

News Release

Embargoed until 0600 UTC 04 October 2023

S&P Global Russia Services PMI[®]

Further sharp expansion in new business drives activity higher in September

Key findings

Greater new orders supported by record rise in export sales

Employment growth slows despite stronger confidence

Inflationary pressures ease but remain elevated

September data indicated a strong rise in business activity at Russian service providers, according to the latest PMI[®] survey from S&P Global. Although expansions in output and new orders slowed on the month, the rates of growth remained sharp overall thanks to a sustained uptick in client demand. New export orders expanded at a survey-record rate, amid reports of successful outreach to new customers. Backlogs of work continued to grow, albeit at a softer pace, but the rate of job creation slowed notably to only a fractional rate. Resignations weighed on employment growth, despite firms' expectations for future output strengthening to the highest since May 2019.

Price pressures across the services economy remained historically elevated. Rates of input cost and output charge inflation slowed slightly, however.

The seasonally adjusted S&P Global Russia Services PMI[®] Business Activity Index registered 55.4 in September, down from 57.6 in August. Output at services firms increased for the eighth month running, with the pace of growth sharper than the survey average. Higher activity levels were often linked to a further uptick in new business and sustained improvements in demand conditions.

Russian service providers recorded a steep rise in new orders during September. Despite easing slightly, the rate of growth was among the strongest in the past year. Firms attributed the increase to sustained customer demand and an expansion in client bases.

Concurrently, new export orders grew again and contributed to the rise in total new sales. The pace of expansion accelerated notably and was the sharpest on record (since September 2014). Companies stated that successful marketing led to a greater outreach to new customers, with demand conditions in some key export markets also improving.

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



Source: S&P Global PMI.

Data were collected 12-27 September 2023.

Increased new business spurred firms to expand their workforce numbers in September. Employment rose for the second month running, but at only a fractional pace. Although businesses sought to broaden capacity, resignations reportedly hampered efforts.

Subsequently, backlogs of work rose again. The level of incomplete business increased for the fourth time in the last five months, and at a modest pace. Growth in unfinished work was also linked to a sustained uptick in new orders.

A softer increase in employment belied stronger expectations among service providers of greater output over the coming year. Firms were their most upbeat since May 2019, with the degree of confidence above the historical average. Panellists stated that hopes of further upticks in new orders and planned releases of new service lines supported optimism.

Meanwhile, inflationary pressures remained historically elevated in September. Input prices rose in line with higher wage bills, greater costs to service loans and exchange rate weakness. Although slower than that seen in August, the rate of cost inflation was the second-fastest since January.

Firms continued to pass through greater costs to customers where possible, through increased selling prices. The rate of charge inflation was sharper than the series average, despite easing to a three-month low.

PMI[®]

by S&P Global

© 2023 S&P Global

S&P Global Russia Composite PMI®

Strong customer demand drives further expansion in business activity

The S&P Global Russia Composite PMI Output Index* posted at 54.7 in September, down slightly from 55.9 in August. The latest data signalled a strong upturn in business activity across the Russian private sector. Manufacturers and service providers alike recorded a rise in output.

Demand conditions continued to improve, as new orders increased at a sharp pace. The rate of growth slowed, but was still historically strong. Meanwhile, new export orders rose modestly, driven mainly by a series record increase in services foreign client demand.

Exchange rate weakness and hikes in supplier prices pushed up input costs in September, according to panellists. The rate of input price inflation was the quickest since April 2022, with firms also reporting an acceleration in the pace of increase in charges to the fastest for 17 months.

Business confidence picked up to the strongest since April 2019, which in turn supported a further rise in employment. Nonetheless, resignations at services firms dampened the pace of job creation.

*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.

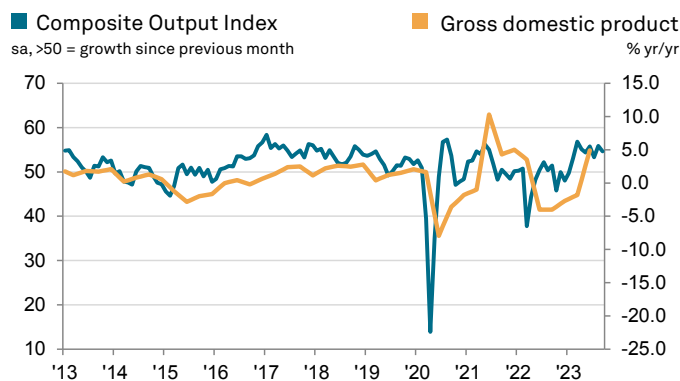
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.



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

Contact

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0)-7967-447030
sabrina.mayeen@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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