

News Release

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S&P Global Russia Manufacturing PMI[®]

Manufacturing upturn persists at slower rate in April, inflationary pressures regain momentum

Key findings

PMI remains in growth territory but slips to three-month low

Output and new order growth moderates despite rise in exports

Input cost and selling price inflation rates accelerate

Russian manufacturing firms registered a modest upturn in the health of the sector during April, according to the latest PMI[®] data from S&P Global. Overall growth was driven by further increases in output and new orders, with firms expanding their workforce numbers at a faster pace. Greater employment allowed firms to work through their backlogs at a quicker rate, as work-in-hand fell solidly. At the same time, vendor performance neared stabilisation amid reports of improving logistics. Expansions in production and input buying were reflected in greater stock levels.

Meanwhile, manufacturers recorded sharper upticks in cost burdens and output charges. Rates of inflation reached the fastest for a year as firms sought to pass through hikes in supplier prices to customers.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index[™] (PMI[®]) posted 52.6 in April, down from 53.2 in March. April data signalled a moderate improvement in operating conditions across the Russian manufacturing sector, albeit the rate of increase waning for a second successive month to reach the slowest since January.

Output increased for a ninth month in succession. The pace of expansion eased slightly from that seen in March, however, reflecting a weaker rate of demand growth during the month.

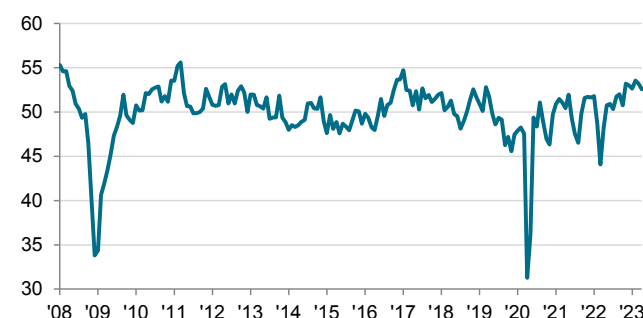
New orders at Russian goods producers rose for the eleventh month running in April. Increased new sales were linked to marketing initiatives, new customer wins and a further uptick in demand. That said, the pace of growth was the slowest in 2023 to date as some companies noted hesitancy among customers, in turn often linked to higher selling prices.

Providing an additional boost to total new orders was an expansion in new export orders for the first time in 15 months. Although only marginal, the rate of growth was the second-fastest since November 2020.

Inflationary pressures across the Russian manufacturing sector regained momentum during April, as input costs and

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 12-24 April 2023.

output charges rose at steeper rates. Hikes in operating expenses were reportedly driven by unfavourable exchange rate movements and greater logistics costs. The pace of increase in input prices was the fastest for a year, with firms also raising factory-gate charges at the quickest rate since last April. Where possible, firms passed higher costs onto customers.

In line with a sustained rise in new orders, Russian goods producers expanded employment at the start of the second quarter. The rate of job creation quickened to the second-fastest since June 2006 (behind only that seen in December 2022) as greater production requirements spurred another round of hiring.

Increased capacity allowed firms to deplete their backlogs of work during April. Work-in-hand fell at a solid pace that was the fastest since last October.

Although some firms noted that material shortages lengthened input delivery times, the deterioration in vendor performance eased and was only fractional overall. In fact, the extent of delays was the least marked since January 2020 amid reports of improved logistics.

Fewer supply delays led to an increase in stocks of purchases during April, as input purchases arrived in a more timely manner. Firms continued to buy inputs, but the rate of growth in purchasing activity slowed to the weakest since last September. At the same time, post-production inventories rose for the third month running, as output expanded again.

Russian manufacturers were strongly upbeat regarding the outlook for output over the coming 12 months in April. The degree of confidence improved further and was the second-highest since March 2019. Plans to invest in new product development and marketing initiatives, alongside hopes for greater client demand, drove positive sentiment.

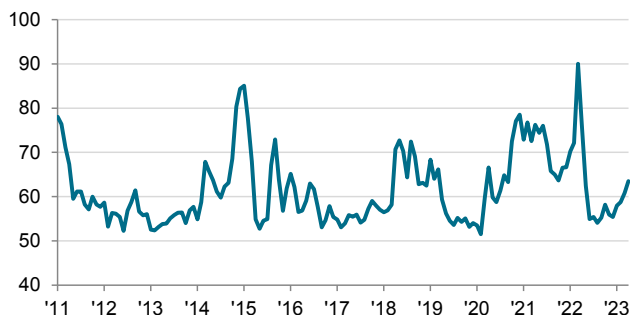
PMI[®]

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@ihsmarkit.com.

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