

News Release

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S&P Global Russia Manufacturing PMI[®]

PMI highest since August 2006 amid marked rise in client demand

Key findings

Strongest growth in new orders since start of 2008

Greater output spurs fastest rise in employment since late-2000

Inflationary pressures ease

The Russian manufacturing sector saw a sharp improvement in its health in March, according to latest PMI[®] data from S&P Global. Supporting overall growth were steeper expansions in output and new orders, with the latter rising at the fastest pace in over 16 years. Moreover, foreign client demand improved, as new export orders increased for the first time since last October. Subsequently, firms raised employment at the quickest rate since November 2000 and saw a notable pick-up in input buying amid efforts to rebuild stocks. Business confidence also ticked higher, with companies the most optimistic in five years.

At the same time, rates of cost and charge inflation eased on the month, with paces of increase slower than their respective long-run series averages.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index[™] (PMI) posted 55.7 in March, up from 54.7 in February, to signal a steep improvement in operating conditions at Russian goods producers and one that accelerated for the second month running to the sharpest since August 2006.

Driving the overall upturn was a quicker rise in new orders during March. Manufacturers stated that stronger demand conditions, successful marketing campaigns and new client wins drove the expansion. The rate of growth quickened for the second successive month to the fastest since January 2008.

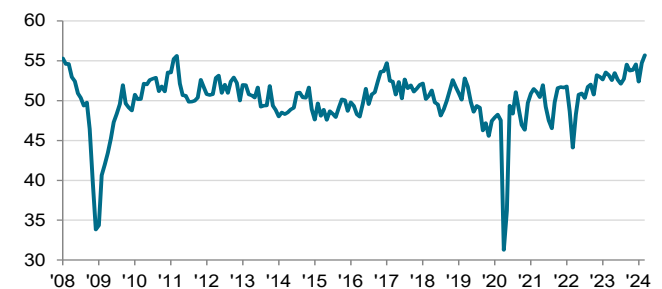
Contributing to the increase in total new sales was a renewed uptick in new export orders at Russian goods producers. Although only marginal, the rise brought to an end a four-month sequence of contraction and was the quickest since last August.

Consequently, firms raised their production levels in March. Output grew at the sharpest pace since January 2017, with companies commonly attributing the upturn to more robust demand conditions.

Increased production requirements pushed goods producers to increase employment at the end of the first quarter.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-22 March 2024.

Manufacturers secured more full-time staff to build capacity, with the rate of job creation accelerating to the steepest since November 2000.

Nonetheless, backlogs of work grew for the first time in five months. Although only marginal, the rise was linked to pressure placed on capacity from the marked expansion in new orders.

Despite a further deterioration in vendor performance and transportation delays, firms recorded a slower pace of input cost inflation. The rate of increase eased to the second-weakest in a year and was below the series trend.

Russian manufacturers continued to note the pass-through of higher raw material and wage costs to customers, but the pace of charge inflation softened in March. The rate of increase in selling prices was the slowest since June 2023 and historically muted.

Buoyed by stronger demand conditions, Russian goods producers registered a pick-up in business confidence regarding the outlook for output over the coming year in March. The degree of optimism was the highest in five years, with firms also highlighting planned investment in new product lines and machinery.

A solid lengthening of supplier delivery times hampered firms' efforts to rebuild stocks in March. The rate of growth in input buying accelerated to the sharpest in 2024 to date. Nonetheless, challenges replenishing stocks and the use of held inputs in production led to the quickest fall in pre-production inventories for five months. Stocks of finished goods, however, were broadly unchanged, thereby ending an eight-month sequence of contraction as firms stepped up output levels.

PMI[®]

by S&P Global

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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.

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