

# News Release

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

### Service sector new orders grow steeply despite faster uptick in selling prices

#### Key findings

Business activity and new orders rise sharply

Output charge inflation ticks up despite slower increase in costs

Business confidence strongest since April 2019

Russian service providers recorded a strong start to 2024, as business activity grew sharply, according to the latest PMI<sup>®</sup> survey from S&P Global. Greater output was driven by a further steep rise in new orders as demand conditions remained robust, with new business from abroad also ticking higher. Subsequently, backlogs of work rose again and firms expanded their staffing numbers in a bid to grow capacity and work through outstanding business. Companies were buoyed by the sustained upturn in new business, as output expectations climbed to the strongest since April 2019.

Meanwhile, cost burdens faced by service providers rose markedly, despite the pace of inflation easing to a seven-month low. In response, firms hiked their selling prices at the quickest pace since October 2023.

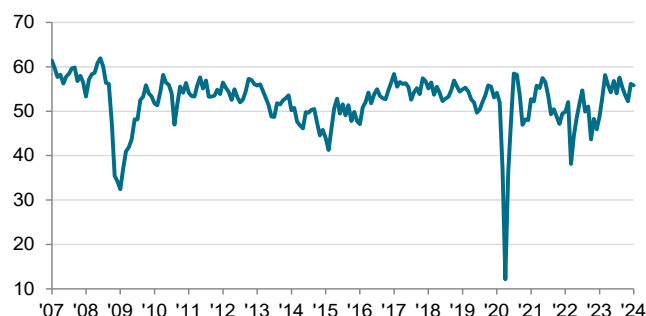
The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 55.8 in January, down slightly from 56.2 in December. The latest reading signalled a sharp upturn in output at Russian service providers, and one that was the second-fastest since August 2023. Greater output was commonly linked to a sustained rise in new orders and strong customer demand.

Successful advertising campaigns and a further improvement in demand conditions reportedly drove the latest rise in new business at service providers. January data signalled a sharp increase in new orders, and a rate of growth that was little-changed from that seen in December and steeper than the historical series average.

Strengthening demand conditions were not confined to the domestic market, as new export orders rose for the ninth month running. Although new business from abroad increased at a solid pace, the rate of growth eased notably from December and was the slowest since last August amid challenging economic conditions in some key export markets.

S&P Global Russia Services Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 11-29 January 2024.

Meanwhile, selling prices at service sector firms increased at a faster pace at the start of 2024. Companies sought to take advantage of an accommodative demand environment and pass through higher costs to customers. The rate of charge inflation was historically elevated and the steepest for three months.

Higher input prices stemmed from greater electricity and supplier costs, alongside reports of increased wage bills. The rate of input price inflation remained quicker than the series average, despite slowing to the weakest since June 2023.

A sustained uptick in new business buoyed Russian service sector firms, and contributed to an improvement in confidence regarding the year-ahead outlook for output. Companies also stated that optimism was underpinned by growth in their customer bases. The level of positive sentiment strengthened notably to the highest since April 2019.

Service providers expanded their staffing numbers for the sixth consecutive month in January, as greater new orders placed pressure on capacity. The rate of job creation was solid overall, despite easing slightly.

Moreover, service sector firms continued to record growth in backlogs of work at the start of the year. That said, the level of outstanding business rose at a marginal pace that was the slowest for three months.

PMI<sup>®</sup>

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# S&P Global Russia Composite PMI®

## Strong rise in private sector output in January

The S&P Global Russia Composite PMI Output Index\* posted at 55.1 in January, down slightly from 55.7 in December, to signal a strong upturn in business activity at the start of 2024. Moreover, the pace of growth was the second-fastest since last August despite softer output expansions at both manufacturers and service providers.

Despite a faster drop in new export orders, total new sales rose at a sharp pace during January. Goods producers and service providers continued to report strong demand conditions.

Although still historically elevated, cost pressures eased at the start of 2024. Input prices rose at the slowest rate since June 2023. That said, the pace of charge inflation was broadly unchanged from that seen in December amid a quicker rise in service sector selling prices.

Amid a further increase in backlogs of work, firms expanded their staffing numbers again in January. The rise was driven entirely by the service sector, however, as manufacturers saw broadly unchanged employment on the month following a third successive monthly drop in work-in-hand.

\*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.

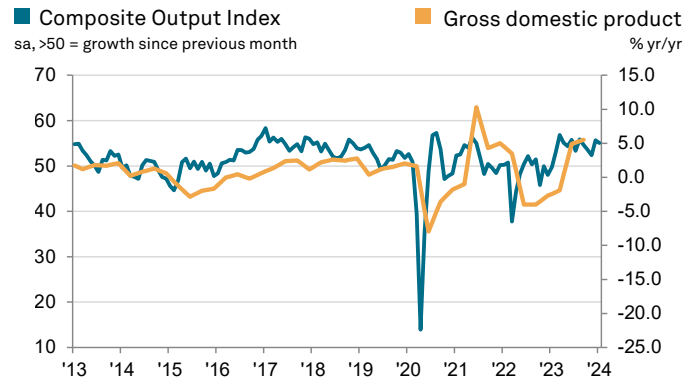
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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

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