SECTORAL MARKET REVIEW

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

Q4 2024

Monetary Policy Department
National Bank of Kazakhstan

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- 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)
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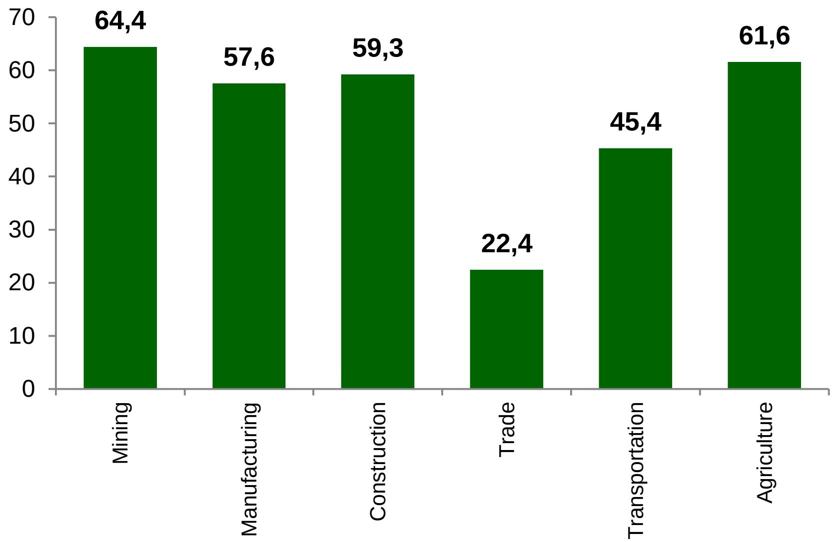
Conclusions

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	➢ 4Q 2024
Total monitoring participants	➢ 3 447
Sample details	
Mining	➢ 225
Manufacturing	➢ 787
Construction	➢ 324
Trade	➢ 945
Transportation and warehouse	➢ 269
Agriculture	➢ 190
Total respondents in the sample	➢ 2 740

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



In Q4 of 2024 over half of the sample is represented by large and medium-sized enterprises in the **mining (64.4%), agriculture (61.6%), construction (59.3%)** and **manufacturing (57.6%)** sectors. In **transport and warehousing**, almost half of the sample is represented by large and medium-sized enterprises **(45.4%)**. In **trade** the share of such enterprises is the lowest (**22.4%**).

In Q4 of 2024 the importance of competition increased in all industries, with the exception of mining.

Trade remains the industry most affected by market competition, with **44.6%** of enterprises feel its impact on their business.

In the **manufacturing industry**, the share of such enterprises reached **37.0%**, **transportation and warehousing – 29.0%**, **agriculture – 22.6%**, **construction – 21.9%** and in the **mining – 12.4%.**

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

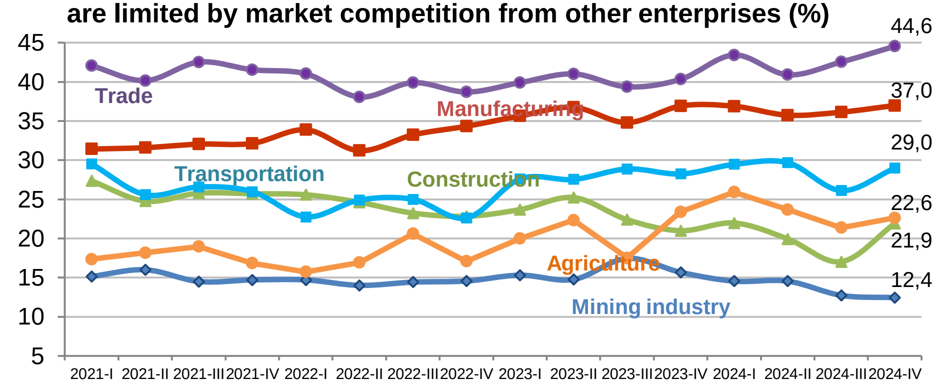


Chart 3. Restrictions on investment activity of enterprises

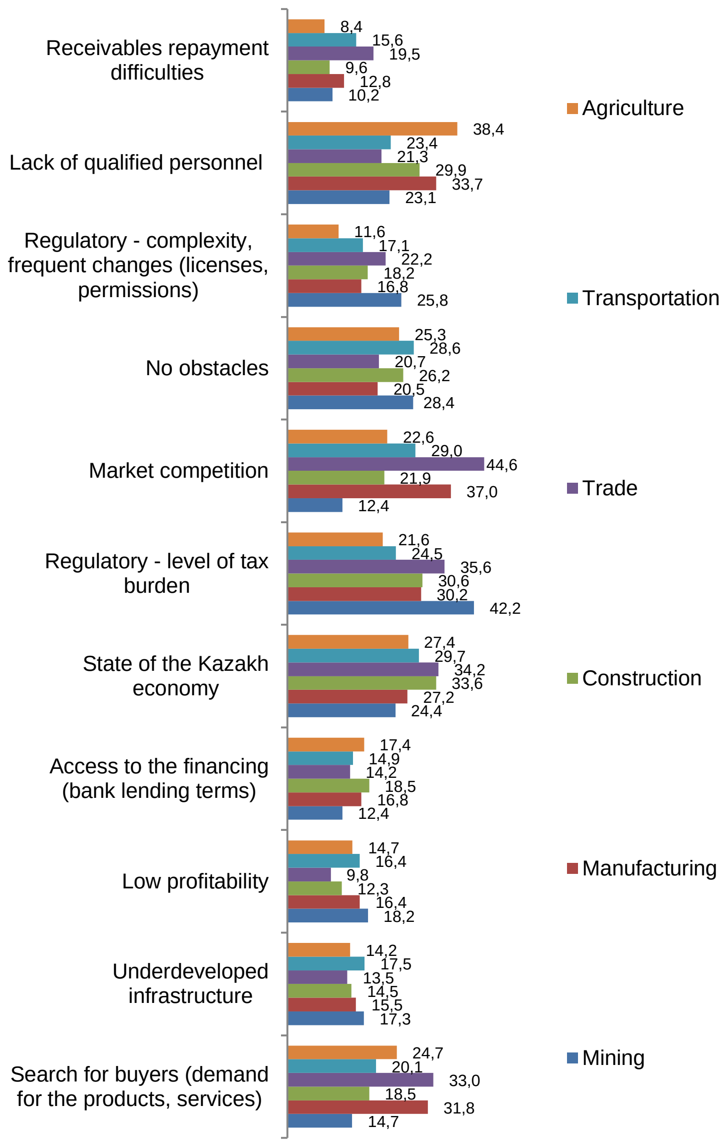
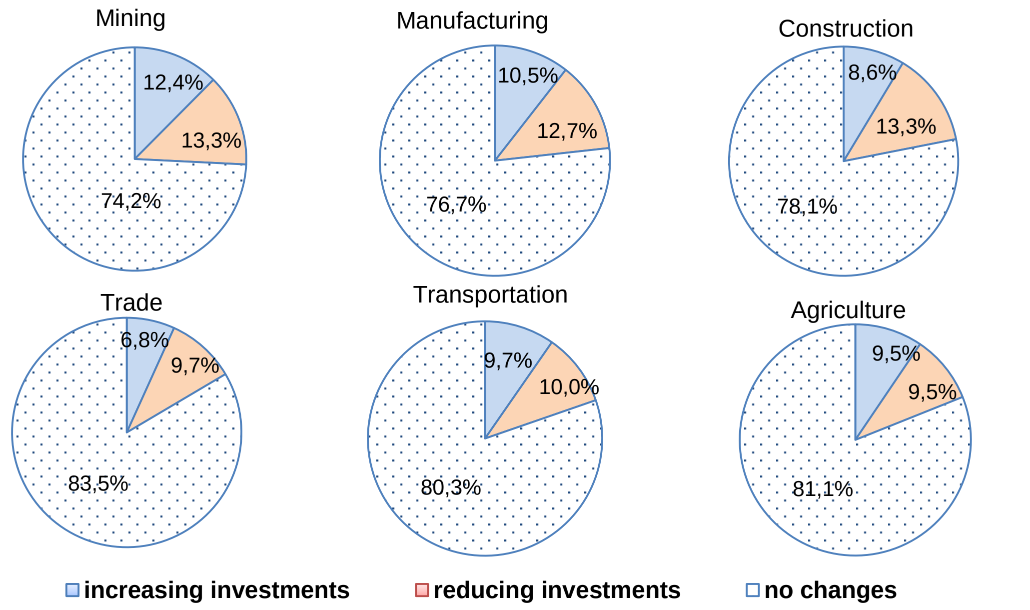


Chart 4. Expectations of enterprises for changes in investments in the next 12 months,%

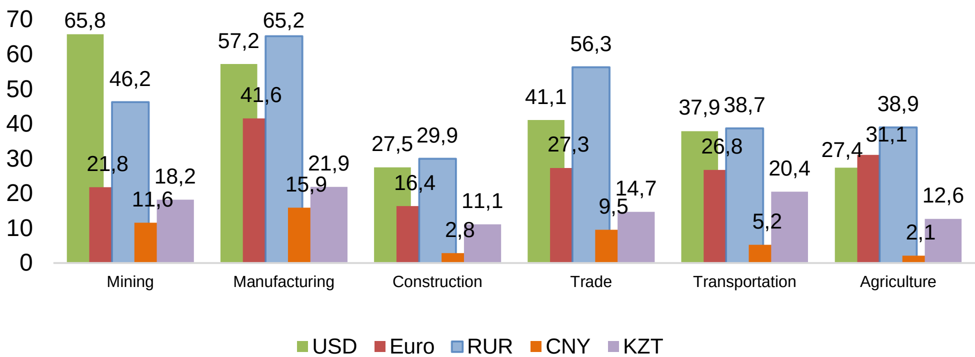


In Q4 of 2024, according to many enterprises, the main obstacles to doing business were **market competition** and the **state of the economy of Kazakhstan**.

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 tax burden** and the **lack of qualified personnel**, respectively, and for enterprises

In the next 12 months, investment financing will remain largely unchanged across all sectors, with the largest increase expected in the mining industry (12.4%). At the same time, the most negative expectations for a reduction in investment were found in the mining and construction sectors (13.3% each).

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 (US dollar dominates). Tenge in calculations in Q4 of 2024 was mostly used by enterprises of the manufacturing industry – 21.9%.

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)

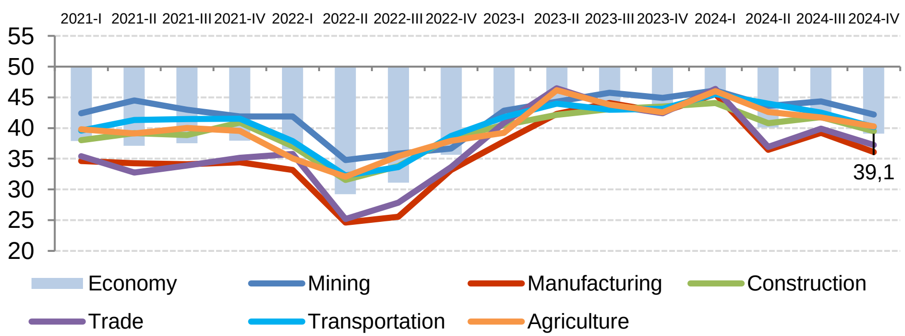
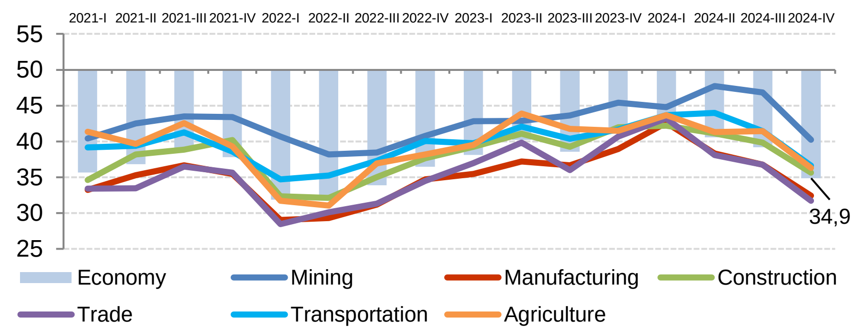


Chart 7. Impact of changes in the exchange rate of the tenge against the Russian ruble on the activities of the enterprise (DI by industry for the quarter)



In Q4 of 2024 the negative impact of the change in the exchange rate of the tenge against the **Russian ruble** and the **US dollar** worsened for enterprises in all industries.

*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, %

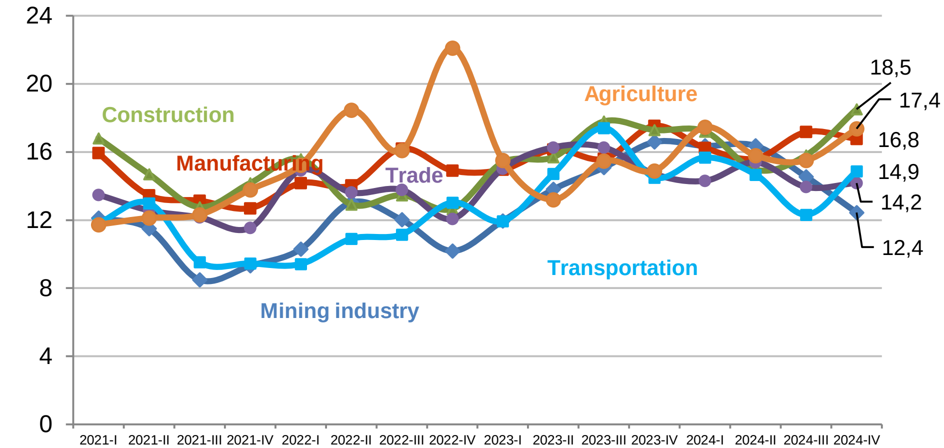
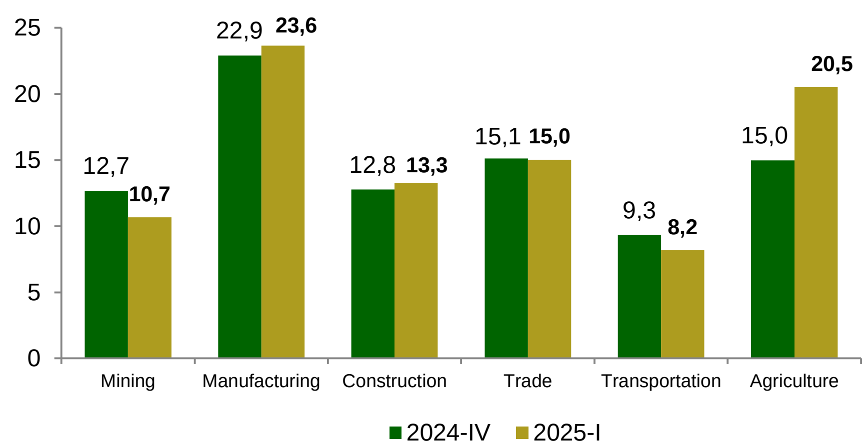


Table 1. Average lending rates,%

	In tenge		In foreign currency	
	in fact	preferred	in fact	preferred
Mining	17,8	6,1	6,4	2,6
Manufacturing	15,5	6,4	6,1	3,2
Construction	19,4	7,9	5,5	3,9
Trade	18,1	8,3	6,4	3,8
Transportation	19,7	6,9	6,3	3,3
Agriculture	14,7	6,4	-	2,9

Chart 9. Companies intending to apply for a loan in Q4 of 2024 and in Q1 of 2025, %



In Q4 of 2024 the share of enterprises for which bank lending conditions were unacceptable increased in all industries except manufacturing and mining. The largest number of enterprises for which lending conditions turned out to be higher than the acceptable level belong to the construction industry (18.5%), and the smallest to the mining industry (12.4%).

The highest interest rate on loans received in tenge was noted in the transport and warehousing industry (19.7%), and in foreign currency - mining industry and trade (6.4% each).

The largest share of enterprises intending to take out a loan in Q1 of 2025 falls on the manufacturing industry (23.6%), and the smallest – in transportation and warehousing (8.2%).

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

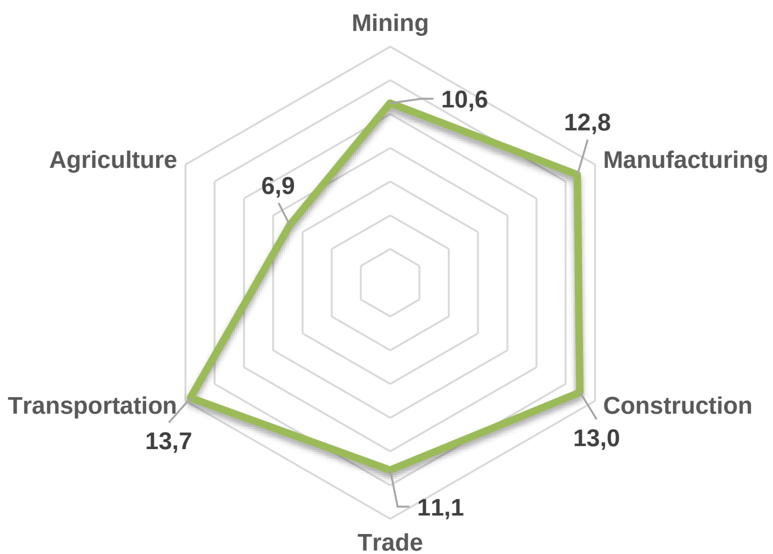


Chart 11. The share of enterprises with overdue * debt on bank loans,%**

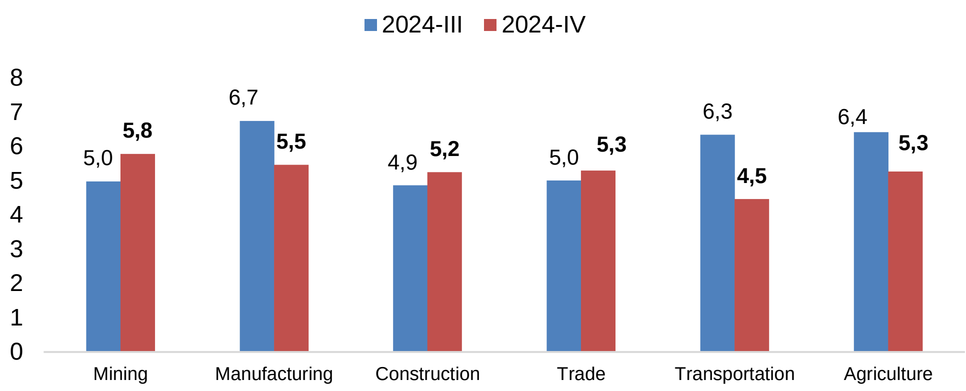
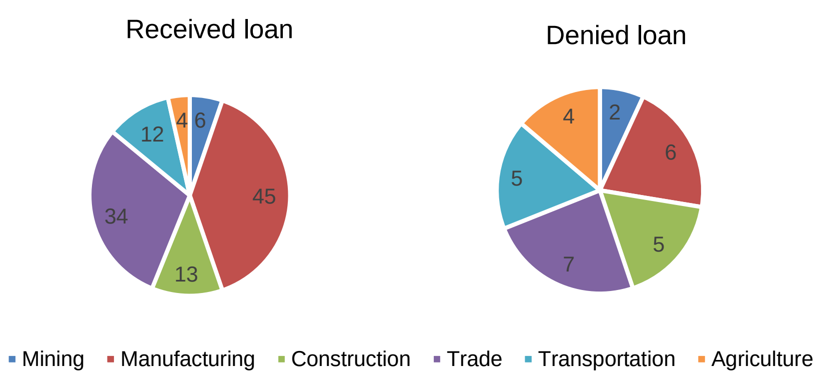


Chart 12. Results for consideration of loan applications, number



In Q4 of 2024 the weighted average credit load in the transportation and warehousing sector was higher than in other sectors. The lowest value of this indicator is observed in agriculture sector (**6.9%**).

The share of enterprises with overdue debt on bank loans increased in the mining, construction and trade industries.

In Q4 of 2024, **29 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*

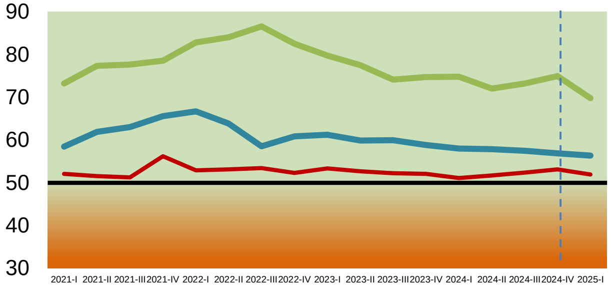


Chart 14. Manufacturing, DI*

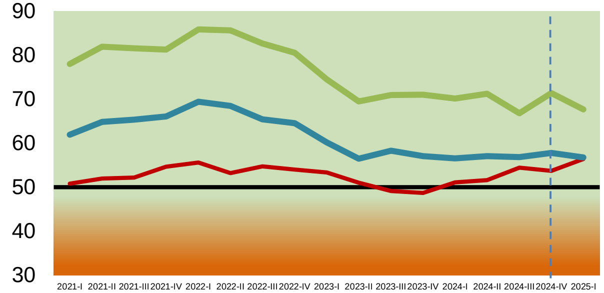


Chart 15. Construction, DI*

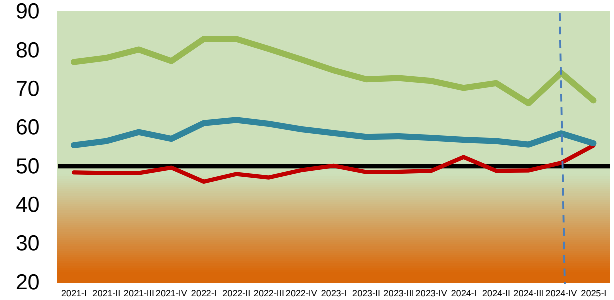


Chart 16. Trade, DI*

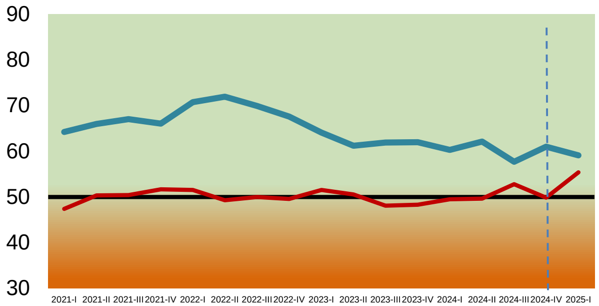


Chart 17. Transportation and warehousing, DI*

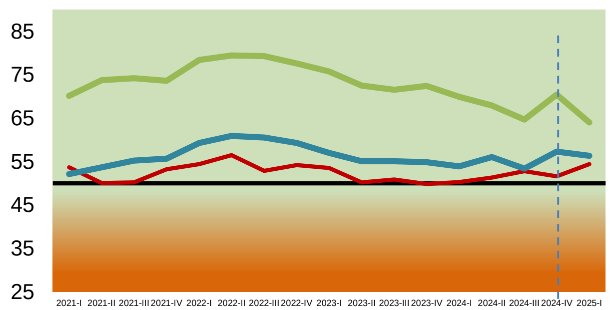
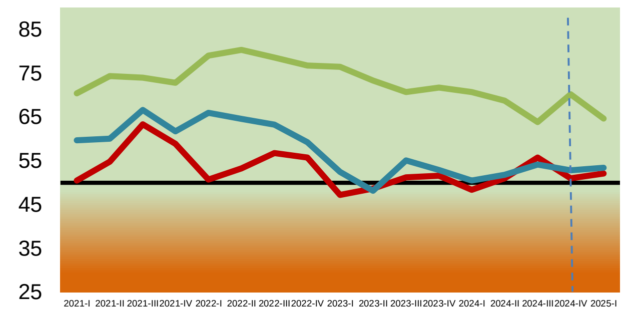


Chart 18. Agriculture, DI*



Demand   Production prices   Prices for raw materials

In Q4 of 2024 **demand for finished products** increased in the mining and construction industries. In Q1 of 2025 enterprises, except for the mining industry, expect an increase in demand for finished products.

Acceleration of growth in **prices for raw materials and materials** in Q4 of 2024 was noted in all industries. Growth in **prices for finished products** also accelerated in all sectors, with the exception of mining and agriculture.

In Q1 of 2025 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** in all industries, with the exception of agriculture.

* 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 Q1 of 2025

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

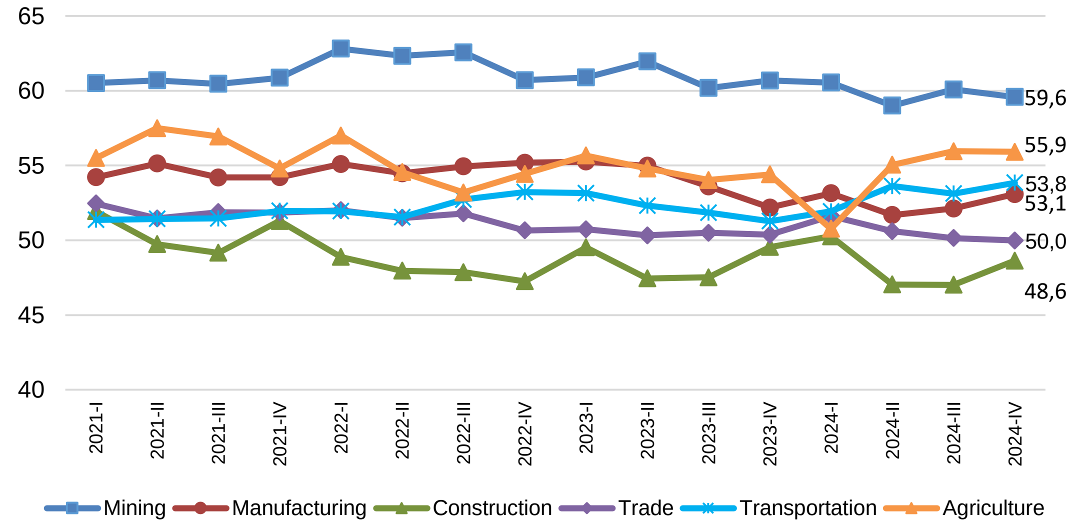
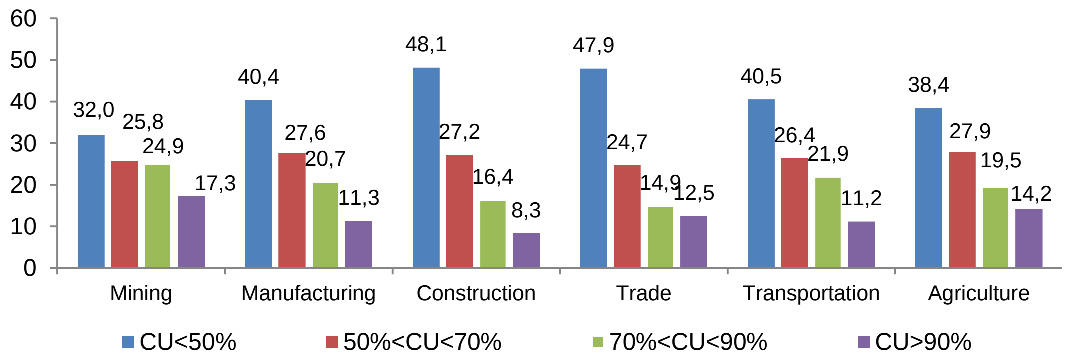


Chart 20. The level of utilization of production capacities in the 4th quarter of 2024, the share of enterprises in %



In Q4 of 2024 the weighted average **capacity utilization** (CU) increased in transportation and warehousing, manufacturing and construction industries. The best situation is in the mining industry, where the share of enterprises with the maximum CU (**CU>=90%**) is greater than in other industries.

The highest level of CU is in the mining industry (59.6%).

*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.

Table 2. Median* value of main indicators

	CLR	SR	ATR	ROS**, %	SFR	SWCA, %
Mining	1,38	1,66	0,20	41,1	0,52	53,7
Manufacturing	1,49	1,52	0,27	23,7	0,40	64,2
Construction	1,17	1,30	0,36	23,9	0,28	72,3
Trade	1,24	1,21	0,42	21,2	0,28	80,2
Transportation	1,23	1,70	0,19	37,1	0,49	36,6
Agriculture	1,47	1,28	0,12	14,9	0,35	46,5

The main indicators of the financial and economic activity of enterprises in Q4 of 2024 were as follows:
- the highest liquidity is in manufacturing (**CLR=1.49**) and agriculture enterprises (**CLR=1.47**);
- the most solvent are transport and warehousing enterprises (**SR=1.70**);
- business activity in trade is significantly higher than in other industries (**ATR=0.42**);
- mining industry enterprises remain the most profitable (**ROS=41.1%**), agricultural companies remain the least profitable (**ROS=14.9%**);
- the possibility of financing investments at the expense of own funds in the mining enterprises (**SFR=0.52**) is higher than in other industries;
- most of the assets of trade enterprises are working capital (**SWCA=80.2%**).

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

Chart 21. Current liquidity ratio dynamics (CLR)

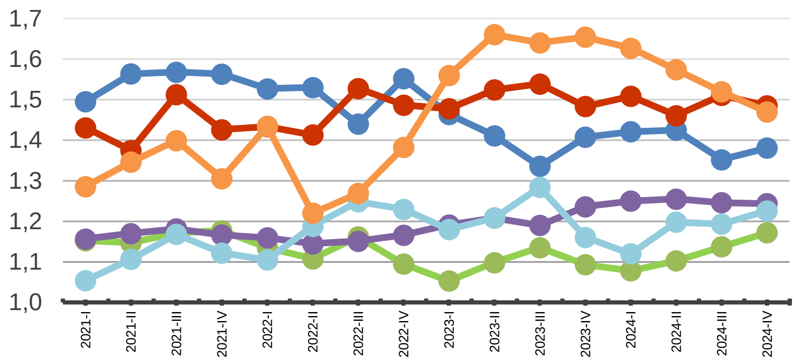


Chart 22. Self-financing ratio dynamics (SFR)

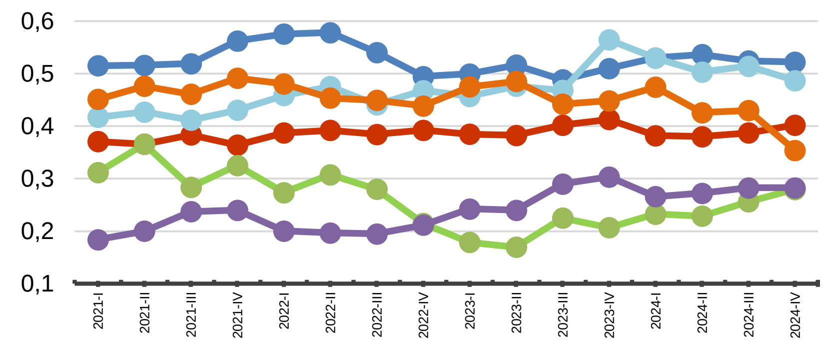


Chart 23. Asset turnover ratio dynamics (ATR)

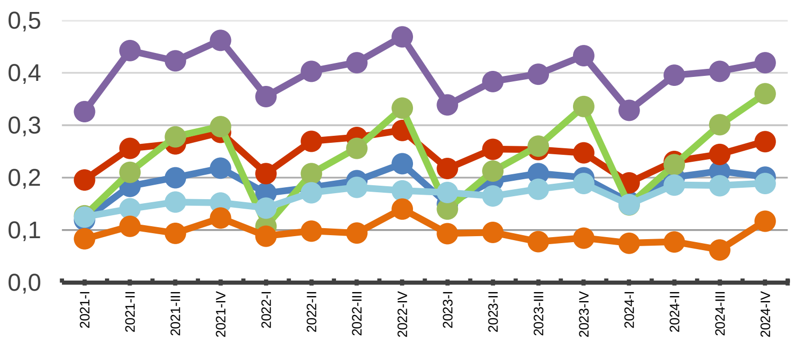
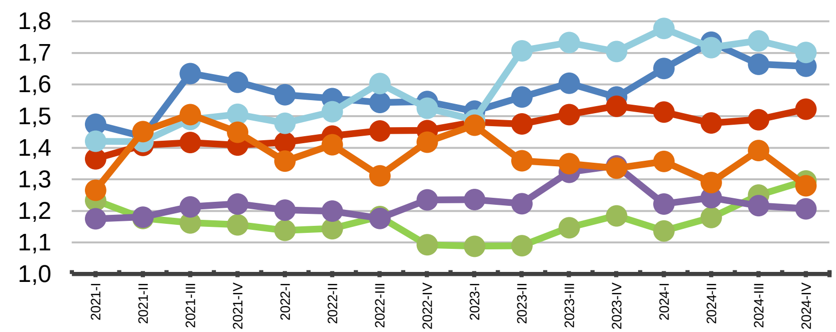


Chart 24. Overall solvency ratio dynamics (SR)



Mining Manufacturing Construction Trade Transportation Agriculture

In Q4 of 2024 the ability of enterprises **to repay their short-term obligations improved** in the mining, transportation and warehousing, and construction industries (CLR increased). The possibility to finance investments on own funds (SFR) decreased in transportation and warehousing, agriculture. Business activity (ATR) improved in all industries, except mining, transportation and warehousing. The overall solvency of enterprises (SR) increased only in manufacturing and construction.

* 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)

Chart 25. Return on sales *,%

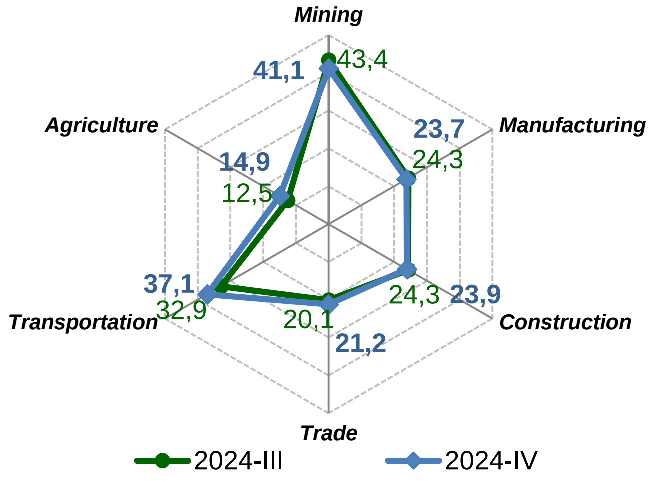


Chart 26. Dynamics of sales profitability *,%

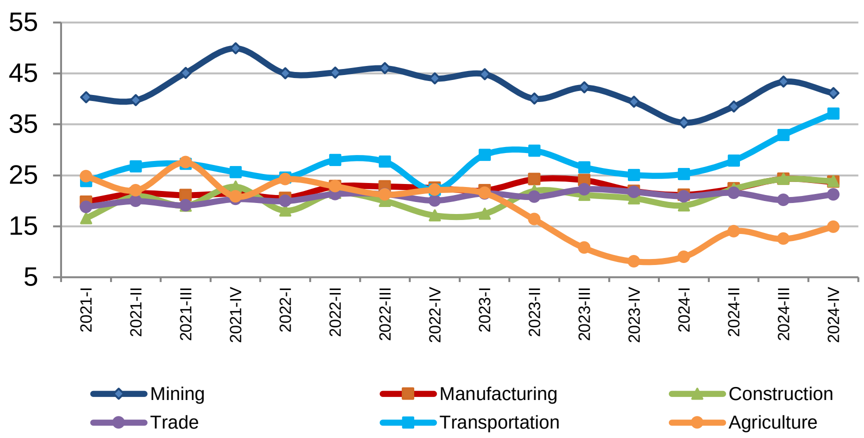
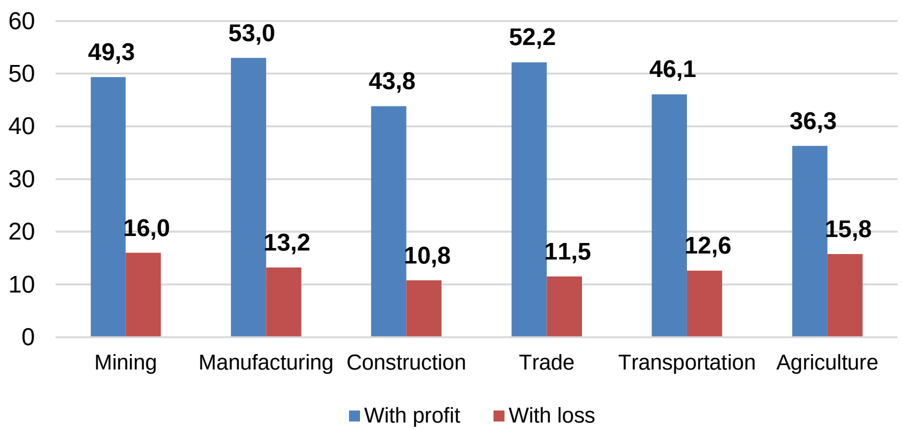


Chart 27. The share of enterprises planning to end the financial year with profit / loss,%



Return on sales (before tax, interest, depreciation and amortization) increased in transportation and warehousing, trade and agriculture in Q4 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 (16.0%). Among the enterprises planning to close the financial year with a profit, the most optimistic estimates are in the manufacturing industry (53.0%) and trade (52.2%). In all the 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.

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 Q4 of 2024, on average in the economy, the share of enterprises with overdue (more than 90 days) **receivables** increased slightly (from **23.5%** to **23.7%**), and those with overdue **payables** decreased slightly (from **20.1%** to **19.7%**). The largest number of enterprises with overdue receivables and payables is in the mining industry.

Chart 28. Overdue accounts receivable debt (%)

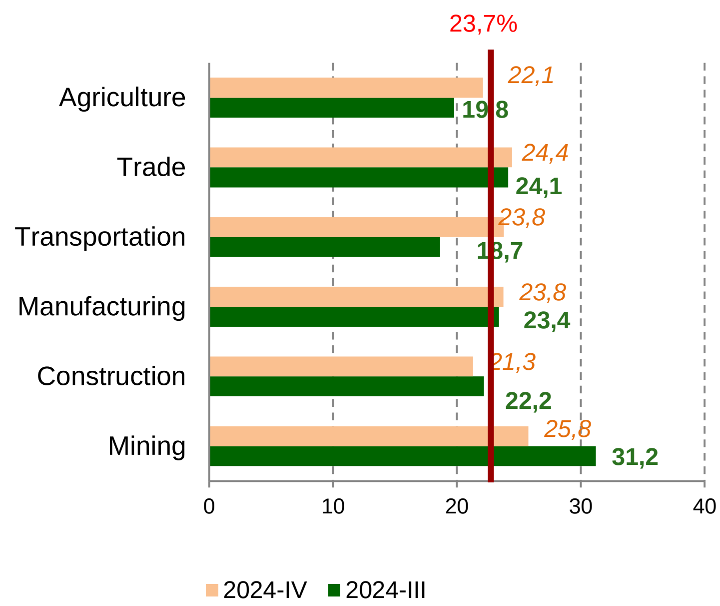
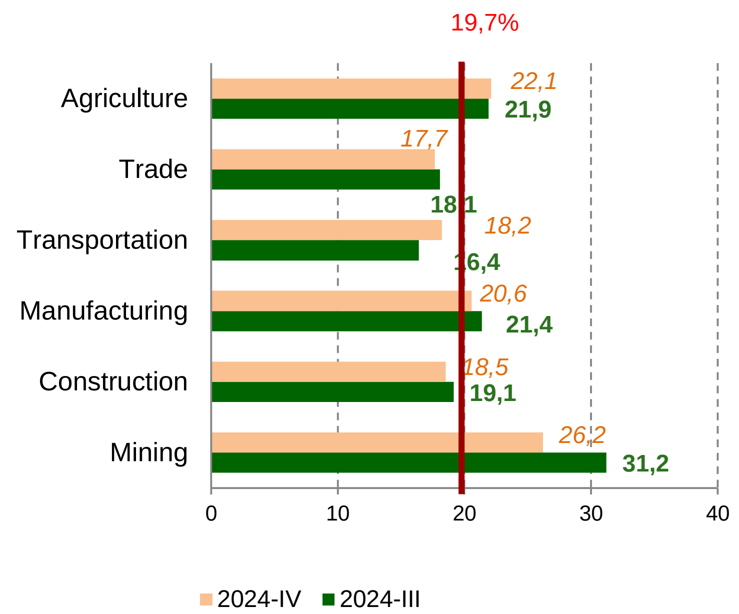


Chart 29. Overdue payables debt (%)



Assessment of performance indicators of enterprises
Production volumes and expenses for work force

Chart 30. Production volume dynamics[1], DI[2]

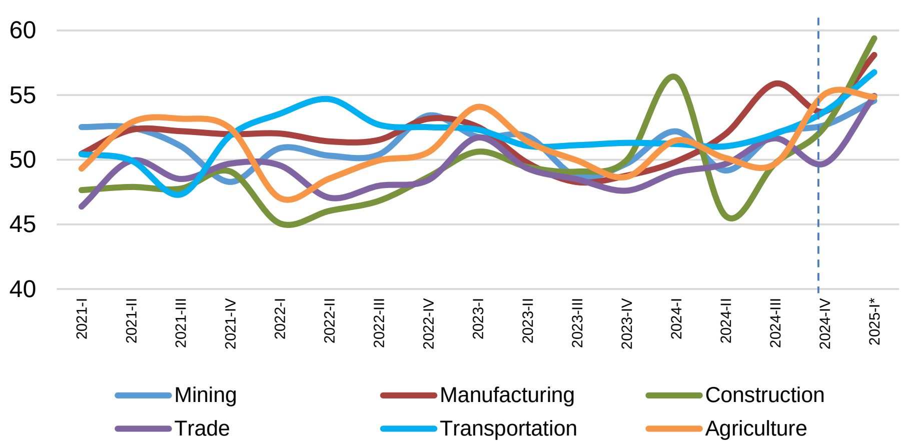


Chart 31. Number of employed dynamics[3], DI

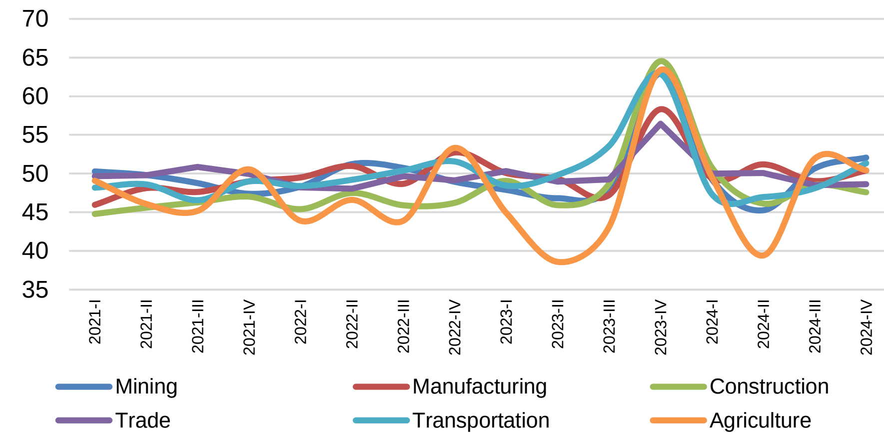
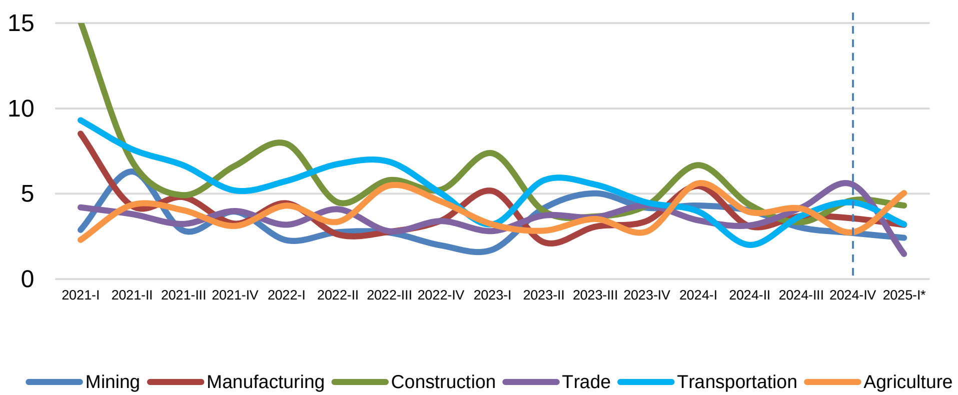


Chart 32. Dynamics of the share of enterprises that reduced average wages[4],%



In Q4 of 2024 an increase in **production volumes** was noted in all industries except manufacturing and trade. In Q1 of 2025 an increase in production is expected in all sectors, except agriculture.

The number of employees increased in all industries, except agriculture and construction.

In Q4 of 2024 the number of enterprises that **reduced wages** of their employees increased in trade, transportation and warehousing, and construction. In Q1 of 2025 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)

[4] Seasonally adjusted data (excluding manufacturing and construction)

Conclusions

- 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 Q4 of 2024 the negative impact of the change in the exchange rate of the tenge against the **Russian ruble** and the **US dollar** worsened for enterprises in all industries.
- 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 euro predominate). The Russian ruble dominates in all industries, except mining industry (the US dollar dominates).
- In Q4 of 2024 an increase in **production volumes** was noted in all industries, except manufacturing and trade. In Q1 of 2025 production volumes are expected to increase in all industries, except agriculture.
- The **weighted average capacity utilization** increased in transportation and warehousing, manufacturing and construction industries. The highest level of capacity utilization remains in the mining industry (59.6%)
- **Demand for finished products** in mining and construction industries increased.
- The **return on sales** in Q4 of 2024 increased in transportation and warehousing, trade and agriculture. Return on sales in the mining industry is significantly higher than in other industries.
- The share of enterprises with overdue (more than 90 days) **receivables** increased slightly, while those with overdue **payables** decreased slightly.
- Acceleration in the growth of **prices for raw materials and materials** in Q4 of 2024 was noted in all industries. In addition, rise in **prices for finished products** accelerated in all industries, except mining and agriculture.
- In Q1 of 2025 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** in all industries, except agriculture.