

News Release

Embargoed until 0600 UTC 03 June 2024

S&P Global Russia Manufacturing PMI[®]

Near-record increase in manufacturing employment in May

Key findings

Output growth quickens as new orders rise further

Employment up at fastest pace in over 26-and-a-half years

Rates of cost and charge inflation accelerate

Operating conditions at Russian manufacturers continued to improve during May, according to latest PMI[®] data from S&P Global. Output growth strengthened amid sustained and robust customer demand, which drove the upturn in new orders. New export sales fell further, however, albeit at only a fractional pace. The sharp rise in new business led firms to expand capacity, as the pace of job creation accelerated to the second-fastest on record, and the steepest since September 1997. Employment growth stemmed in part from a third successive monthly uptick in backlogs of work. Nonetheless, business confidence slipped to a nine-month low.

Meanwhile, a further deterioration in vendor performance pushed input prices up, as the rate of cost inflation quickened to the sharpest in 2024 so far. Charges also rose at a faster pace.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index[™] (PMI) posted 54.4 in May, up fractionally from 54.3 in April, to signal a sharp improvement in the health of the Russian manufacturing sector.

Output at Russian goods producers increased at a quicker pace during May, with production rising steeply. The rate of expansion accelerated from April and was the second-fastest since January 2017. Greater output was linked by firms to robust demand conditions and another monthly upturn in new sales.

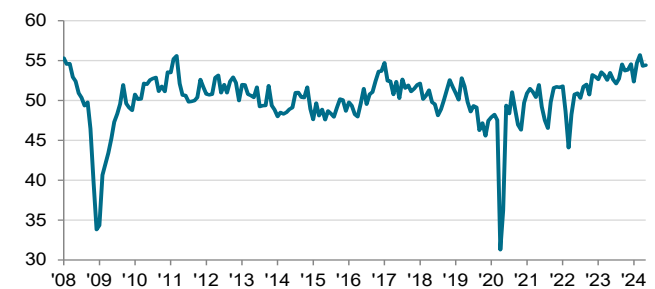
New orders continued to rise at a historically elevated pace midway through the second quarter. Although softening to the slowest since January, the rate of growth was sharp. The uptick in new business was attributed to increased spending on advertising, new client wins and sustained demand conditions.

New export orders declined for the sixth time in the last seven months in May. That said, the pace of decrease eased to only a fractional rate.

Strong demand conditions encouraged firms to step up their hiring, as the pace of job creation accelerated to the sharpest

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 10-24 May 2024.

in over 26-and-a-half years. Greater staff numbers were reportedly due to further growth in new orders and a rise in backlogs of work.

Moreover, the level of work-in-hand increased for the third month running in May. The pace of accumulation quickened and was modest overall.

The degree of business confidence slipped to a nine-month low in May. Nonetheless, the level of optimism still signalled historically upbeat expectations regarding future output. Positive sentiment was often linked to hopes of further new customer wins and stronger demand conditions.

At the same time, the rate of cost inflation quickened for a second successive month in May and was the sharpest since December 2023. Increased transportation and supplier costs reportedly drove the faster uptick, according to panellists.

Russian goods producers recorded a further rise in selling prices midway through the second quarter, thereby extending the current sequence of inflation that began in November 2022. Panellists reported hiking output charges in line with a sharper increase in cost burdens. The rate of charge inflation was the quickest in four months.

Manufacturing firms raised their input buying at a steep pace in May, amid greater production requirements and a further increase in new orders. Despite greater purchasing activity, companies struggled to replenish pre-production inventories due to supplier delays. Stocks of purchases fell at a solid pace, while stocks of finished items declined modestly and for the first time in three months.

Deteriorating vendor performance was largely caused by logistics delays. That said, the extent to which lead times lengthened was the least marked in just over a year.

PMI[®]

by S&P Global

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PMI Input Prices Index

sa, >50 = inflation since previous month



Sources: S&P Global PMI.

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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.

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