News Release

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S&P Global Russia Services PMI®

Russian services business activity growth eases at the end of the year

Key findings

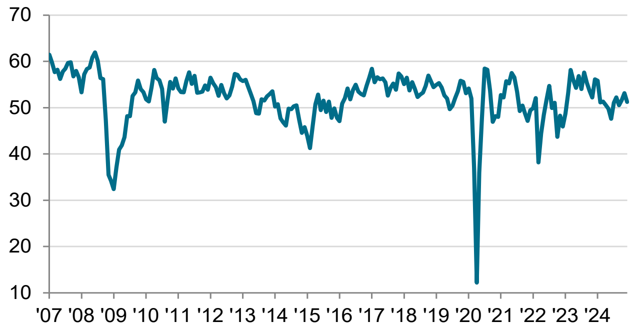
Output expansion softens to three-month low

Employment growth accelerates amid greater backlogs of work

Cost inflation quickens, but charges rise at a slower pace

S&P Global Russia Services Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 05-19 December 2024.

Russian service providers continued to register an expansion in business activity as 2024 came to a close, according to the latest PMI® survey from S&P Global. Despite a sustained upturn in new orders, output growth eased to the slowest in three months amid relatively muted customer demand. Nonetheless, the latest rise in new business placed pressure on firms' capacity as backlogs of work grew at the quickest rate since August 2023. The strong accumulation in outstanding business came despite the sharpest pace of job creation in four months.

At the same time, the pace of selling price inflation cooled despite a marked and accelerated increase in cost burdens.

The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 51.2 in the final month of 2024, down from 53.2 in November. The latest increase in output was the sixth in as many months, but the pace of growth slowed to the weakest since September. The rise in activity was linked by panellists to a sustained improvement in client demand and a further expansion in new business.

Similarly, new orders at Russian service providers increased again in December, thereby extending the sequence of growth seen on a monthly basis since July. The modest expansion in new business was reportedly due to stronger customer demand and new client wins. Nonetheless, the pace of increase softened from November and was below the series average.

Extending the current sequence of job creation that began in August 2023, December data signalled another monthly rise in employment at Russian service providers. Growth in workforce numbers quickened to the fastest in four months amid greater new orders and pressure on capacity.

An increase in backlogs of work was recorded at service sector firms for a second month running in December. Moreover, the accumulation in incomplete business was steep overall and the sharpest in 16 months. Panellists noted that they struggled to process a sustained rise in new business in a timely manner.

Meanwhile, average cost burdens faced by service sector firms rose at a substantial pace in December. The rate of inflation accelerated to the sharpest since last January amid unfavourable exchange rate movements and higher supplier prices.

Nevertheless, firms registered a moderation in the pace of output charge inflation at the end of 2024. Although companies sought to pass through greater costs to customers, the pace of increase in selling prices slowed to the weakest since last August.

Finally, business confidence at service providers slipped to the lowest since July 2023 in December. Firms remained optimistic that activity would rise in the next year amid planned investment in new service lines and facilities, but concerns around higher cost burdens weighed on expectations.

S&P Global Russia Composite PMI®

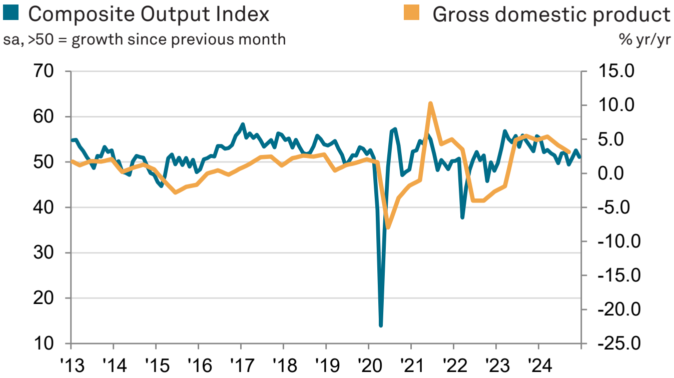
Private sector remains in expansion at the end of the year, but growth eases

The S&P Global Russia Composite PMI Output Index* posted at 51.1 in December, down from 52.6 in November, to signal a marginal and slower rise in business activity. The softer expansion in output stemmed from moderations in rates of growth among manufacturers and service providers.

At the same time, the rate of new business growth eased in December amid less marked expansions in new orders for goods producers and service providers.

Private sector employment increased at a quicker pace at the end of 2024, reflecting a sustained rise in new orders. The rate of job creation was the fastest for four months. Nonetheless, overall backlogs of work increased for the first time since last March. Moreover, the pace of accumulation was the sharpest on record.

Despite a softer rise in cost burdens at manufacturers, an acceleration in the pace of increase in the service sector led to the steepest uptick in overall input prices in 2024. That said, efforts to drive sales led to the softest increase in selling prices since last August.



Sources: S&P Global PMI, FSSS via S&P Global Market Intelligence.

Contact

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0)-7967-447030
sabrina.mayeen@spglobal.com

*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.

Survey methodology

The S&P Global Russia 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 October 2001.

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.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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