

News Release

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S&P Global Russia Manufacturing PMI®

Improvement in Russian manufacturing sector performance slows at the end of 2024

Key findings

Softer expansions in output and new orders

Inflationary pressures remain elevated

Further cuts made to employment as business confidence slips

Manufacturing conditions across the Russian goods-producing sector continued to improve at the end of 2024, according to latest PMI® data from S&P Global. The upturn was supported by further expansions in output and new orders. That said, rates of growth in each slowed and were relatively modest. Subsequently, firms cut workforce numbers further and confidence in the outlook for output in the coming year was dented. Nonetheless, supply chain challenges and the prospect of higher prices for materials and transportation pushed firms to raise their input buying, as stock levels were depleted further.

Overall inflationary pressures remained elevated despite easing on the month, meanwhile.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index™ (PMI) posted 50.8 in December, down slightly from 51.3 in November and signalling only a marginal improvement in the health of the manufacturing sector. The degree to which operating conditions strengthened was below the long-run series average.

New orders received by Russian manufacturers continued to increase in December, with firms recording a slight uptick that was broadly in line with the pace seen in November. Panellists stated that a sustained improvement in client demand supported growth. That said, the rate of expansion was below the series trend.

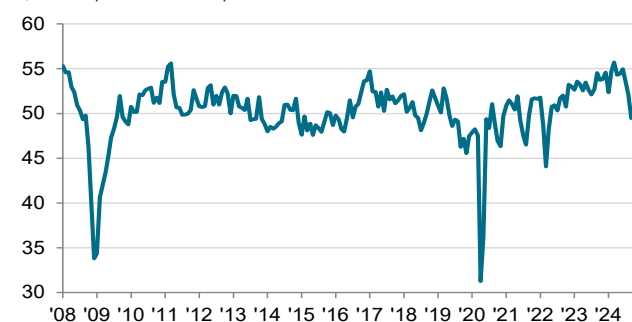
Although slowing for a second month running, the rate of new export order growth outpaced that of total new sales. Greater business with neighbouring countries boosted new sales from abroad, which increased for a fifth month running.

Softer overall demand conditions and shortages of some materials led firms to register a slower pace of expansion in output in the final month of 2024. The rate of increase was only slight and historically muted.

Meanwhile, cost pressures faced by Russian goods producers remained elevated despite easing slightly from November. Moreover, the pace of increase was the second-fastest since October 2023. Material price hikes and unfavourable exchange

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 05-17 December 2024.

rate movements drove inflation, according to panellists.

The rate of selling price inflation also stayed above the series trend, despite softening to a three-month low. Greater output charges were attributed to the pass-through of higher costs to customers, however.

At the same time, manufacturers reduced their workforce numbers for a second month running in December. Production efficiencies and relatively subdued new order growth enabled firms to work through outstanding business, thereby lowering the need for additional staff. The fall in staffing levels was only fractional, however, as backlogs also declined only slightly.

Lower employment reflected in part weaker confidence in the outlook for output over the coming year. Although still strongly optimistic, concerns regarding higher prices and material shortages dampened hopes of strengthening client demand.

Despite relatively muted demand conditions, Russian manufacturers registered a sharper rise in input buying in December. Efforts to build stocks amid hopes of rising output in the coming months, alongside mitigations against rising input prices and supplier delays, reportedly drove the expansion.

Delivery times for inputs were extended further in December amid rail transportation and logistics issues. Although delays were the least severe since June, manufacturers stated that longer lead times hampered their ability to build stocks.

Subsequently, both pre- and post-production inventories fell further. The rate of decline in stocks of finished goods quickened and was the fastest since July.

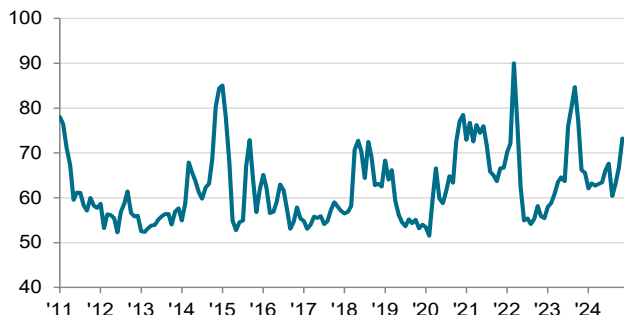
PMI®

by S&P Global

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PMI Input Prices Index

sa, >50 = inflation since previous month



Sources: S&P Global.

Contact

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

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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@spglobal.com.

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