

News Release

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S&P Global Russia Services PMI[®]

Russian services business activity growth slows in February

Key findings

New business expansion weakest for seven months

Inflationary pressures ease notably

Rate of job creation ticks higher

February data indicated a slower rise in output at Russian service providers, according to the latest PMI[®] survey from S&P Global. The upturn in activity was the joint-weakest since June 2024 (alongside September 2024), as new order growth eased to the least marked in seven months. Nonetheless, service sector firms raised their workforce numbers at a quicker rate amid a further accumulation of backlogs of work and signs of strain on capacity. That said, more subdued demand conditions contributed to a moderation in the degree of confidence in the year-ahead outlook for output.

Meanwhile, rates of both input cost and output charge inflation slowed significantly from those seen in January. Less severe hikes in supplier prices meant that services firms were less aggressive with their own price increases as they sought to drive new sales.

The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 50.5 in February, down notably from 54.6 in January. Where activity expanded, firms linked this to greater new orders. The latest data signalled only a fractional increase in output levels at service providers, and one that was the joint-weakest in the current eight-month sequence of growth.

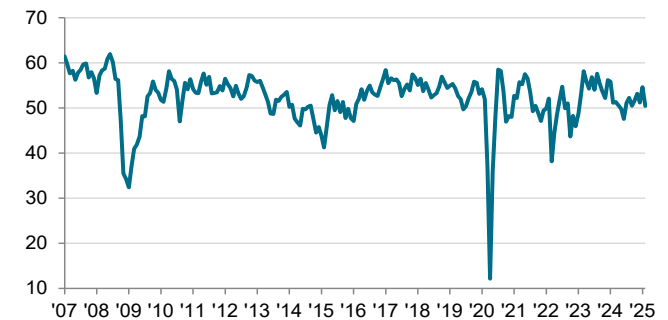
Weighing on the expansion in activity was a slower increase in new sales during February. Panellists linked the sustained upturn in new orders to new client wins and an improvement in demand. That said, the rate of growth cooled to only a marginal pace that was the weakest since July 2024.

February data indicated a notable slowdown in inflationary pressures, meanwhile.

Russian service providers registered a historically muted rise in input prices, as the pace of increase slowed from January's 12-month high to the weakest since July 2020. Although companies reported greater supplier prices and wage bills, some vendor costs had fallen.

S&P Global Russia Services Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-26 February 2025.

In a bid to boost new sales and customer spending, firms reflected less marked input cost rises in their selling prices midway through the first quarter. The pace of inflation in output charges was only modest and the slowest since April 2024. Easing notably from the six-month high seen at the start of the year, the rate of increase was subdued in the context of the series history.

At the same time, employment growth accelerated during February, as Russian service providers reported the hiring of full- and part-time staff. The rate of job creation was stronger than the series average and the second-fastest since last August.

The upturn in workforce numbers was in part driven by evidence of pressure on capacity at services firms. Backlogs of work rose for the fourth month running, and at a moderate pace. Although easing to the least marked in three months, the accumulation of incomplete business contrasted with the long-run series trend which indicates a solid contraction.

Finally, businesses in the Russian service sector remained confident of a rise in output over the coming 12 months in February. Expectations of activity growth were pinned on hopes for stronger demand conditions as the year progresses. Nonetheless, a slower upturn in new orders dampened the level of optimism, which slipped from that seen in January.

PMI[®]

by S&P Global

S&P Global Russia Composite PMI®

Private sector output rises only fractionally in February

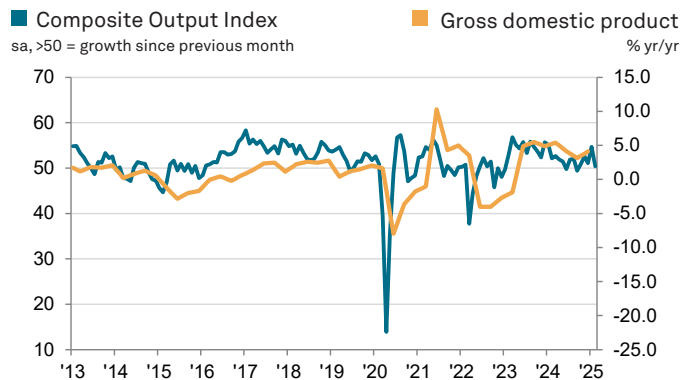
The S&P Global Russia Composite PMI Output Index* posted at 50.4 in February, down from 54.7 at the start of the year. Although the index signalled a fifth successive monthly expansion in business activity, the rate of growth was the slowest in this sequence and only fractional overall.

The softer upturn in activity stemmed in part from a weaker improvement demand conditions at manufacturers and service providers. Overall new order growth slowed to the lowest in four months, with new sales at goods producers broadly unchanged on the month.

Meanwhile, cost pressures moderated notably at private sector firms in February. The rate of input price inflation was the slowest since July 2020, amid weaker rises in some material costs. Companies moderated the pace at which selling prices rose at the same time. The rate of increase in output charges was historically subdued and the least marked since April 2024.

A weaker rise in employment at manufacturers was outweighed by an accelerated increase in staffing levels at service providers in February. Service sector firms also drove an accumulation of incomplete business.

*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.



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

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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.

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