News Release

Embargoed until 0600 UTC 02 December 2024

S&P Global Russia Manufacturing PMI®

Russian manufacturing performance improves amid renewed rise in new orders in November

Key findings

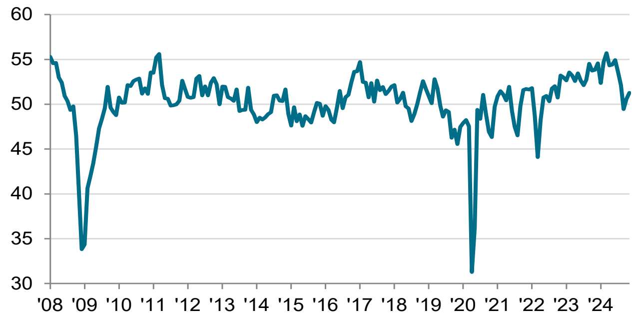
Output returns to growth amid stronger demand conditions

Employment contracts for second time in three months

Inflationary pressures strengthen further

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-25 November 2024.

Russian manufacturers recorded a stronger upturn in operating conditions during November, according to latest PMI® data from S&P Global. Overall growth was linked to fresh expansions in output and new orders amid an improvement in demand conditions. That said, the rates of increase in production and new sales were relatively subdued, while backlogs of work were depleted further and firms cut workforce numbers. Although input buying continued to rise, the pace of growth slowed again, with stocks depleted amid longer lead times for inputs.

Meanwhile, input costs and output charges rose at steeper rates, as inflationary pressures mounted.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index™ (PMI) posted 51.3 midway through the fourth quarter, up from 50.6 in October, to signal a second successive monthly upturn in the health of the Russian manufacturing sector. Although only modest, the rate of growth was in line with the series average.

Contributing to the overall improvement in operating conditions was a renewed rise in new sales during November. Russian manufacturers recorded a marginal increase in new orders which ended a two-month period of decline. A pick-up in demand conditions was noted by firms, despite the rate of expansion being slower than the series trend.

Foreign client demand also rose, as new export orders grew for the fourth month running. Although softening on the month, the pace of increase was solid overall.

Subsequently, goods producers raised their output levels in November, following back-to-back contractions in the previous two survey periods. The pace of production growth was only slight, however.

Despite returns to growth for output and new orders, manufacturers registered a fresh decline in employment midway through the fourth quarter. Some panellists stated that staff shortages created challenges replacing voluntary leavers, while others highlighted that muted new order growth meant that capacity was sufficient to deal with workloads. The pace of job shedding was only fractional, however.

At the same time, backlogs of work declined for the fourth time in the last six months as firms were able to deplete work-in-hand successfully.

Meanwhile, cost pressures at Russian manufacturers intensified in November. The rate of input price inflation quickened for the third month running and was the sharpest since October 2023. Hikes in supplier prices and unfavourable exchange rate movements pushed up costs, according to panellists.

Similarly, firms raised their selling prices at a quicker pace midway through the fourth quarter. Companies were able to pass-through higher costs to customers, with the rate of charge inflation accelerating to the steepest for over a year.

Delays to supplier deliveries continued in November, as rail and logistics routes were noted by firms as key factors behind longer lead times for inputs. The extent of the deterioration in vendor performance was marked, but the smallest since June.

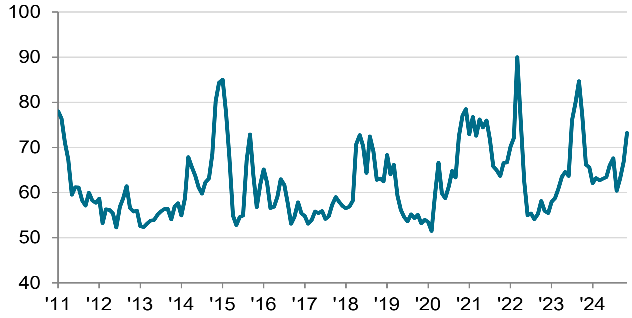
Nonetheless, manufacturers increased their purchasing activity further. The pace of expansion slowed again, however, and was the weakest since September 2022 as firms utilised stocks to supplement production amid delivery delays.

Consequently, both pre- and post-production inventories contracted at modest rates in November. Firms reportedly struggled to replenish stocks amid worsening supplier performance.

Finally, business confidence among Russian manufacturers strengthened during November. The degree of optimism was the highest since July and was historically elevated.

■ 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@spglobal.com.

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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