

News Release

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S&P Global Russia Services PMI®

Business activity growth quickens in August

Key findings

Stronger customer demand supports output expansion

Rate of job creation at seven-month high

Inflationary pressures soften

August data signalled a stronger expansion in output at Russian service providers amid a further improvement in demand conditions, according to the latest PMI® survey from S&P Global. Companies recorded back-to-back monthly increases in new business, with firms scaling up employment in response. Greater capacity allowed for the successful processing of outstanding work, as backlogs fell again. Meanwhile, business confidence picked up to a three-month high amid hopes of new client acquisitions.

On the price front, rates of input cost and output charge inflation eased from the marked paces seen in July and were softer than their respective series averages.

The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 52.3 midway through the third quarter, up from 51.1 in July. The latest data indicated a moderate expansion in output at Russian service providers, and one that was the quickest since January. Greater activity was commonly linked to stronger client demand and an associated upturn in new business.

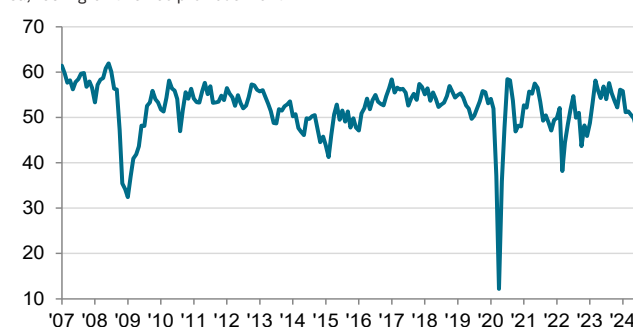
Moreover, new orders rose at the fastest pace since March in August, as customer demand improved further and there was a reported increase in client referrals. Although slower than the long-run series average, the rate of growth was solid overall.

In response to stronger client demand, Russian service providers registered a thirteenth successive monthly rise in employment in August. Job creation was largely attributed to the hiring of full-time workers amid greater business requirements. The rate of increase in staffing numbers was solid and the sharpest since January.

Greater workforce numbers contributed to the further depletion of backlogs of work midway through the third quarter. The level of incomplete business fell for the fifth month running and at the steepest rate since the start of 2023.

S&P Global Russia Services Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-28 August 2024.

Russian service providers recorded a robust rise in cost burdens during August. Hikes in supplier prices and wage bills were often noted as drivers of inflation. The pace of increase eased to the slowest since May, however, and was below the series trend rate.

Similarly, output charges increased at a solid but softer pace midway through the third quarter. Although firms sought to pass through higher costs to customers, the rate of selling price inflation cooled to the slowest since April.

Finally, business expectations at service sector firms improved from July in the latest survey period. Companies anticipate greater activity over the coming year amid plans to spend more on advertising and recruit and train additional workers. The degree of confidence picked up to the highest for three months and was just above the long-run average.

PMI®

by S&P Global

S&P Global Russia Composite PMI®

Private sector output rises at sharpest pace since March

The S&P Global Russia Composite PMI Output Index* posted at 52.1 in August, up slightly from 51.9 in July, to signal a modest upturn in business activity across the private sector. The expansion was the fastest in five months despite a much slower upturn in manufacturing production.

A stronger rise in new business supported output growth, with the increase in new sales broad-based by sector. Although goods producers saw a weaker pace of growth, service providers registered a steeper upturn.

Greater staffing capacity helped firms work through their backlogs during August. Nonetheless, delivery delays hampered manufacturers who saw a renewed increase in work-in-hand.

On the price front, cost pressures eased notably from July as goods producers and service providers recorded slower increases in input prices. Output charges also rose at a softer pace, albeit one that was only slightly below the series average.

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

Survey methodology

The S&P Global Russia Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 250 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in October 2001.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

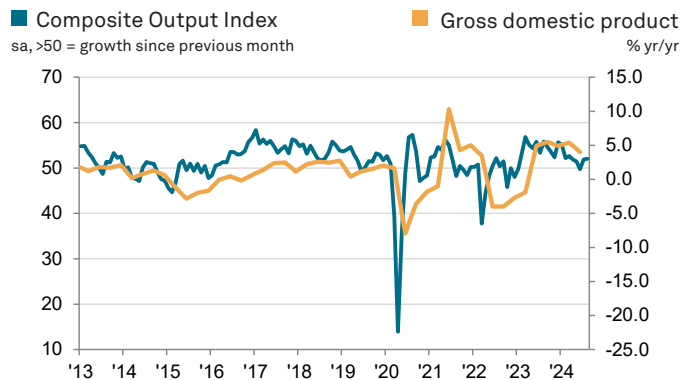
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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Sources: S&P Global PMI, FSSS via S&P Global Market Intelligence.

Contact

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0)-7967-447030
sabrina.mayeen@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