

News Release

Embargoed until 0600 UTC 01 December 2023

S&P Global Russia Manufacturing PMI[®]

Manufacturing reports strong expansion despite renewed export fall

Key findings

Production and new orders see sustained robust growth

Stocks of purchases rise for first time in seven months

Marked easing of inflationary pressures

The Russian manufacturing sector reported sustained growth midway through the final quarter of 2023. New orders continued to expand sharply in November, despite a dip in exports, supporting further increases in output, employment and purchasing activity. Meanwhile, stocks of inputs were raised for the first time in seven months. Although companies recorded further marked increases in input costs and selling prices, rates of inflation eased markedly amid some signs of currency stabilisation.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index™ (PMI[®]) was unchanged at 53.8 in November, signalling a further solid improvement in business conditions. The health of the sector has now strengthened in each of the past 19 months.

The key positive from the latest survey was another sharp increase in new orders, with the rate of expansion only slightly softer than that seen in October, when new business had risen to the largest extent since March 2011.

While demand overall remained buoyant, data suggested that this was mainly centred on domestic customers as new export orders decreased for the first time in four months. The pace of reduction was only marginal, however.

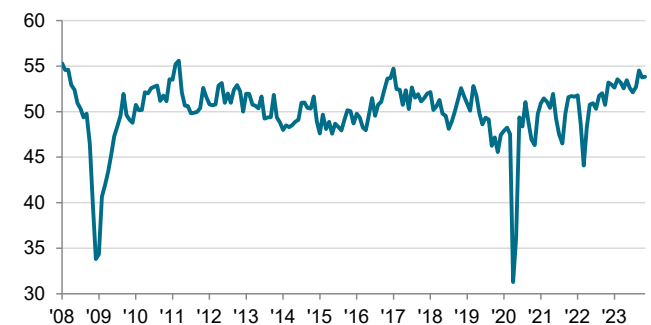
Continued marked improvements in total new orders meant that manufacturers increased their production again in November. The rate of expansion was solid, albeit softer than in October. The latest rise was the sixteenth in as many months.

Manufacturers looked to expand their workforce capacity in response to higher new orders, through a combination of increased working hours for existing staff and the hiring of additional employees. As a result, employment increased solidly, and at a slightly faster pace than in October.

Capacity improvements meant that firms were able to keep on top of workloads. Backlogs of work were reduced, following a first accumulation for ten months in October. Some respondents indicated that they had made efforts to ship finished products quickly, which also led to a further marked reduction in stocks of post-production items.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 09-24 November 2023.

Purchasing activity expanded in November, although the rate of growth softened for the second month running to the weakest since April. The sustained expansions in purchasing nonetheless enabled firms to build inventories of inputs for the first time in seven months.

Those firms that purchased inputs during the month were faced with another increase in costs amid higher supplier charges and currency weakness. The rate of input price inflation softened for the second month running, however, amid some signs of stabilisation in the ruble against the US dollar.

In turn, the pace of output price inflation slowed sharply from the previous month but was still above the series average.

Logistical issues continued to hamper the efforts of manufacturers to secure inputs. Lead times have now lengthened on a monthly basis throughout the past four years, although the latest deterioration in vendor performance was the least marked since June.

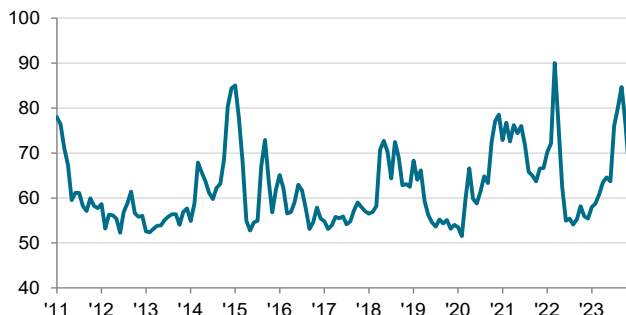
Hopes that new orders will continue to rise over the coming year supported confidence in the 12-month outlook for production. Import substitution was also a factor supporting optimism. Sentiment ticked down from that seen in October, but was still much stronger than the series average.

PMI[®]

by S&P Global

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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