

# News Release

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## S&P Global Russia Manufacturing PMI®

### Output contracts at slower pace in October

#### Key findings

Output and new orders fall at softer rates

Inflationary pressures gain strength

Employment returns to growth

Operating conditions across the Russian manufacturing sector improved slightly in October, following a slight decline in September, according to latest PMI® data from S&P Global. Although output and new orders continued to contract, rates of decrease eased and were only marginal. At the same time, goods producers registered a fresh rise in employment amid burgeoning pressure on capacity. Despite greater confidence in the year-ahead outlook, the expansion in input buying slowed as firms opted to work through their stocks to supplement sales and production.

Meanwhile, input costs and output charges rose at sharper rates amid greater supplier and transportation prices.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index™ (PMI) posted 50.6 in October, up from 49.5 in September. The latest data signalled a marginal improvement in the health of the sector, following a slight deterioration in operating conditions at the end of the third quarter. That said, the rate of overall growth was weaker than the series average.

Output at Russian manufacturers continued to fall in October, with production dropping for the second consecutive month. Panellists noted muted customer demand, as new orders also decreased. Nonetheless, rates of contraction in output and new sales eased, with the latter declining only fractionally.

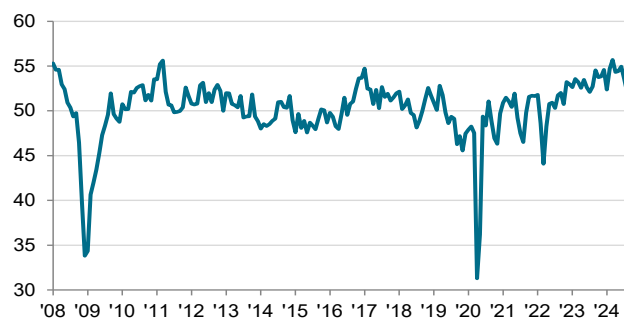
In contrast to the fall in total new orders, Russian goods producers registered a third successive monthly expansion in new export orders. Moreover, the pace of growth accelerated to the sharpest since January 2008 amid stronger demand from customers in neighbouring countries.

Higher shipping and rail transportation costs, increased supplier prices and unfavourable exchange rate movements underpinned the latest rise in input prices during October. The pace of cost inflation quickened to the steepest in three months, and was sharper than the series average.

Despite subdued demand conditions, Russian manufacturers passed through higher costs to customers via a quicker rise

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 10-25 October 2024.

in selling prices at the start of the fourth quarter. The rate of output charge inflation was much faster than the historic series trend and was the strongest in a year.

In line with a less marked decline in new orders and hopes of stronger demand in the coming months, Russian manufacturers increased their staffing numbers in October. Although only fractional, the rise in employment contrasted with a decline seen in September.

Moreover, signs of pressure on capacity were seen as the seasonally adjusted Backlogs of Work Index posted above the 50.0 neutral mark for only the second time in the last five months.

Greater workforce numbers were also supported by stronger expectations for output in the coming year in October. The degree of confidence was the highest in three months, amid planned investment in automation and new product development.

Meanwhile, vendor performance declined further, and to a sharp degree. Supplier quality has fallen on a monthly basis since December 2019, with logistics issues primarily driving delays, according to panellists. Lead times worsened to the smallest extent in three months, however.

Although new orders continued to decrease, firms recorded growth in input buying in October. Nonetheless, the pace of expansion slowed to the weakest since September 2022.

At the same time, goods producers depleted both pre- and post-production inventories. Challenges replenishing stocks and the use of inventories to fulfil order requirements drove the declines. The rates of contraction were only modest, however.

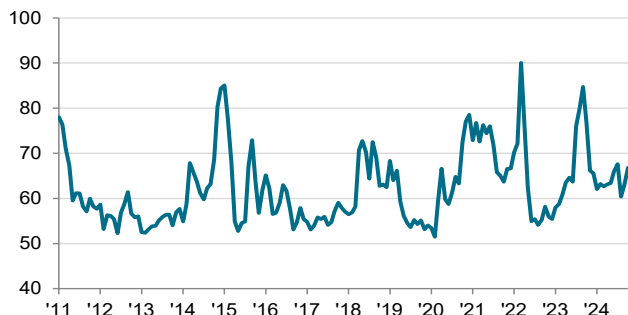
PMI®

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

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