

# News Release

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

### Manufacturing conditions improve at fastest pace since January 2017

#### Key findings

New orders growth strongest since 2011

Renewed rise in employment as expectations improve

Selling prices increase at slowest pace since mid-2023

Russian manufacturers recorded a strong upturn in operating conditions during February, according to latest PMI<sup>®</sup> data from S&P Global. Sharper expansions in new orders and output spurred a renewed rise in employment and a further uptick in input buying. The rate of new sales growth was the steepest since March 2011 despite a faster fall in new export orders dragging on the overall upturn. Business confidence ticked higher, as future output expectations improved to the strongest since July 2023.

Supply chain challenges remained widespread, however, hampering firms' ability to replenish stocks and pushing input prices up at a quicker pace. Moreover, price competition to drive new sales led to the slowest increase in selling prices for eight months.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI) posted 54.7 in February, up from 52.4 in January. The latest data signalled a strong improvement in the health of the goods-producing sector, and one that was the joint-strongest for almost 13 years, equal with that seen in January 2017.

The upturn in new orders notably gained pace in February, as the expansion quickened to the fastest since March 2011. Greater new sales were often linked to stronger client demand, the introduction of new product ranges and successful sales initiatives.

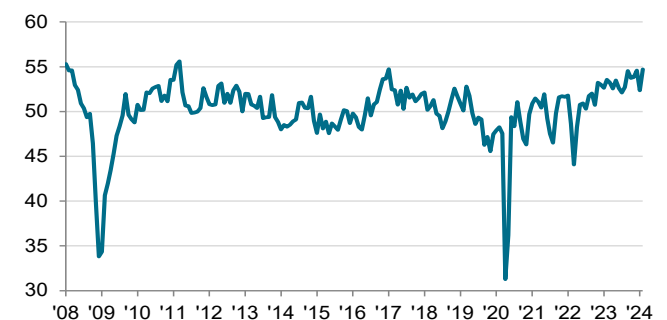
That said, growth in total sales was weighed down by a fourth successive monthly decline in new export orders. The fall in external sales was solid and the steepest in almost a year.

In line with greater new orders, manufacturing firms adjusted their production levels up midway through the first quarter. The rise in output was strong overall and the sharpest since March 2019.

Following broadly unchanged employment levels in January, latest data indicated a renewed uptick in workforce numbers during February. Staffing numbers have now risen in 15 of the last 16 months, with the pace of job creation solid overall.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-23 February 2024.

Greater hiring activity helped relieve pressure on capacity during February, as backlogs of work at goods producers contracted at a strong rate. The pace of contraction was quicker than the series average.

Meanwhile, input costs rose at a sharper pace in February. Manufacturers registered a marked increase in cost burdens that was broadly in line with the long-run series average. Higher transportation, supplier and raw material costs reportedly drove inflation.

Although input costs increased at a quicker pace, manufacturers raised their selling prices at a softer rate. February data indicated the slowest uptick in output charges since June 2023. Anecdotal evidence suggested that despite efforts to pass on greater costs to customers, hikes in factory-gate charges were moderated in a bid to spur new sales.

Goods producers noted shortages of raw materials during February, as supplier performance deteriorated further. Delivery times worsened solidly, as logistics issues led to extended delays. Difficulties sourcing some items led to challenges replenishing stocks of purchases and saw finished goods used to supplement production. Moreover, current holdings of inputs and semi-finished items fell at the fastest pace since last October.

Finally, manufacturing firms were optimistic in the year-ahead outlook for output in February. The level of positive sentiment was historically elevated amid planned investment in new machinery and hopes of further expansions in new orders. Moreover, the degree of confidence was the most marked in seven months.

PMI<sup>®</sup>

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](mailto:economics@spglobal.com).

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