News Release

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S&P Global Russia Manufacturing PMI®

January PMI at six-month low as demand conditions soften

Key findings

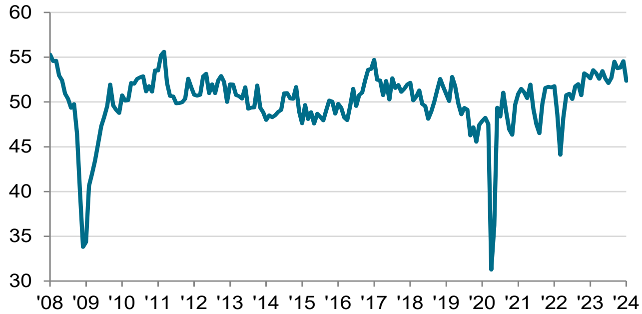
New orders rise at slowest rate since July 2023

Inflationary pressures ease

Employment broadly stagnates

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 11-25 January 2024.

The Russian manufacturing sector remained in expansion territory in the opening month of 2024, according to latest PMI® data from S&P Global. Growth was supported by further increases in output and new orders, though rates of expansion eased. Demand growth softened as new export sales fell at the fastest pace since last July. Meanwhile, the pace of input cost and output charge inflation eased amid softer price hikes at suppliers. Nonetheless, stocks of purchases and finished goods dwindled as supply issues and a slower uptick in purchasing hampered stockbuilding.

Despite stronger business confidence, firms left employment broadly unchanged on the month in response to falling backlogs of work.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index™ (PMI) posted 52.4 in January, down from 54.6 in December, to signal the weakest upturn in the health of the manufacturing sector since July 2023. Nonetheless, the latest improvement in operating conditions extended the current sequence of growth to 21 months.

New orders received by manufacturers expanded at a solid pace in January, as firms noted a sustained uptick in demand conditions and the acquisition of new customers. Although stronger than the series average, the rate of growth eased for the third month running to the slowest since last July.

At the same time, companies saw a faster drop in new export orders. New sales to external markets fell at a modest rate that was the quickest in six months, as demand from key export markets waned.

In turn, goods producers increased their output levels at a softer pace at the start of the year. The rate of growth was broadly in line with the series trend, but eased from December's seven-month high.

Despite reports of input shortages and transportation delays, Russian manufacturers recorded a slower rise in input costs during January. Although still elevated, the rate of cost inflation was the weakest since March 2023 and softer than the long-run series average. Some noted that reduced prices for some raw materials dampened the uptick.

Firms continued to increase their selling prices at a historically robust pace, however. Companies sought to pass-through higher costs to customers. That said, the pace of charge inflation softened to the slowest in seven months.

In line with a weaker upturn in new orders, Russian goods producers left employment levels broadly unchanged at the start of the year. Businesses reportedly kept sufficient capacity to process incoming new work, but highlighted that voluntary leavers were not replaced due to labour shortages. The broad stagnation in workforce numbers brought to an end a 14-month sequence of rising employment.

Moreover, backlogs of work fell for the third month running as firms continued to clear outstanding work, albeit at only a fractional pace.

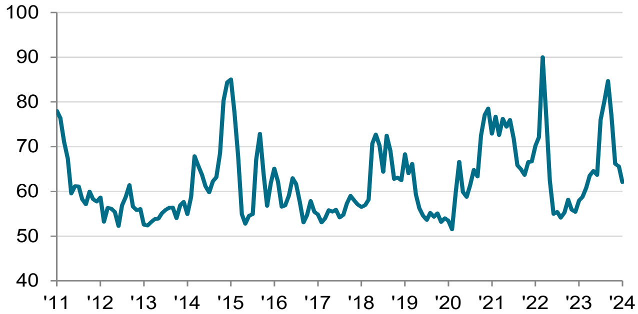
Supplier delivery times worsened again in January, although to a lesser extent. Lead times lengthened to a solid degree, amid logistics issues and some material shortages. Firms increased their input buying for a seventeenth successive month. The pace of expansion slowed notably, however, in line with weaker new order growth.

The use of stocks to fulfil new orders and challenges replenishing inventories led to falls in current holdings of inputs and finished items. Stocks of purchases declined for the first time since last October.

Finally, the degree of confidence in the year-ahead outlook for output among Russian manufacturers improved to the strongest for three months. Optimism reportedly stemmed from planned investment and hopes of further upticks in client demand. Moreover, expectations were much stronger than the series trend.

■ 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

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