

News Release

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S&P Global Russia Manufacturing PMI[®]

Manufacturing conditions improve at sharpest pace since January 2017

Key findings

New order growth quickens, buoyed by domestic demand

Renewed employment growth reported

Cost pressures ease and remain historically subdued

Russian manufacturing firms recorded a solid upturn in the health of the sector during November, according to the latest PMI[®] data from S&P Global. Overall growth stemmed from stronger expansions in output and new orders. However, demand continued to be driven by domestic customers as new export orders contracted sharply again. Nonetheless, greater new sales spurred renewed increases in employment and inventories, with input buying expanding at a steep rate.

At the same time, manufacturers registered a softer uptick in cost burdens amid reports that some supplier prices had fallen. Contrastingly, output charges were broadly unchanged following back-to-back monthly declines, with some firms passing through higher input prices to customers.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index[™] (PMI[®]) posted 53.2 in November, up from 50.7 in October, to signal a solid improvement in operating conditions at Russian manufacturers. The latest expansion accelerated notably and was the quickest since January 2017.

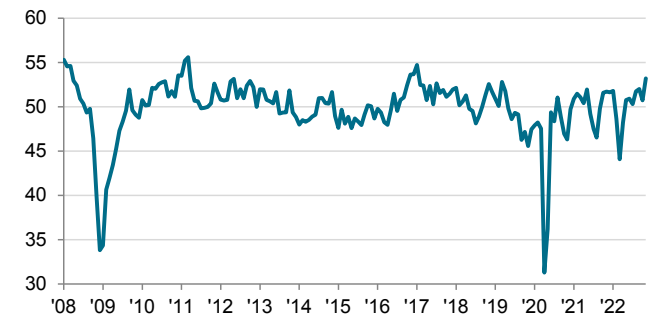
Production levels at Russian goods producers increased at a faster pace midway through the fourth quarter. The rate of expansion was the joint-sharpest since March 2019, as firms attributed the rise in output to stronger client demand and increased new order inflows.

Total new sales were largely led by domestic customers as sanctions weighed on foreign client demand, with new orders rising at a solid pace. Alongside greater customer demand, companies linked the upturn in new orders to the acquisition of new clients. New export orders, however, contracted for the tenth month running in November, and at a steep pace. Some firms noted that demand faltered as the ruble strengthened against local currencies.

In line with greater new orders, firms expanded their workforce numbers in November. The upturn contrasted with the solid decline seen in October, with firms stating that job creation stemmed from increased production requirements.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 11-24 November 2022.

Although employment rose marginally, pressure on capacity was reflected in a renewed increase in backlogs of work. The level of outstanding business expanded for the first time since January.

At the same time, firms reported another historically muted monthly increase in input prices midway through the fourth quarter. The pace of cost inflation softened from October amid reports that some supplier and material prices had fallen, though reports persisted of increased logistics and transportation costs.

As a result, manufacturers left output charges broadly unchanged in November. Where an increase was noted, firms linked this to the pass-through of higher costs, but many mentioned offers and efforts to drive sales dampened any increases in selling prices.

Despite a further sharp extension to supplier delivery times amid logistics challenges and disruptions, firms expanded their input buying at the fastest pace since January 2017. Greater demand spurred firms on to build inventories as stocks of purchases rose for the first time in over 25 years and holdings of finished goods increased solidly.

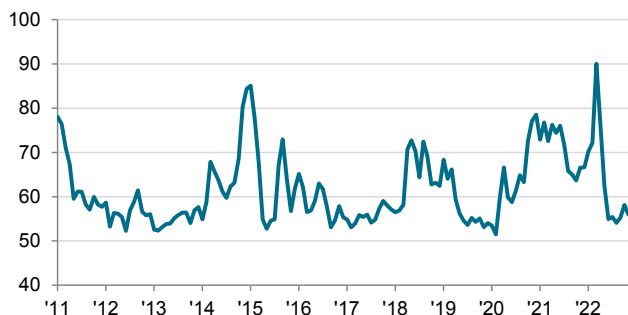
Hopes of further new order growth supported business confidence in November. Russian goods producers recorded stronger optimism in the outlook for output over the coming year, with positive sentiment the second-highest since April 2019. Companies were also buoyed by planned investment in modernising operations.

PMI[®]

by S&P Global

PMI Input Prices Index

sa, >50 = inflation since previous month



Sources: S&P Global.

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Survey methodology

The S&P Global Russia 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 September 1997.

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.

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