

Embargoed until 0900 MSK (0600 UTC) 01 March 2022

## IHS Markit Russia Manufacturing PMI®

### Renewed decline in manufacturing sector performance amid weak client demand

#### Key findings

Output and new orders fall for the first time in six months

Fastest decline in employment since August 2021

Inflationary pressures strengthen

Data were collected 10-22 February 2022.

Russian goods producers indicated a renewed decline in the health of the sector, according to February PMI® data. Operating conditions deteriorated modestly and at the fastest pace since August 2021 as output and new orders fell for the first time in six months. Lower new sales reflected weaker domestic and foreign client demand. Subsequently, manufacturers saw a fall in workforce numbers as pressure on capacity dropped.

At the same time, inflationary pressures intensified. Rates of input price and output charge inflation accelerated to the fastest for eight months amid hikes in supplier costs.

The headline seasonally adjusted IHS Markit Russia Manufacturing PMI® registered 48.6 in February, down from 51.8 in January. The latest data signalled a modest decline in the health of the manufacturing sector, and the sharpest deterioration in operating conditions since August 2021.

Contributing to the decline in manufacturing conditions was a renewed fall in output midway through the opening quarter of 2022. The fall in production was the first since August 2021 and was solid overall. Firms commonly stated that weak demand conditions and lower new order inflows weighed on output.

Russian manufacturers signalled a decrease in new sales during February. The fall was solid overall and the first in six months. Alongside reports of the ongoing impact of the pandemic, firms linked the downturn in new sales to weak domestic and foreign client demand. In turn, new export orders decreased at the steepest pace for four months.

*continued...*

Russia Manufacturing PMI®

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

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

*"The Russian manufacturing sector slipped back into contraction territory during February, as dents in customer demand hit production and employment. Weak market demand conditions and the ongoing impact of the pandemic led to the first declines in output and new orders since August 2021, both of which were solid overall.*

*"Inflationary pressures were pushed up once again, amid hikes in supplier costs and a greater deterioration in vendor performance. Despite muted client demand, firms adjusted their selling prices upwards, with charges also rising at the fastest pace for eight months.*

*"Nonetheless, manufacturers remained upbeat regarding the outlook for output over the coming year. Optimism was not dampened by current subdued demand and ongoing headwinds, and reached its highest level since August 2019. Our current forecast expects industrial production to expand 6.6% in 2022."*

Meanwhile, weak client demand led to a reduction in workforce numbers in February. Russian manufacturers recorded the sharpest fall in employment since August 2021 amid lower production requirements. Although many noted that the decline was due to voluntary leavers, pressure on capacity also softened, as backlogs of work fell. The renewed decline in work-in-hand was only fractional, however.

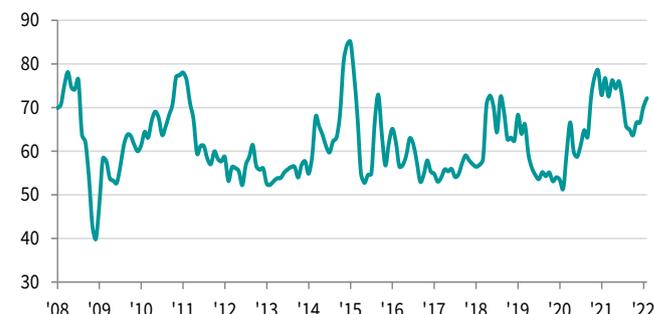
On the price front, the rate of cost inflation quickened again in February. The pace of increase was the steepest since June 2021, as firms commonly linked the rise in input prices to hikes in supplier costs. At the same time, firms passed higher costs on to clients through increased output charges, where possible. Despite subdued client demand, the rise in charges was the quickest for eight months.

In line with lower new order inflows, firms curtailed their spending on inputs during February. Purchasing activity fell for the first time in six months. Although stocks of purchases continued to fall, the reduced use of inventories to supplement production led to the slowest decline in stocks of inputs since December 2020. Post-production inventories, however, decreased at the fastest rate for ten months.

Also contributing to lower input buying was a further marked deterioration in vendor performance during February. Logistics issues continued to hamper supplier deliveries.

Finally, Russian goods producers were more upbeat regarding the outlook for output over the coming year midway through the opening quarter. The degree of confidence was the strongest since August 2019 amid hopes of upticks in client demand and investment in new technology and production processes.

Russia Manufacturing PMI Input Prices Index  
sa, >50 = inflation since previous month



Source: IHS Markit.

## Contact

Siân Jones  
Senior 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 Manufacturing PMI® is compiled by IHS Markit 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.

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

### Survey dates and history

February data were collected 10-22 February 2022.

Survey data were first collected September 1997.

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2022 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).

### 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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)