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# IHS Markit Russia Services PMI®

Including IHS Markit Russia Composite PMI®

## New business growth sharpest since August 2020

### Key findings

Stronger client demand leads to further robust upturn in output

Employment growth steepest since February 2019

Price pressures ease but remain historically marked

Data were collected 12-28 April 2021.

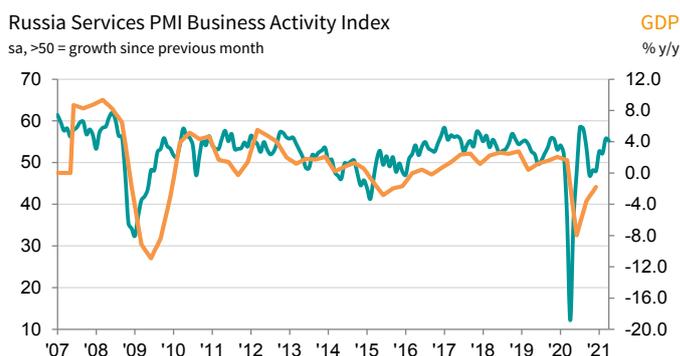
April PMI® data indicated a further strong expansion in business activity across the Russian service sector, albeit at a slightly softer pace. Nonetheless, new business rose at the steepest rate since August 2020 amid more robust domestic and foreign client demand. Although pressure on capacity remained weak, the decline in backlogs of work softened, with firms expanding workforce numbers at the sharpest rate since February 2019. Improved sentiment regarding future output was also recorded, with business expectations rising to the highest for almost two years.

Meanwhile, rates of input cost and output charges inflation eased slightly, but remained historically elevated.

The seasonally adjusted IHS Markit Russia Services Business Activity Index registered 55.2 in April, down slightly from 55.8 in March, to signal another strong monthly upturn in output. Although the rate of expansion slowed from March's recent high, it was still the second-fastest since August 2020. Companies commonly linked the rise in business activity to greater new order inflows and a pick-up in customer demand.

New business increased for the fourth month running in April. The rate of new order growth quickened to a strong pace that was the steepest since August 2020. Where a rise was reported, firms linked this to greater customer numbers and the release of some pent-up demand following the easing of lockdown restrictions.

Service providers also registered back-to-back expansions in new export orders in April. The upturn in international sales accelerated to a solid pace that was the sharpest since May 2019.



In line with greater new order inflows, Russian service sector firms noted a stronger increase in workforce numbers at the start of the second quarter. The rise in employment was only modest overall, but the fastest since February 2019. Alongside stronger demand conditions, firms also highlighted that job creation stemmed from further anticipated output growth.

That said, backlogs of work continued to decline in April. The pace of depletion in the level of outstanding business softened, however, to the slowest in the current three-month sequence of reduction amid stronger inflows of new work.

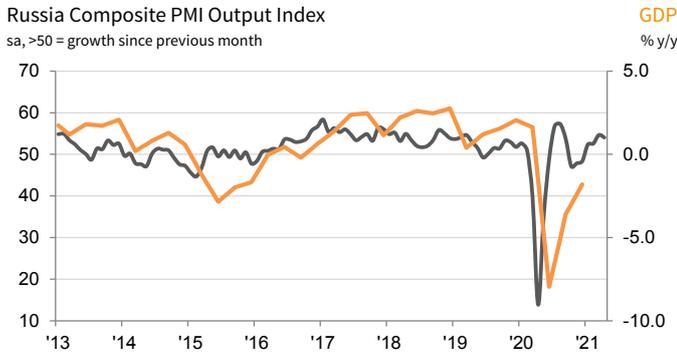
Meanwhile, input costs continued to rise markedly. Anecdotal evidence widely attributed higher cost burdens to supplier price hikes, unfavourable exchange rate movements and greater fuel prices. The rate of cost inflation eased slightly to the slowest for three months, but was historically elevated.

Similarly, the pace of charge inflation softened slightly but stayed closed to March's 26-month high. Firms commonly reported that higher output prices were linked to efforts to partially pass on greater costs to clients.

Business expectations across the service sector improved in April, as the degree of confidence in an increase in output over the coming year rose to the highest since May 2019. Optimism among firms reportedly stemmed from stronger demand conditions and the development of new service lines.

## IHS Markit Russia Composite PMI®

### Solid expansion in private sector business activity in April



Sources: IHS Markit, FSSS.

The IHS Markit Russia Composite PMI Output Index\* posted 54.0 in April, down slightly from 54.6 in March, to signal a solid upturn in private sector business activity. The rate of growth was the second-fastest since August 2020.

Meanwhile, the rate of expansion in new orders accelerated to the quickest for eight months amid a faster upturn in service sector client demand. April data signalled a renewed – albeit marginal – rise in new export sales, despite a contraction in manufacturing new export orders.

A quicker increase in services employment spurred the sharpest rate of private sector job creation since February 2019. Meanwhile, backlogs continued to contract solidly.

The rate of input cost inflation slowed in April to the softest for three months. That said, firms continued to pass on higher costs to their clients, as charges rose at the fastest pace since January 2019.

At the same time, business expectations across the private sector improved to the strongest since May 2019.

\*Composite indices are weighted averages of comparable manufacturing and services indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.

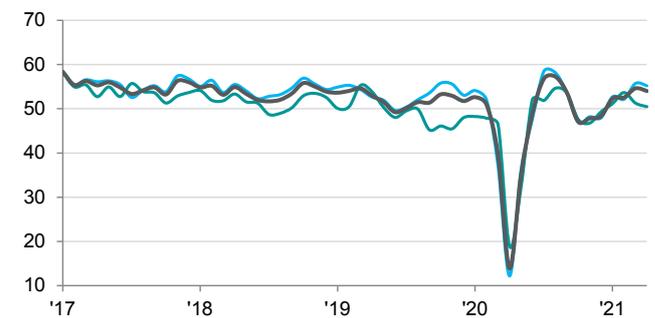
### Comment

Commenting on the latest survey results, Siân Jones, Senior Economist at IHS Markit, said:

*"Russian service sector firms signalled further expansions in output and new business in April, with client demand picking up at the start of the second quarter. Stronger international sales growth also supported the upturn."*

*"Cost pressures remained historically elevated across the private sector, albeit softening slightly. Nonetheless, firms sought to partially pass on higher input prices to their clients, as charges increased sharply. The Central Bank of Russia raised the key policy rate once again in April in an effort to offset inflationary pressures, with a number of panellists noting greater imported goods costs in the latest survey."*

Russia PMI Output Index  
Composite / Manufacturing / Services  
sa, >50 = growth since previous month



Source: IHS Markit.

Russia Services PMI Employment Index

sa, >50 = growth since previous month



Source: IHS Markit.

Russia Services PMI Prices Charged Index

sa, >50 = inflation since previous month



Source: IHS Markit.

Contact

Siân Jones  
Economist  
IHS Markit  
T: +44 1491 461 017  
[sian.jones@ihsmarkit.com](mailto:sian.jones@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

Survey methodology

The IHS Markit Russia Services PMI® is compiled by IHS Markit 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.

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 services 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

Survey dates and history

April data were collected 12-28 April 2021.

Survey data were first collected October 2001.

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