

News Release

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S&P Global Russia Manufacturing PMI[®]

Manufacturing performance improves to greatest extent since January 2017

Key findings

Further expansion in new orders spurs stronger output growth

Second-fastest rise in input buying since August 2006

Cost inflation eases further

The Russian manufacturing sector continued to expand in December, as the performance of the sector improved at the strongest rate in almost seven years, according to latest PMI[®] data from S&P Global. Supporting the overall upturn were sustained improvements in output and new order growth, with the former accelerating to the fastest in seven months. A further sharp rise in new sales spurred firms to expand input buying and employment at increased rates, as optimism in future output was buoyed by a sustained rise in client demand.

Cost burdens continued to increase at a marked pace, but the rate of inflation slowed to the weakest in six months. The pace of increase in selling prices was similar to that seen in November and remained historically elevated as hikes in supplier prices were passed through to customers.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index[™] (PMI) posted 54.6 in December, up from 53.8 in November to signal a solid improvement in the health of the manufacturing sector. The rate of growth was the strongest since January 2017.

Output at Russian manufacturers increased at the fastest rate since May. The rise in production was stronger than the series average and was commonly linked to strong customer demand and a sustained uptick in new order inflows.

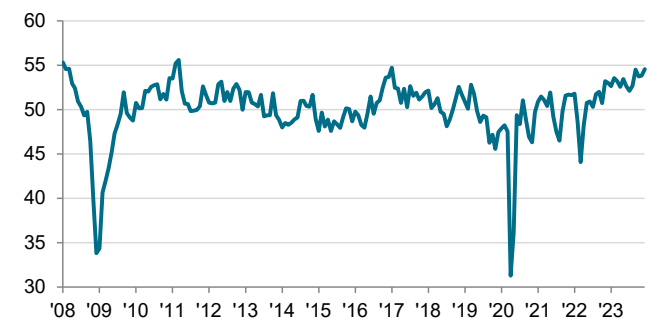
Concurrently, new sales rose at a steep pace in December. Although the slowest for three months, growth was nonetheless attributed to expanding customer numbers, new product releases and better-quality items on sale.

Greater client demand was largely focused on the domestic market, however, as new export orders fell for the second month running. Fewer customer requests from clients in key export markets led to the fastest fall in new business from abroad since July.

A sustained rise in new orders led firms to expand their input buying at a stronger pace, in an effort to build capacity amid expectations of future upticks in output.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 06-18 December 2023.

Purchasing activity increased at a substantial pace that was the second-sharpest since August 2006.

Some firms also mentioned efforts to replenish stocks as pre-production inventories were unchanged on the month. Hampering the rebuilding of stocks was a greater deterioration in vendor performance in December.

Meanwhile, input costs continued to increase at a substantial pace in December. Higher input prices were linked to greater supplier prices and unfavourable exchange rate movements. The latter pushing up the cost of imported items. That said, the rate of inflation softened again from September's recent high to the slowest since June.

Similarly, the pace of charge inflation remained well below September's recent high. The rate of increase was little-changed from that seen in November and was the second-weakest in six months. Panellists noted that competition moderated hikes in selling prices.

December data signalled a steeper rise in employment at goods producers. Greater new orders spurred firms to expand workforce numbers, with the rate of job creation quickening to the fastest for three months.

Increased staffing numbers supported efforts to deplete backlogs of work at the end of the fourth quarter, as work-in-hand fell for the second month running.

Russian manufacturing firms remained strongly optimistic regarding an increase in output over the coming 12 months. Confidence stemmed from planned investment in new products and machinery. The level of positive sentiment was historically elevated despite dropping to a three-month low.

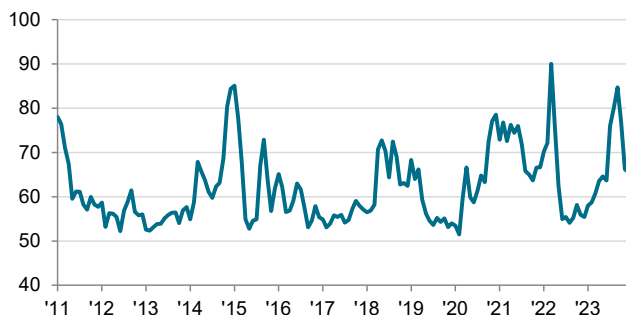
PMI[®]

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@spglobal.com.

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