

# News Release

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

### Softer upturn in demand conditions leads to only marginal growth in activity

#### Key findings

Output and new orders rise at slower rates

Selling prices increase at weakest pace since January 2021

Business confidence slips to nine-month low

Russian service providers signalled a slowdown in the pace of expansion during April, according to the latest PMI<sup>®</sup> survey from S&P Global. Business activity rose at the weakest rate in over a year, as the increase in new orders lost pace amid some reports of less robust demand conditions. Total new sales grew at the slowest rate in the current 15-month sequence of expansion. Nonetheless, employment continued to rise as expanded capacity helped firms reduce backlogs of work for the first time since last July. Confidence in the outlook, though still positive, dipped to its lowest level in nine months.

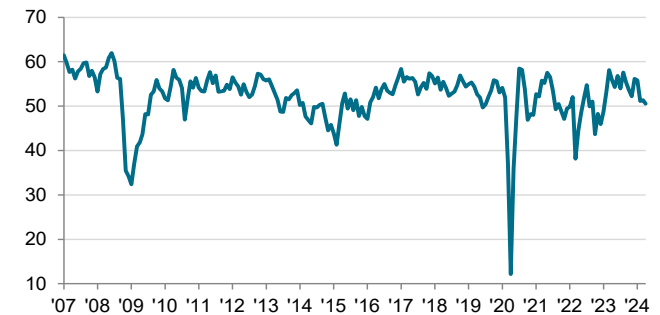
At the same time, despite having accelerated slightly from the month before, the rate of input cost inflation was softer than the series average. Meanwhile, firms hiked their selling prices at the slowest pace since January 2021.

The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 50.5 in April, down from 51.4 in March and indicating only a marginal upturn in output at Russian services firms. The rise in activity was the slowest in the current 15-month sequence of growth and well below the series average. Although firms continued to note that incoming new business supported the increase in output, some incidences of softer demand conditions weighed on the expansion.

New business received by service providers rose further in April, albeit at a slower pace. Companies noted the acquisition of new customers and higher intakes of work from abroad as drivers of growth. That said, the rise in new sales was only modest and the weakest in the current sequence of expansion that began in February 2023.

Input costs at Russian services firms increased at a slightly faster pace in April, albeit one that was well below the series average. The rate of increase was in fact the second-slowest since July 2020. Higher wage, supplier and advertising costs

S&P Global Russia Services Business Activity Index  
sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 11-26 April 2024.

were often highlighted by panellists as factors leading to input price inflation.

As a consequence of relatively subdued cost pressures and slower new business growth, firms moderated the rate at which selling prices were raised. Although companies commonly sought to pass through greater costs to customers, the pace of output charge inflation eased to the slowest since early-2021.

Despite a softer rise in new business, service providers continued to take on new staff at the start of the second quarter. The sustained upturn in new orders supported job creation, according to panellists, with firms often preferring to recruit full-time employees.

In line with greater staffing capacity, companies were able to work through their outstanding business in April, with backlogs falling for the first time in nine months. The rate of decline was solid and the sharpest since January 2023.

Finally, business confidence across the Russian service sector remained upbeat in April. Firms anticipated greater output over the coming year, albeit with the degree of optimism dipping to a nine-month low.

PMI<sup>®</sup>

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# S&P Global Russia Composite PMI®

## Private sector output growth slows to only modest pace

The S&P Global Russia Composite PMI Output Index\* posted at 51.9 in April, down from 52.7 in March, to signal the slowest rise in private sector activity in the current 15-month sequence of expansion. The softer upturn in output was mainly the result of only a marginal increase in service sector activity.

Slower expansions in new business at manufacturers and service providers led to the joint-weakest upturn in total new sales in almost a year. Despite a renewed rise in services new export business, a solid decline in manufacturing export orders drove a downturn in new sales from abroad.

Although the increase in demand softened on the month, firms continued to take on new workers in April. Employment growth remained solid and contributed to a renewed fall in backlogs of work.

On the price front, input costs and output charges continued to increase at the start of the second quarter, albeit at much slower rates than those seen on average in 2023. Moreover, the pace of selling price inflation was the joint-weakest since November 2022 amid efforts to drive new 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.

### 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.

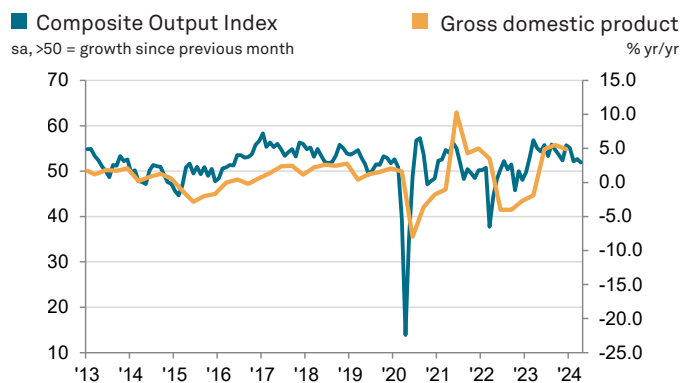
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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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](mailto:sabrina.mayeen@spglobal.com)

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