

# News Release

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## S&P Global Russia Manufacturing PMI<sup>®</sup>

### August PMI highest for seven months amid stronger rise in new orders

#### Key findings

Fastest rise in sales since April 2019 drives output growth

Cost inflation slows notably

Supply chain delays least marked since February

Russian manufacturing firms recorded a modest improvement in operating conditions during August, according to the latest PMI<sup>®</sup> data from S&P Global. The upturn was supported by stronger domestic demand which drove output higher. External sales remained in contraction territory and fell at the fastest pace since May, acting as a drag on the sector. Firms continued to cut their workforce numbers as backlogs of work were reduced further and at a solid pace in a sign of excess capacity. Manufacturers remained upbeat regarding the outlook for output over the coming year, however, as stronger domestic demand conditions buoyed expectations.

At the same time, input costs rose at the slowest rate since February 2020 as some key raw materials fell in price. Output charges increased for the first time in three months, albeit only marginally.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) posted 51.7 in August, up from 50.3 in July. The latest data indicated a further improvement in the health of the Russian manufacturing sector, and one that was the strongest since January.

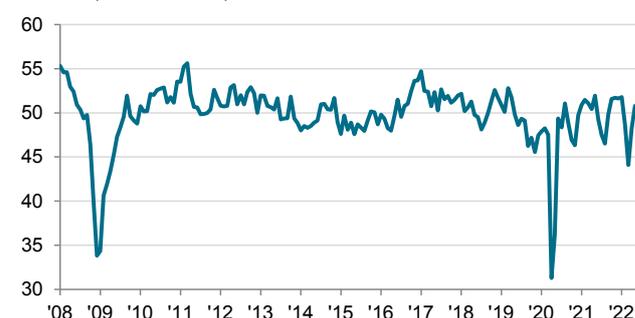
Contributing to the uptick in the headline figure was a quicker rise in new orders during August. The increase in new sales was solid and the fastest since April 2019. Anecdotal evidence stated that greater new order inflows stemmed from the acquisition of new customers and stronger client demand in the domestic market.

In contrast, new export orders fell for the seventh month running midway through the third quarter. The rate of contraction accelerated to a marked pace that was the sharpest for three months.

Greater total sales supported a renewed expansion in production at Russian manufacturers. Although marginal, the latest rise in output brought to an end a six-month sequence of decline and was the fastest in the year-to-date.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 12-24 August 2022.

On the price front, cost burdens continued to increase during August. The rise in operating expenses eased notably from those seen earlier in the year, however, as falling costs for raw materials dampened inflationary pressures. The rate of increase in costs was the slowest since February 2020 despite reports of imported input price inflation.

Russian goods producers raised their selling prices in August, following back-to-back monthly declines in output charges. Firms stated that higher selling prices were linked to efforts to pass on greater costs to clients. That said, the rate of charge inflation was only marginal overall as companies sought to drive sales.

In line with softening cost inflation, supplier performance deteriorated at a slower pace. Delivery lead times lengthened to the smallest extent since February, despite ongoing transportation and logistics delays.

Sufficient inventory levels to fulfil incoming new work led to further falls in pre- and post-production inventories during August. Input buying was also reduced again, and at the fastest pace since March.

Meanwhile, another monthly reduction in backlogs of work – and sufficient operating capacity to work through new sales – led to a second successive decrease in employment. Russian manufacturers recorded a marginal fall in workforce numbers, with some firms noting subdued order books.

Business confidence remained upbeat overall, but softened in August. Positive sentiment was attributed to investment in marketing and hopes of stronger client demand. That said, economic uncertainty weighed on expectations, which were weaker than the series average.

PMI<sup>®</sup>

by S&P Global

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## 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](mailto:economics@ihsmarkit.com).

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