

News Release

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S&P Global Russia Manufacturing PMI[®]

Further improvement in manufacturing performance as job creation hits record high

Key findings

Sharp upturns in output and new orders

Employment growth fastest on record

Inflationary pressures tick higher

The Russian manufacturing sector continued to expand during June, according to latest PMI[®] data from S&P Global. Operating conditions improved at a strong rate, amid steep increases in output and new orders. Meanwhile, sustained demand conditions encouraged firms to take on additional staff, as employment rose at the fastest rate on record. Companies also stepped up their input buying, as some looked to build safety stocks as business confidence ticked higher.

Cost pressures built amid higher logistics charges, with input prices rising at the fastest pace since November 2023. Accommodative demand conditions allowed firms to raise their selling prices at a sharper rate.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index[™] (PMI) posted 54.9 in June, up from 54.4 in May. The latest data signalled a strong upturn in the health of the Russian manufacturing sector, and one that was the fastest in three months.

Russian goods producers continued to register a sharp expansion in new orders midway through the year, with the pace of growth quickening. Panellists often stated that greater new sales were linked to sustained demand conditions and new client wins.

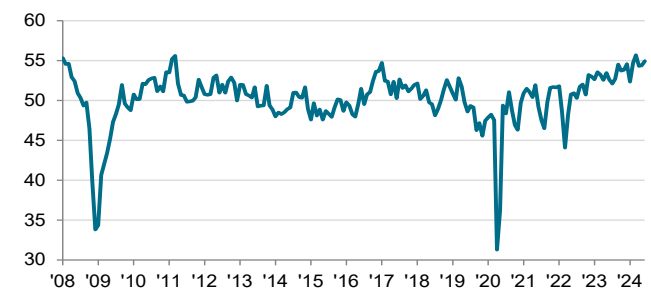
Moreover, foreign customer demand improved in June, as new export orders returned to growth for the first time in three months.

Consequently, output levels at manufacturers grew. Production rose at a steep pace amid a stronger expansion in new orders. Moreover, the pace of increase in output was among the fastest in seven-and-a-half years.

Supported by sustained demand for Russian goods, manufacturers expanded their workforce numbers again during June. The pace of job creation accelerated to the most marked on record, as firms noted the hiring of largely full-time workers and those to accommodate new shift patterns.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-24 June 2024.

Employment growth was in part to alleviate pressure on capacity, with manufacturers registering a renewed decline in backlogs of work in June. The fall was the first in four months and modest overall.

Ongoing logistics issues and higher transportation and supplier prices reportedly drove cost inflation midway through 2024. Input prices rose at the sharpest rate since November 2023, with the increase in operating expenses substantial in the context of the series' history.

Sustained demand conditions allowed firms to pass-through a greater proportion of the rise in input costs to customers in June, as selling prices increased markedly. The rate of charge inflation quickened for the third month running and was the steepest in 2024 to date.

Meanwhile, input buying increased at the fastest pace for six months in June. Greater new orders and efforts to replenish used stocks reportedly supported the steeper upturn. The pace of growth was well above the long-run series average.

Despite efforts to rebuild stocks, both pre- and post-production inventories declined at the end of the second quarter. Stocks of finished goods contracted at the quickest rate in four months, as current holdings of items were used to fulfil orders.

Finally, Russian manufacturers were confident of an increase in output over the coming year, as the degree of confidence reached the highest in three months. Companies were buoyed by planned investment in new product development and outreach to new clients.

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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