

News Release

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S&P Global Russia Services PMI[®]

Business activity growth at Russian services firms gathers pace in October

Key findings

Output rises at faster pace amid further new order growth

Inflationary pressures strengthen

Faster increase in employment

Russian service providers signalled further growth across the sector, as output and new orders rose again in October, according to the latest PMI[®] survey from S&P Global. The rate of expansion in business activity quickened, although upturns in both output and new sales were subdued in the context of historic data. Nonetheless, firms took on additional workers at a slightly faster pace as backlogs of work fell only marginally.

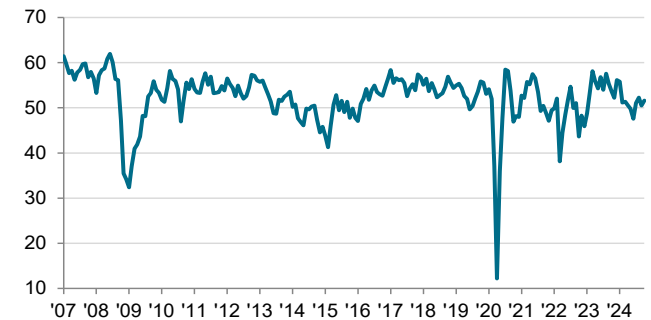
Pressure on margins reportedly weighed on business confidence, which dipped to the second-lowest since July 2023 (behind July 2024). Input costs rose at a sharper rate amid hikes in supplier prices and wages. Firms largely passed these costs through to customers, with selling prices increasing at the steepest rate in three months.

The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 51.6 in October, up from 50.5 in September, to signal a modest but stronger increase in output at Russian service providers. Anecdotal evidence suggested that greater new orders supported the latest expansion. Despite accelerating, the rate of growth was below the long-run series average.

New orders increased for the fourth month running in October, with the pace of growth slowing slightly on the month. Nonetheless, panellists mentioned that the acquisition of new customers and a further improvement in demand conditions drove the upturn. The rate of expansion was softer than the series trend, however.

Meanwhile, services firms registered a sharp uptick in input costs at the start of the fourth quarter. The rate of cost inflation quickened to the fastest since July, but it remained slower than the historic level. Survey respondents stated that higher operating expenses were linked to unfavourable exchange rates, greater supplier prices and increased wage bills.

S&P Global Russia Services Business Activity Index
sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-29 October 2024.

Amid pressure on margins and slightly stronger demand conditions, Russian service providers raised their selling prices at a steeper pace in October. In line with the trend for input prices, the rate of charge inflation was the quickest since July. The historically elevated uptick in output prices was attributed to the pass-through of greater costs to customers.

Backlogs of work fell for the seventh month running in October, albeit at only a marginal rate. At the same time, greater new orders led firms to expand workforce numbers, and at a quicker pace. Job creation was largely focused on full-time workers, according to panellists.

Finally, output expectations for the year-ahead remained positive at Russian services firms at the start of the fourth quarter. Planned investment in facilities and equipment, alongside hopes of stronger demand conditions underpinned optimism. That said, the degree of confidence dipped to the second-weakest in 15 months (behind July 2024).

PMI[®]

by S&P Global

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S&P Global Russia Composite PMI®

Renewed expansion in Russian private sector output in October

The S&P Global Russia Composite PMI Output Index* posted at 50.9 in October, up from 49.4 in September, to indicate a fresh upturn in business activity across the Russian private sector. The expansion stemmed from a slower fall in manufacturing production and quicker growth in services output.

A further increase in services new business and only a fractional decline in manufacturing new orders led to faster growth in total new sales at the start of the fourth quarter.

Meanwhile, quicker increases in both input costs and output charges across the private sector signalled stronger inflationary pressures in October. Greater staffing and supplier costs were reportedly passed through to customers, with upticks broad-based by sector.

Although private sector firms continued to register a decrease in outstanding business, both manufacturers and service providers expanded their staffing numbers.

*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.

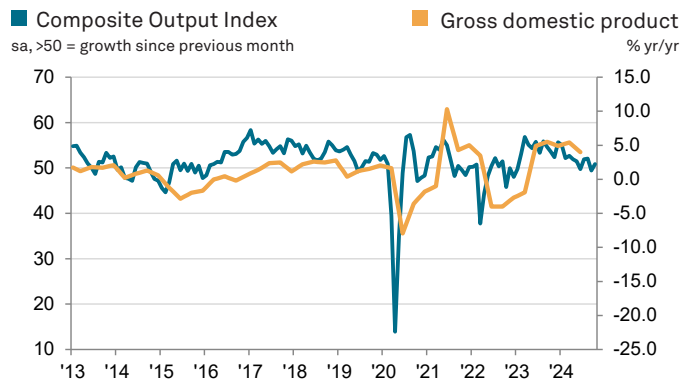
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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

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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. www.spglobal.com/marketintelligence/en/mi/products/pmi