

IHS Markit Russia Manufacturing PMI®

Operating conditions improve at fastest pace since May 2021 at the start of 2022

Key findings

New order growth quickens to joint-strongest since April 2019

Employment rises at fastest pace since November 2018

Inflationary pressures pick up

Data were collected 12-25 January 2022.

Russian goods producers registered a marginal improvement in the health of the sector at the start of 2022, according to January PMI® data. Overall growth strengthened slightly to the fastest since May 2021. Although the upturn in output eased to the slowest for four months, goods producers recorded a quicker rise in new orders. New sales increased at the joint-steepest pace since April 2019, as foreign client demand also ticked higher. Greater demand conditions led firms to step up their hiring, as employment rose at the sharpest rate since November 2018. Ongoing supplier delivery delays and raw material shortages led to the first expansion in backlogs of work since August 2017.

Material shortages and transportation delays pushed cost burdens up at the fastest pace for six months. As a result, manufacturing firms also increased their selling prices markedly.

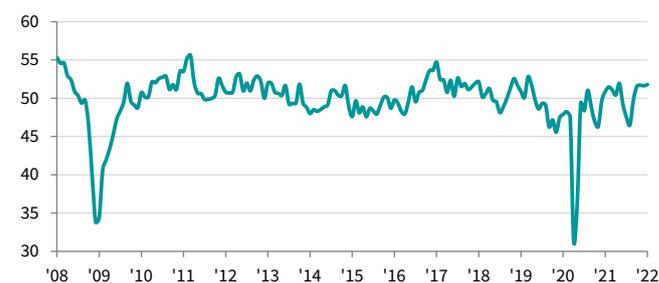
The headline seasonally adjusted IHS Markit Russia Manufacturing PMI® registered 51.8 in January, up slightly from 51.6 in December. Although only marginal, the overall upturn in operating conditions across the Russian manufacturing firms was the quickest since May 2021.

Supporting overall growth was a faster expansion in new orders in January. The rate of increase was the joint-steepest since April 2019. Where a rise in new sales was reported, firms linked this to stronger business and consumer spending. Russian manufacturers also noted stronger foreign client demand, as new export orders rose at the fastest pace since November 2020.

continued...

Russia Manufacturing PMI®

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Siân Jones, Senior Economist at IHS Markit, said:

"Russian manufacturing firms signalled an encouraging start to 2022 as domestic and foreign client demand conditions improved. That said, raw material shortages and transportation delays hampered output growth which eased to the slowest for four months. A slower expansion in production also stymied efforts to clear backlogs of work which rose for the first time since August 2017.

"Nonetheless, the rate of job creation accelerated to the fastest for over three years as business confidence ticked up to a nine-month high.

"Inflationary pressures remained marked in January, as cost burdens rose at the sharpest pace since last July. Firms were able to pass through higher input prices to clients, however, as output charge inflation quickened. As headwinds from higher costs do not look likely to dissipate in the near-term, pressure on margins is expected to persist across the Russian manufacturing sector in 2022."

Despite greater new order growth, production increased at the slowest pace for four months at the start of 2022. The expansion in output was only marginal overall as capacity constraints acted as a brake on growth.

At the same time, Russian goods producers recorded a modest upturn in employment in January. The rate of job creation was the fastest since November 2018. Firms sought to expand their workforce numbers amid stronger new order growth and greater production requirements.

Despite efforts to increase capacity through a rise in employment, backlogs of work expanded for the first time since August 2017.

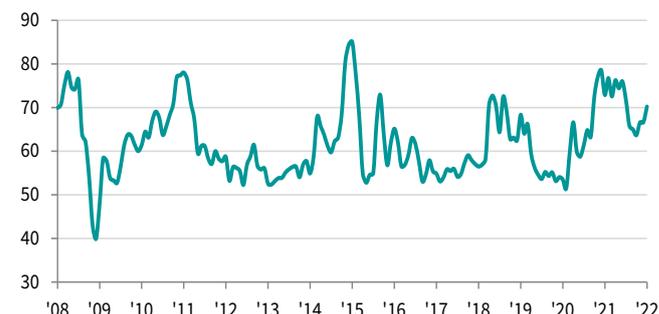
Inflationary pressures picked up again at the start of the year. Supplier delivery delays and raw material shortages pushed up input prices, as cost burdens rose at the fastest pace for six months.

In line with sharper increases in input costs, Russian manufacturing firms registered a quicker rise in output charges. Companies sought to pass on higher costs to clients through greater selling prices, with output charges increasing markedly and at the sharpest pace since last August.

Vendor performance across the Russian manufacturing sector deteriorated to a greater extent in January amid raw material shortages and transportation delays. That said, firms increased their input buying at a faster pace. At the same time, both pre- and post-production inventories fell further, albeit at the slowest paces for three months.

Finally, output expectations towards the coming 12 months strengthened in January. Goods producers registered the highest degree of confidence for nine months amid hopes of further upticks in client demand and investment.

Russia Manufacturing PMI Input Prices Index
sa, >50 = inflation since previous month



Source: IHS Markit.

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Survey methodology

The IHS Markit Russia Manufacturing PMI® is compiled by IHS Markit 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.

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@ihsmarkit.com.

Survey dates and history

January data were collected 12-25 January 2022.

Survey data were first collected September 1997.

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