

News Release

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S&P Global Russia Manufacturing PMI[®]

Improvement in Russian manufacturing performance eases in August

Key findings

Production and new orders expand at slower rates

Employment growth eases amid dip in business confidence

Cost pressures soften notably

Russian manufacturing firms continued to signal an improvement in operating conditions during August, according to latest PMI[®] data from S&P Global. Although output, new orders and employment grew again, rates of expansion slowed in each case. Job creation weakened despite a renewed rise in backlogs of work, which was largely driven by longer input delivery times and a decline in vendor performance. Meanwhile, the pace of expansion in input buying slowed and inventories were depleted further as business confidence dropped.

Despite supplier delays, the rate of cost inflation eased notably and dipped below the series average. Firms moderated the pace of increase in selling prices in response.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index[™] (PMI) posted 52.1 in August, down from 53.6 in July, to signal a moderate upturn in the health of the Russian manufacturing sector. The latest expansion extended the current sequence of growth that began in May 2022, but was the slowest in just over a year.

Output levels at Russian goods producers rose further in August. The rate of growth slowed for the third month running, however, and was the weakest since August 2023. Although firms noted a sustained rise in new orders, some noted less robust demand conditions.

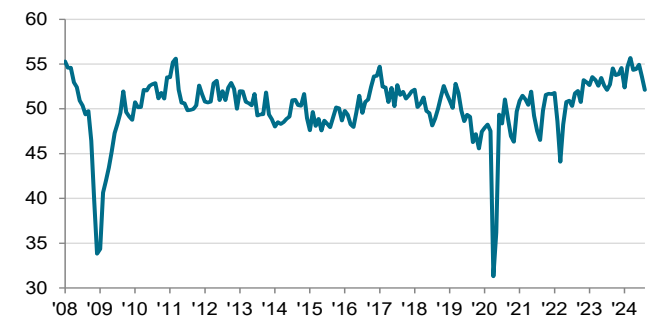
The upturn in new orders lost momentum midway through the third quarter, as manufacturers recorded only a modest rise. The pace of growth was the slowest since October 2022 and weaker than the long-run series average.

The increase in total new sales was helped by growth in new export orders, however. The expansion in new business from abroad was modest and the fastest in a year, following a marginal contraction in July.

Meanwhile, a softer upturn in new orders led firms to moderate the pace of job creation in August. The rise in staffing numbers was only slight and by far the slowest in the current seven-month sequence of expansion.

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-23 August 2024.

Despite a weaker increase in employment, backlogs of work returned to growth in August, following two successive monthly contractions. Input delivery delays reportedly hampered firms' ability to process incoming work.

August data indicated another marked lengthening of supplier delivery times for Russian manufacturers. Logistics issues and transportation congestion reportedly caused another monthly deterioration in vendor performance.

At the same time, goods producers registered a softer increase in cost burdens. Although currency movements pushed imported goods prices up, some raw materials moderated in cost, according to firms. The pace of input price inflation was the slowest since February 2023 and below the series average.

Output charge inflation also eased, and for the second month running, but the pace of increase remained historically elevated as firms sought to pass higher costs through to customers.

Manufacturing firms recorded a weaker rise in input buying midway through the third quarter, as companies adjusted purchasing to suit new order inflows.

Nevertheless, there were growing reports of firms seeking to build safety stocks, as both pre- and post-production inventories fell at slower and only fractional rates.

Although stronger than the series average, Russian manufacturers signalled a lower degree of confidence in the year-ahead outlook for output in August. Nonetheless, upbeat expectations stemmed from planned investment in new product launches and advertising to attract new customers.

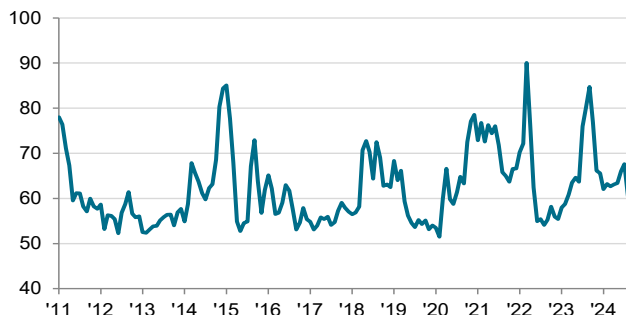
PMI[®]

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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