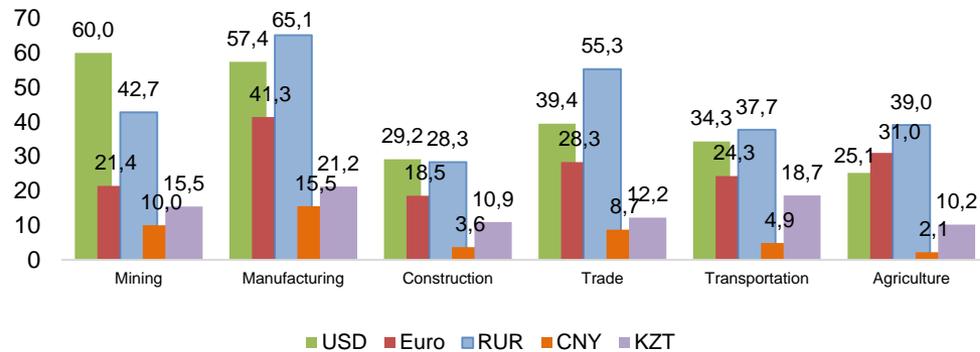
Market competition has an impact on the business of trade and manufacturing enterprises. The dominant obstacle for mining and agricultural enterprises is the **level of the tax burden** and the **lack of qualified personnel**, respectively, and for construction, transportation and warehousing enterprises – it is the **state of the economy**.

In the next 12 months, financing in all industries will remain mainly in the previous volumes, while the largest increase in financing is planned in mining and manufacturing. The largest reduction in investment is expected in agriculture.

Assessing Economic Conditions

Impact of the Exchange Rate

Chart 5. Use of foreign currency in settlements (share of enterprises,%)



The main currencies used in settlements with foreign partners remain the Russian ruble and the US dollar (with the exception of the agricultural sector - the Russian ruble and the euro predominate). The Russian ruble dominates in all industries, except mining industry and construction (US dollar dominates).

Tenge in calculations in Q3 of 2024 was mostly used by enterprises of the manufacturing industry – 21.2%.

Chart 6. Impact of changes in the exchange rate of the tenge against the US dollar for the activities of the enterprise (DI* by industry for the quarter)

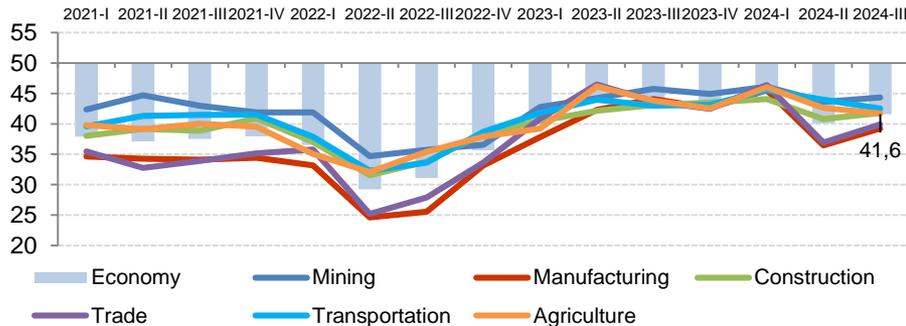
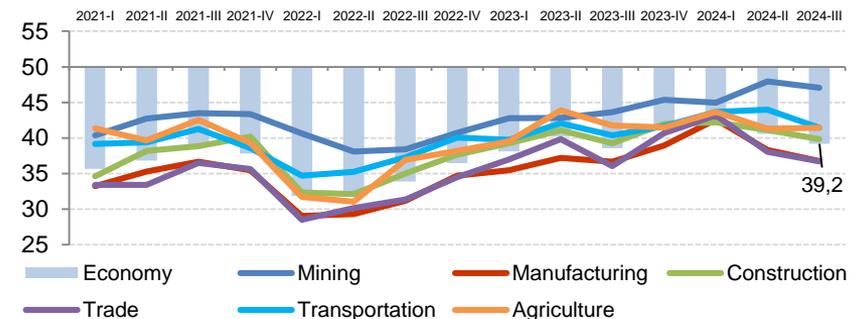


Chart 7. Impact of changes in the exchange rate of the tenge against the Russian ruble on the activities of the enterprise (DI by industry for the quarter)



In Q3 of 2024 the negative impact of the change in the exchange rate of the tenge against the **Russian ruble** slightly softened for enterprises in all industries, except for agriculture, transport and warehousing. The negative impact of the change in the exchange rate of the tenge against the **US dollar** slightly increased for enterprises in all industries, except for agriculture.

*DI, diffusion index, the higher (lower) from the level 50, the more positive (negative) the influence of the indicator, the level 50 means no influence

Chart 8. The share of enterprises for which lending conditions are above the acceptable level, %

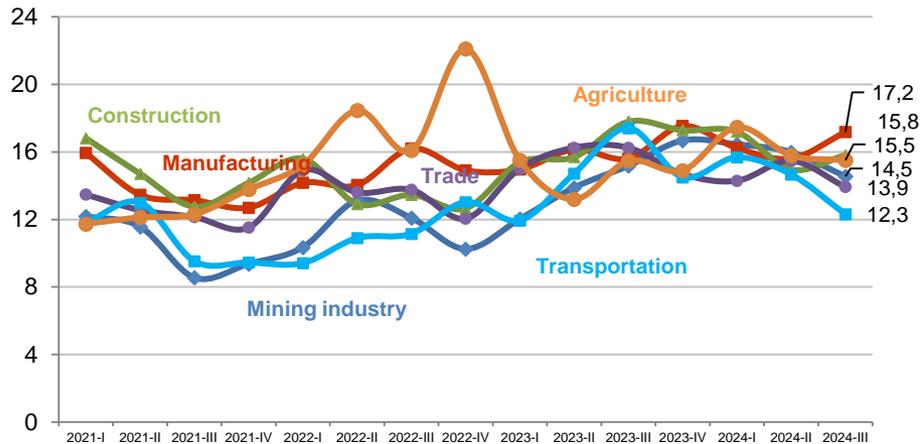


Chart 9. Companies intending to apply for a loan in Q3 of 2024 and in Q4 of 2024, %

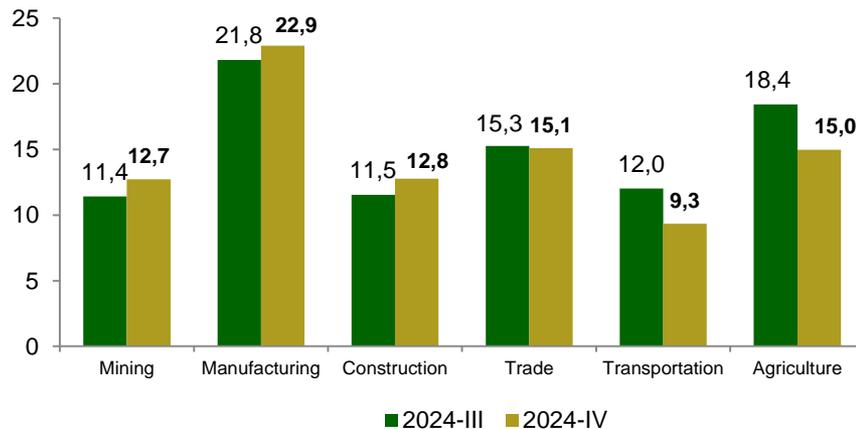


Table 1. Average lending rates, %

	In tenge		In foreign currency	
	in fact	preferred	in fact	preferred
Mining	16,4	5,9	6,0	2,5
Manufacturing	15,7	6,7	5,5	3,1
Construction	19,6	7,3	4,8	3,6
Trade	18,1	8,2	4,5	3,4
Transportation	19,3	7,1	5,8	3,6
Agriculture	16,6	6,5	5,0	3,1

In Q3 of 2024 the share of enterprises for which bank lending conditions were unacceptable decreased in all industries except manufacturing and construction. The largest number of enterprises for which lending conditions turned out to be higher than the acceptable level belong to the manufacturing industry (17.2%), and the smallest to the transportation and warehousing industry (12.3%).

The highest interest rate on loans received in tenge was noted in construction industry (19.6%), and in foreign currency - mining industry (6.0%).

The largest share of enterprises intending to take out a loan in Q4 of 2024 falls on manufacturing industry (22.9%), and the smallest – in transportation and warehousing (9.3%).

Chart 10. Weighted average* credit load **,%

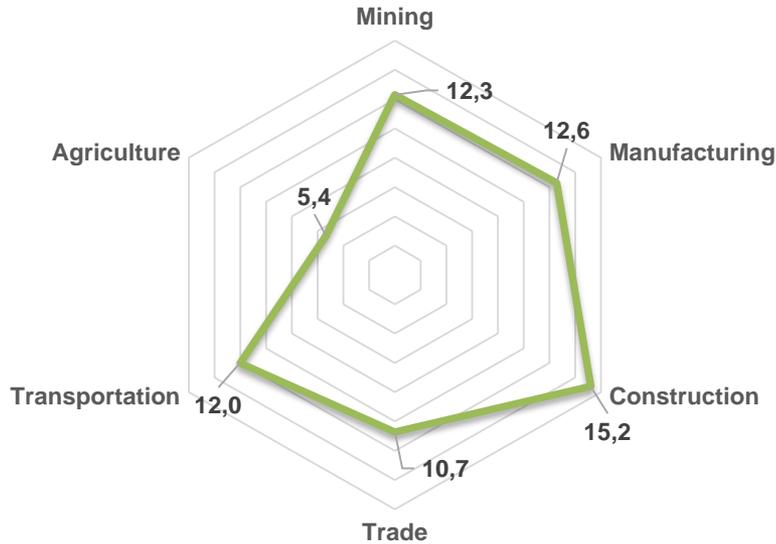


Chart 11. The share of enterprises with overdue * debt on bank loans, %**

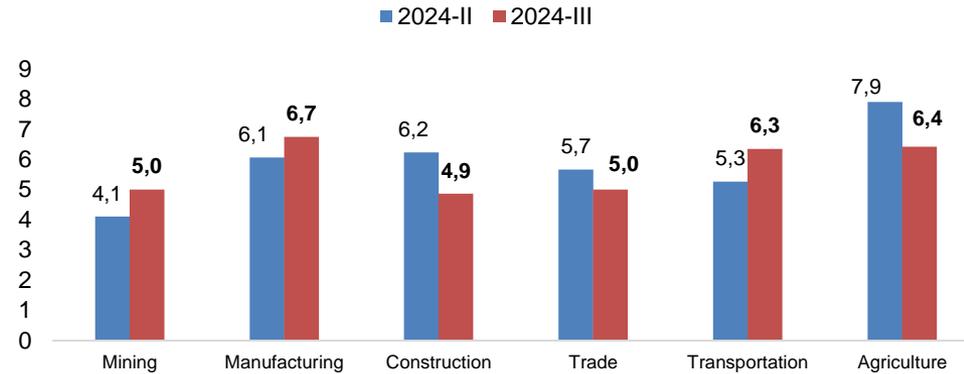


Chart 12. Results for consideration of loan applications, number



In Q3 of 2024 the weighted average credit load in the construction industry was higher than in other industries. The lowest value of this indicator is observed in agriculture industry (5.4%).

The share of enterprises with overdue debt on bank loans increased in the mining and manufacturing, transportation and warehousing industries.

In Q3 of 2024 **26 surveyed enterprises** from all industries were denied a loan.

* Arithmetic weighted average is the average value of the interval, weighted by the share of enterprises

** Monthly payment / Income from product sales * 100

*** more than 90 days

Assessment of performance indicators of enterprises

Chart 13. Mining industry, DI*

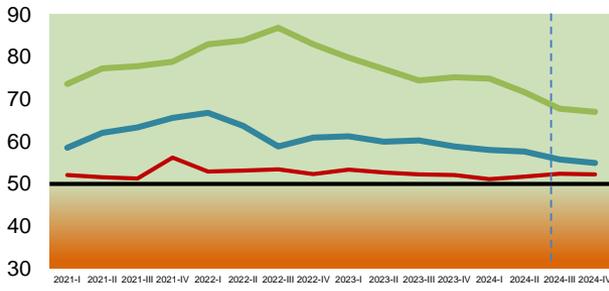


Chart 14. Manufacturing, DI*

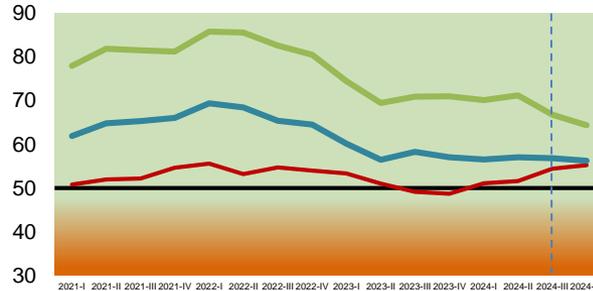


Chart 15. Construction, DI*

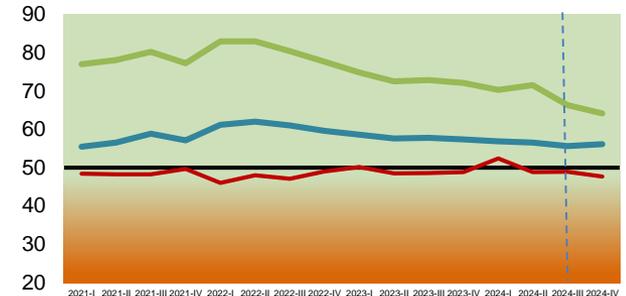


Chart 16. Trade, DI*

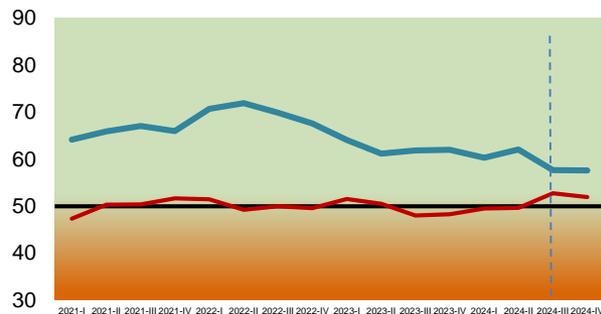


Chart 17. Transportation and warehousing, DI*

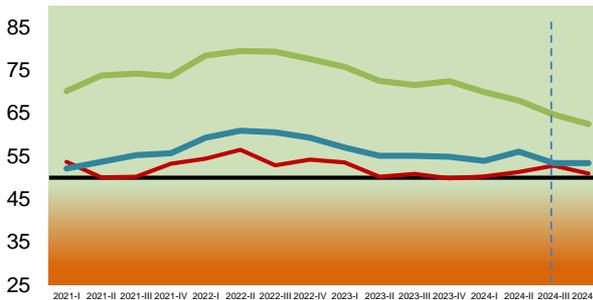
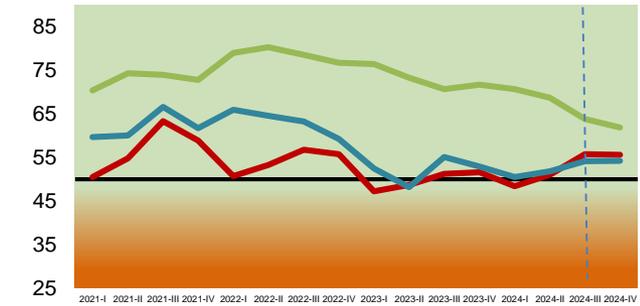


Chart 18. Agriculture, DI*



— Demand

— Production prices

— Prices for raw materials

In Q3 of 2024 there was an increase in demand for finished products in all industries. In Q4 of 2024 a slowdown in demand is expected in all sectors except for the manufacturing industry.

The slowdown in the growth of **prices for raw materials and materials** in Q3 of 2024 was noted in all industries. In addition, the growth of **prices for finished products** slowed in all industries, except agriculture.

In Q4 of 2024 a slowdown in the growth rate of **prices for raw materials and materials** is expected in all industries, as well as a slowdown in the growth rate of **prices for finished products**, with the exception of the construction and agriculture industries.

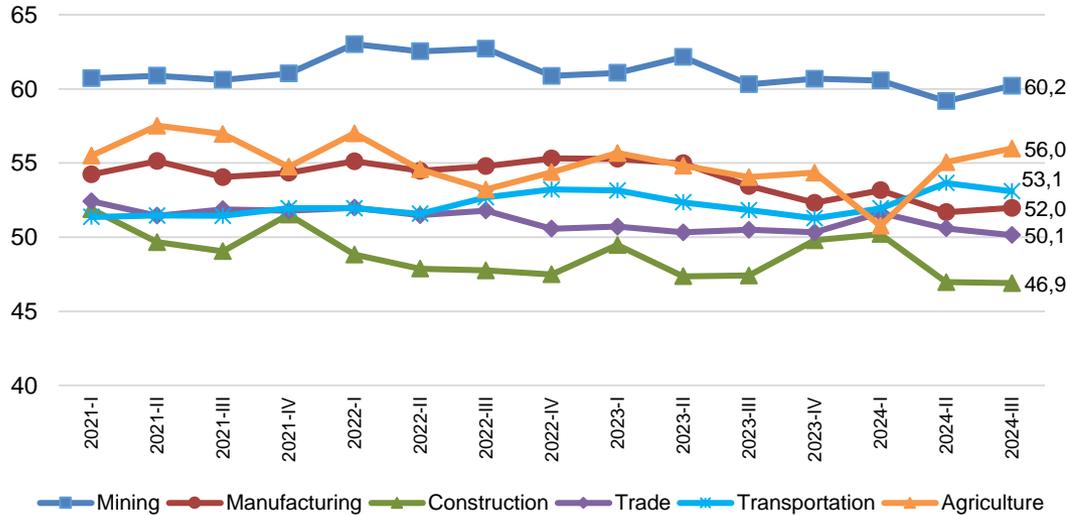
* DI, diffusion index, the higher (lower) the level of 50, the more positive (negative) the influence of the indicator, level 50 means no influence

** The graphs reflect the expectations of enterprises for the change in the parameter in the Q4 of 2024

Assessment of performance indicators of enterprises

Capacity utilization rate

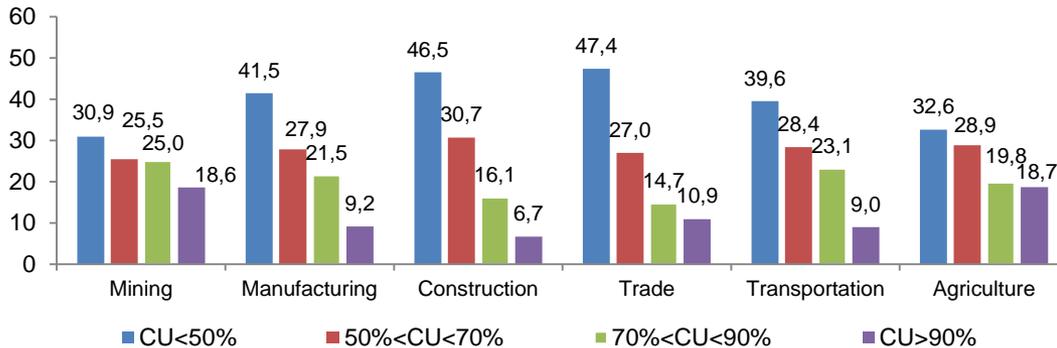
Chart 19. Weighted average* utilization of production capacities by industry, %



In Q3 of 2024 the weighted average **capacity utilization** (CU) increased in mining, manufacturing and agriculture industries. The best situation is in agriculture and mining, where the share of enterprises with the maximum CU ($CU \geq 90\%$) is greater than in other industries.

The highest level of CU is in the mining industry (60.2%).

Chart 20. The level of utilization of production capacities in the 3rd quarter of 2024, the share of enterprises in %



*The arithmetic weighted average is the average value of the interval, weighted by the share of answers to the question about the level of utilization of production facilities.

Assessment of real performance indicators of enterprises

Financial performance of enterprises

Table 2. Median* value of main indicators

	CLR	SR	ATR	ROS**, %	SFR	SWCA, %
Mining	1,35	1,66	0,20	43,4	0,52	52,3
Manufacturing	1,51	1,49	0,23	24,3	0,39	65,3
Construction	1,14	1,25	0,22	24,3	0,26	75,4
Trade	1,25	1,22	0,40	20,1	0,28	81,8
Transportation	1,19	1,74	0,19	33,0	0,51	35,0
Agriculture	1,52	1,39	0,08	12,5	0,43	51,3

The main indicators of the financial and economic activity of enterprises in Q3 of 2024 were as follows:

- the highest liquidity is in agricultural (**CLR=1.52**) and manufacturing enterprises (**CLR=1.51**);
- the most solvent enterprises are transportation and warehousing (**SR=1.74**);
- business activity in trade is significantly higher than in other industries (**ATR=0.40**);
- mining industry enterprises remain the most profitable (**ROS=43.4%**), agricultural companies remain the least profitable (**ROS=12.5%**);
- the possibility of financing investments at the expense of own funds in the mining (**SFR=0.54**), transportation and warehousing (**SFR=0.51**) industries is higher than in other industries;
- most of the assets of trade enterprises are current assets (**SWCA=81.8%**).

Table 3. Financial indicators overview

	Formula	Short description
CLR (current liquidity ratio)	Current assets / Current liabilities	It characterizes the company's ability to repay current (short-term) liabilities using only current assets. The higher the indicator, the better the company's solvency.
SR (solvency ratio)	Assets / Liabilities	Shows the ability to cover all the liabilities of the enterprise (short-term and long-term) with all of its assets
ATR (asset turnover ratio)	SI / Assets SI - income from product sales	Shows the intensity of use (rate of turnover) of assets. It serves as an indicator of the business activity of the enterprise
ROS (return on sales)	(SI - COGS) / SI * 100 COGS - cost of goods sold	An indicator of the financial performance of the organization, showing what part of the organization's revenue is profit (before tax)
SFR (self-financing ratio)	E / (E + Liabilities) E - equity	The ratio of own investment funds to the total amount of funds required for investment
SWCA (share of working capital in assets)	Short-term assets / Assets * 100	Allows to judge the liquidity of the balance as a whole

* The median values are presented due to the lower degree of exposure to the influence of extreme values, in contrast to the arithmetic mean.

** Sales before deducting interest, taxes and depreciation expenses

Assessment of enterprises performance indicators

Financial performance of enterprises

Chart 21. Current liquidity ratio dynamics (CLR)

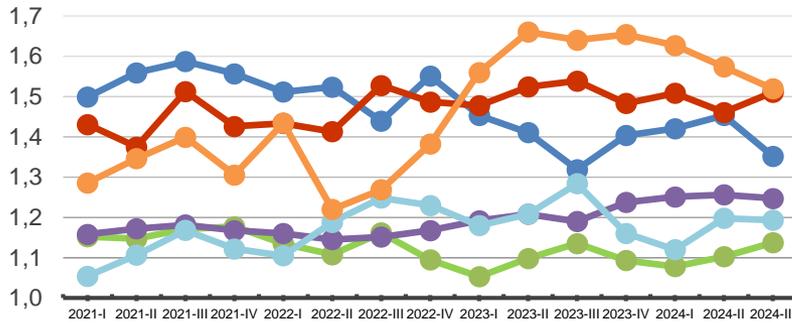


Chart 22. Self-financing ratio dynamics (SFR)

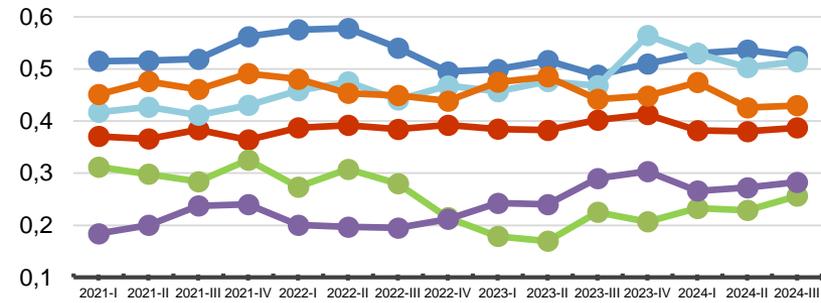


Chart 23. Asset turnover ratio dynamics (ATR)

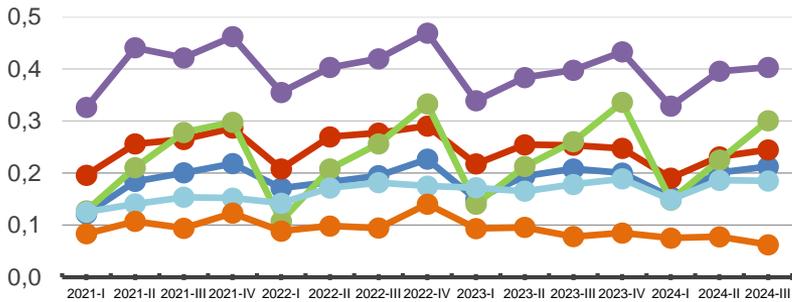
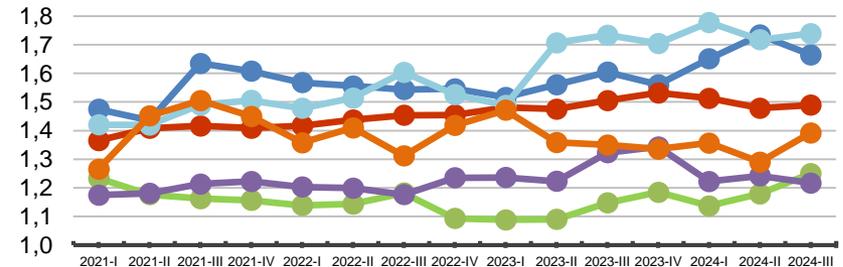


Chart 24. Overall solvency ratio dynamics (SR)



—●— Mining
 —●— Manufacturing
 —●— Construction
 —●— Trade
 —●— Transportation
 —●— Agriculture

In Q3 of 2024 the ability of enterprises to repay their short-term obligations improved only in the manufacturing and construction industries (CLR increased). The possibility to finance investments on own funds increased in all industries, except mining and agriculture.

Business activity improved in all industries except agriculture, transportation and warehousing (ATR). The overall solvency of enterprises (SR) increased in all industries except mining and trade.

* The median values are presented due to the lower degree of exposure to the influence of extreme values, in contrast to the arithmetic mean

** Formula and the short description of the financial indicators are on the table 3 (page 11)

Assessment of performance indicators of enterprises

Financial performance of enterprises

Chart 25. Return on sales *, %

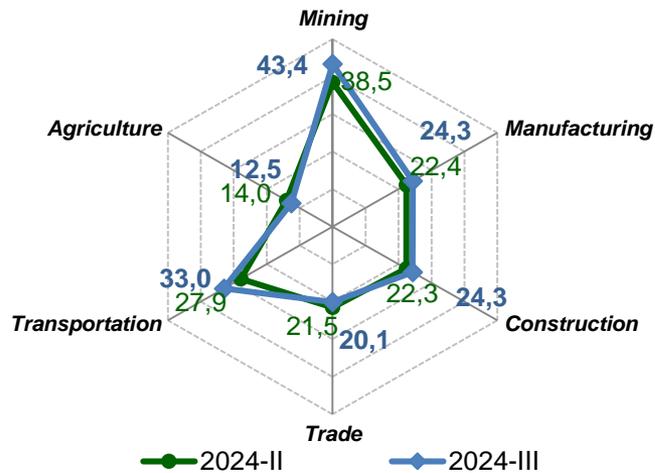


Chart 26. Dynamics of sales profitability *, %

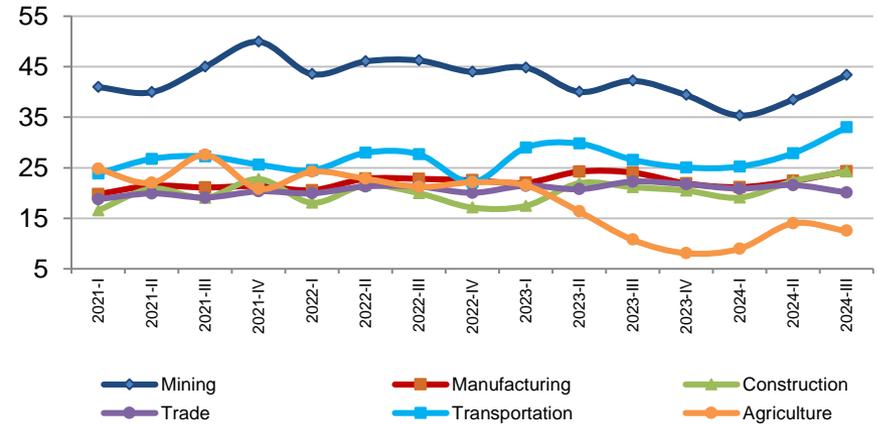
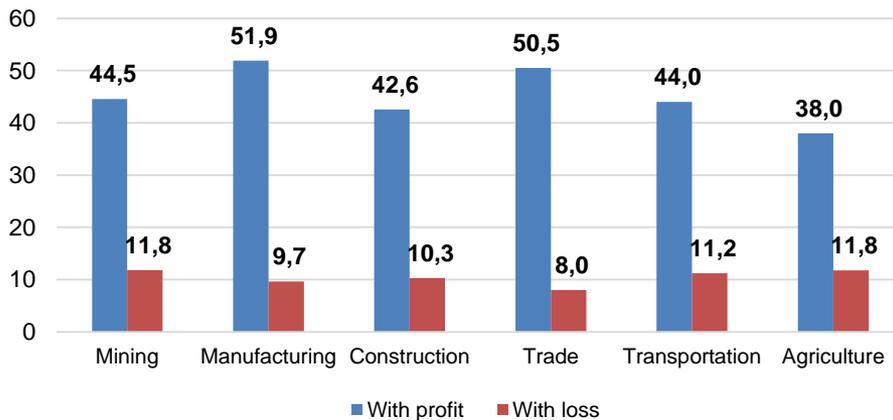


Chart 27. The share of enterprises planning to end the financial year with profit / loss, %



Return on sales (before interest, tax, depreciation and amortization) increased in all industries except agriculture and trade in Q3 of 2024. Return on sales in mining is significantly higher than in other industries.

The share of enterprises planning to close the financial year with **losses** is higher in the mining industry and agriculture (11.8% each).

Among the enterprises planning to close the financial year with a profit, the most optimistic estimates are in the manufacturing industry (51.9%) and trade (50.5%).

In all industries under consideration, the share of enterprises planning to close the year with a profit is greater than the share of those who expect to end the year with a loss.

* The median values are presented due to the lower degree of exposure to the influence of extreme values, in contrast to the arithmetic mean.

Assessment of performance indicators of enterprises

Debt burden in industries

The situation with overdue debt outside the banking sector, that is, mutual settlements with suppliers, contractors, customers, buyers, etc., has changed. According to the results of Q3 of 2024, on average in the economy, the share of enterprises with overdue (more than 90 days) **receivables** and **payables** increased slightly (from **23.1%** to **23.5%**, and from **19.7%** to **20.1%**, respectively). In agricultural, trade and mining industries the share of enterprises with **overdue receivables** and **payables** has increased. The largest number of enterprises with overdue receivables and payables is in the mining industry (**31.4%**).

Chart 28. Overdue accounts receivable debt (%)

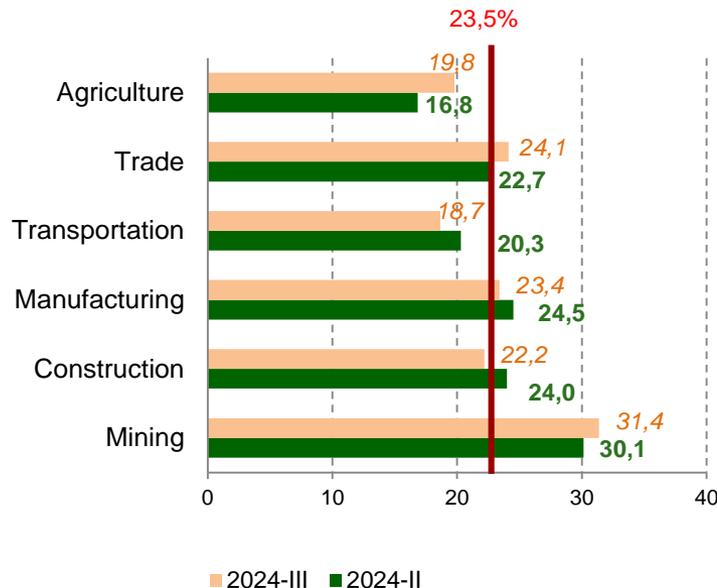


Chart 29. Overdue payables debt (%)



Assessment of performance indicators of enterprises

Production volumes and expenses for work force

Chart 30. Production volume dynamics¹, DI²

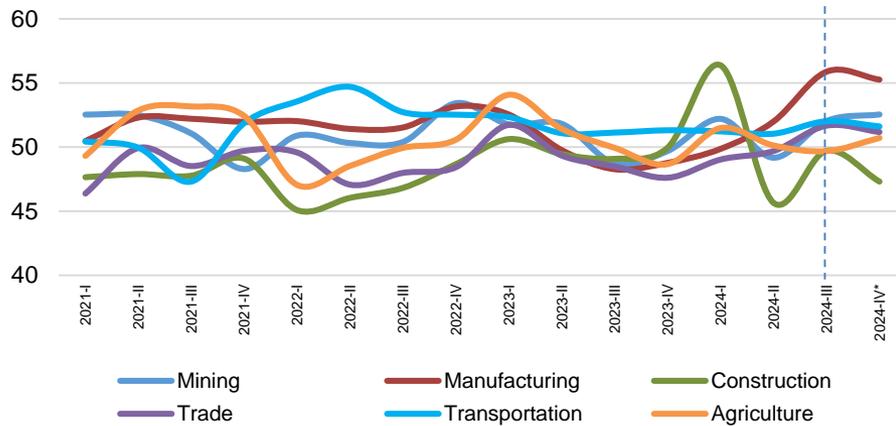


Chart 31. Number of employed dynamics³, DI

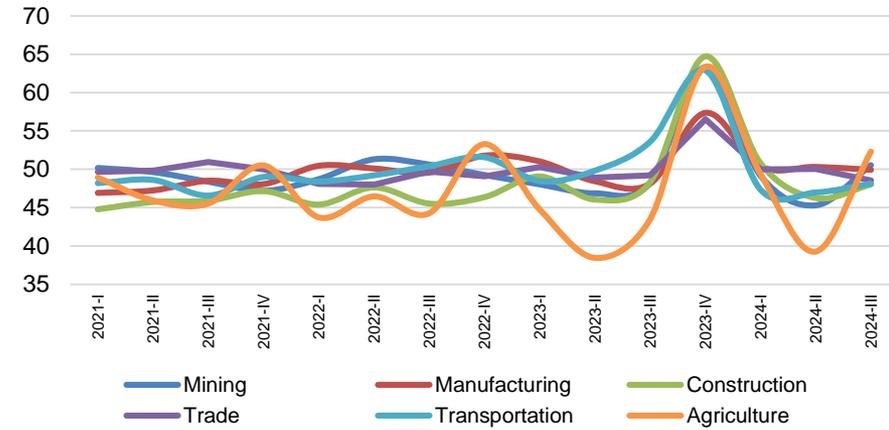
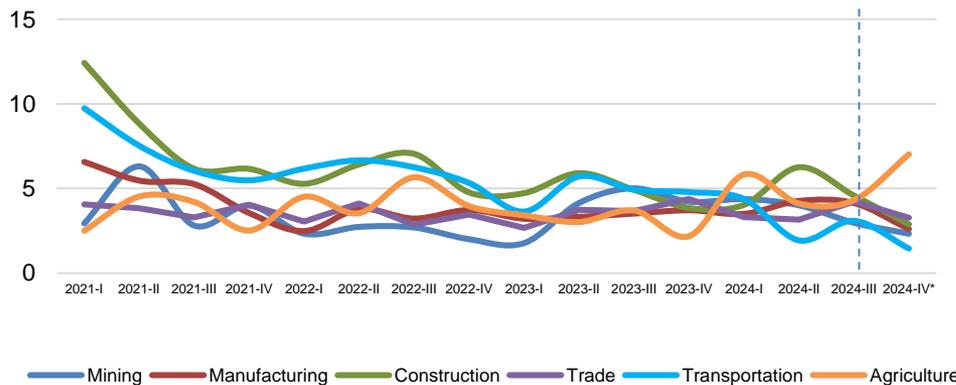


Chart 32. Dynamics of the share of enterprises that reduced average wages¹, %



In Q3 of 2024 an increase in production **volumes** was noted in all industries except agriculture. In Q4 of 2024 production volumes are expected to slow in all industries except mining and agriculture.

The number of employees increased in all industries except manufacturing and trade.

In Q3 of 2024 the number of enterprises that **reduced wages** of their employees increased in agriculture, trade, transportation and warehousing industries. In Q4 of 2024 the situation with wages will improve in all industries except agriculture.

¹ Seasonally adjusted data

² DI, diffusion index, the higher (lower) the level of 50, the more positive (negative) the influence of the indicator, level 50 means no influence

* The graphs reflect the expectations of enterprises for the change in the parameter in the Q4 of 2024

³ Seasonally adjusted data (excluding trade, transportation and warehousing)

- The highest **degree of competition still remains** in trade.
- Most enterprises indicate the **market competition** and the **state of the economy of Kazakhstan** as the main obstacle in doing business.
- In Q3 of 2024 the negative impact of the change in the exchange rate of the tenge against the **Russian ruble slightly mitigated** for enterprises in all industries, except for agriculture, transportation and warehousing. The negative impact of the change in the exchange rate of the tenge against the **US dollar slightly increased** for enterprises in all industries, except agriculture.
- The main currencies used in settlements with foreign partners remain the Russian ruble and the US dollar (with the exception of the agricultural sector - the Russian ruble and the euro predominate). The Russian ruble dominates in all industries, except mining and construction (the US dollar dominates).
- In Q3 of 2024 an increase in production **volumes** was noted in all industries except agriculture. In Q4 of 2024 production volumes are expected to slow in all industries except mining and agriculture.
- The **weighted average capacity utilization** increased in mining, manufacturing and agriculture industries. The highest level of **capacity utilization** remains in the mining industry (60.2%).
- There is an increase in **demand for finished products** in all industries.
- The **return on sales** in Q3 of 2024 increased in all industries, except for agriculture and trade. Return on sales in the mining industry is significantly higher than in other industries.
- In agriculture, trade and mining industries, the share of enterprises with overdue (more than 90 days) **accounts receivable** and accounts payable **increased**.
- A slowdown in the growth of **prices for raw materials and materials** in Q3 of 2024 was noted in all industries. In addition, the rise in **prices for finished products** slowed down in all industries, except for agriculture.
- In Q4 of 2024 a slowdown in the growth rate of prices for **raw materials** and **materials** is expected in all industries, as well as a slowdown in the growth rate of **prices for finished products**, with the exception of the construction and agriculture.