

News Release

Embargoed until 0600 UTC 05 June 2024

S&P Global Russia Services PMI®

Renewed drop in business activity in May

Key findings

New business nears stagnation and output falls

Cost pressures regain momentum

Job creation sustained as business confidence improves

Russian services firms signalled a renewed fall in business activity during May, according to the latest PMI® survey from S&P Global. The drop in output was the first since January 2023 and stemmed from broadly unchanged levels of new order inflows. Despite a near-stagnation in new business, companies continued to take on additional staff, albeit at the slowest pace for three months. Greater employment was underpinned by an improvement in business confidence in the outlook for output, alongside efforts to deplete backlogs of work.

Although still below the series average, the rate of input price inflation quickened midway through the second quarter. In turn, firms raised their selling prices at a sharper pace.

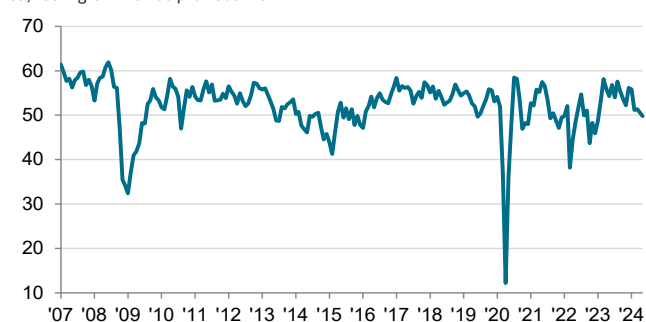
The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 49.8 in May, down from 50.5 in April, to signal a return to contraction in output at Russian services firms. The decline in activity brought to an end a 15-month sequence of expansion. Lower output levels were often attributed by panellists to more subdued demand conditions and little change in new orders on the month. That said, the pace of the downturn was only fractional.

Strain on purchasing power at customers and more muted demand conditions reportedly weighed on the expansion in new business in May, as new orders were broadly unchanged from April. Some businesses also noted a drop in client numbers. The respective seasonally adjusted index was at its lowest since January 2023.

Meanwhile, input prices increased at a quicker pace in May. The rate of cost inflation ticked up for the second month running to the fastest since January. Panellists noted that greater transportation and supplier costs, alongside increased wages, pushed up input prices. Nonetheless, the pace of inflation was below the series' long-run trend and much slower than the average between 2021 and 2023.

S&P Global Russia Services Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-29 May 2024.

On the selling prices front, Russian service providers continued to raise output charges midway through the second quarter. In line with a steeper uptick in cost burdens, firms increased prices at the quickest rate for three months. Anecdotal evidence widely attributed higher charges to the pass-through of greater costs to customers.

Despite relatively subdued demand conditions, services firms continued to hire additional staff in May. The pace of job creation eased to the weakest in three months but remained stronger than the series average.

Additional capacity, alongside little change in new orders, allowed companies to work through their backlogs in May. Incomplete business fell for the second month running, but at only a marginal pace.

Finally, expectations regarding business activity over the coming year improved in May. Service providers hoped stronger demand conditions and the acquisition of new customers would help boost output. The degree of optimism was historically elevated and the highest for three months.

PMI®

by S&P Global

© 2024 S&P Global

S&P Global Russia Composite PMI®

Private sector output growth only marginal overall

The S&P Global Russia Composite PMI Output Index* posted at 51.4 in May, down from 51.9 in April, to signal the slowest upturn in business activity in the current 16-month sequence of expansion. The rise in activity was only marginal overall, as service sector output dipped into contraction territory.

Meanwhile, the rise in new business also eased as service providers saw demand conditions stagnate. Manufacturers recorded a further solid, albeit slower, increase in new orders on the month.

Nonetheless, private sector firms continued to take on additional staff in May. Although services job creation eased, manufacturers stepped up their hiring, with factory employment growth quickening to almost a series record pace.

Steeper upticks in cost burdens at goods producers and service providers led to the fastest rise in overall input prices in four months. At the same time, selling prices also increased at a sharper pace.

*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.

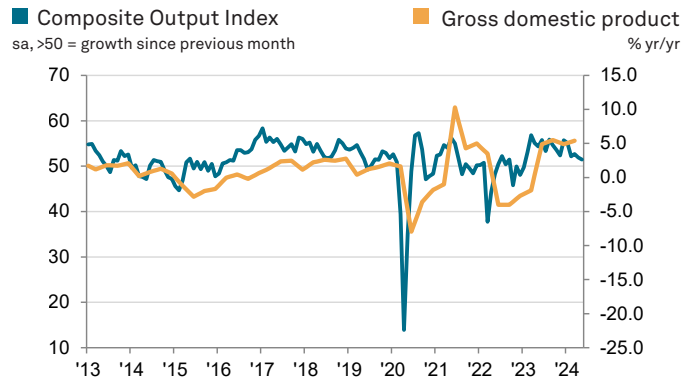
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.



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

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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