

# News Release

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## S&P Global Russia Manufacturing PMI<sup>®</sup>

### March PMI signals sharpest decline in operating conditions since May 2020

#### Key findings

Marked contractions in output and new orders in March

Input costs and output charges rise at series-record rates

Vendor performance deteriorates at sharpest pace on record

March PMI<sup>®</sup> data from S&P Global indicated a further deterioration in the health of the Russian manufacturing sector. The rate of decline accelerated to the fastest since the early stages of the COVID-19 outbreak in May 2020. Driving the downturn were notably sharper decreases in production and new orders amid muted foreign and domestic client demand. Subsequently, pressure on capacity waned and firms continued cutting jobs, with employment falling at the joint-fastest pace in almost two years.

Meanwhile, supplier delivery times lengthened to the greatest extent on record. Severe material shortages, alongside soaring vendor prices led to the fastest rise in input costs in the series history. Similarly, selling prices were increased at a series-record pace.

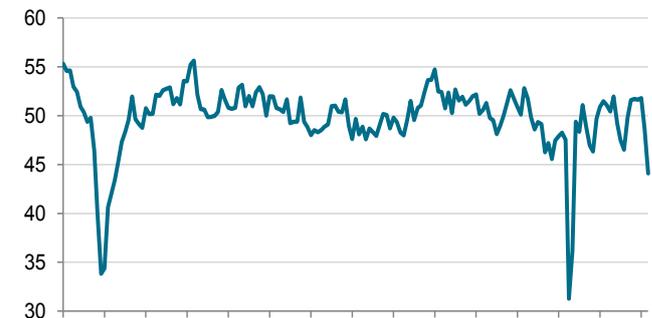
The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) posted 44.1 in March, down from 48.6 in February. The latest data signalled the sharpest decline in operating conditions across the Russian manufacturing sector for almost two years. The headline index was partially supported by a series record deterioration in vendor performance (ordinarily a sign of improving operating conditions).

Contributing to the downturn was a second successive monthly decline in production at Russian manufacturers. The rate of contraction accelerated notably, however, and was the steepest since May 2020. Where a fall was reported, firms suggested that lower output reflected weak client demand and a drop in new orders.

Total new sales fell markedly in March, as panellists noted challenging demand conditions. Some firms stated that customer purchasing power had been hit by sharp increases in the prices they faced. The decrease in new orders was the fastest for almost two years.

In line with lower overall new orders, foreign client demand also declined at the end of the first quarter. The fall in new

Russia Manufacturing PMI  
sa, >50 = improvement since previous month



Source: S&P Global.  
Data were collected 11-25 March 2022.

export orders was among the steepest on record.

At the same time, inflationary pressures strengthened notably in March. Input prices rose at the fastest pace on record, as hikes in supplier costs and unfavourable exchange rates drove prices up.

Subsequently, firms passed on higher costs to their clients through an accelerated increase in output charges. The rise in selling prices was the steepest since the series began in January 2003.

Driving input costs higher, in part, was a series record deterioration in vendor performance at the end of the first quarter. Supplier delivery times lengthened markedly, as severe material shortages hampered vendor ability to provide inputs in a timely manner.

Lower new order inflows and substantial supplier delays led to the fastest fall in input buying since May 2020 in March. The decrease in purchasing exacerbated challenges replenishing stock levels as both pre- and post-production inventories were depleted markedly, and at the sharpest rates since January 2009 and August 1999, respectively.

A reduction in pressure on capacity was reflected in the fastest decline in backlogs of work in 2022 so far. The strong contraction in work-in-hand led firms to cut back on hiring and lower their workforce numbers at the joint-quickest pace for almost two years.

Finally, expectations regarding the outlook for output over the coming year remained upbeat in March. That said, the level of optimism dropped to the lowest in the current 22-month sequence of positive sentiment.

PMI<sup>®</sup>

by S&P Global

## PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global.

## Contact

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44-20-7260-2234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

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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](mailto:economics@ihsmarkit.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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).