

News Release

Embargoed until 0600 UTC 05 August 2024

S&P Global Russia Services PMI[®]

Renewed uptick in services business activity in July

Key findings

Output and new orders return to growth

Inflationary pressures pick up

Job creation quickens despite weaker business confidence

Russian service providers saw a return to output growth during July amid stronger demand conditions, according to the latest PMI[®] survey from S&P Global. Business activity rose for the first time in three months, as new orders increased fractionally amid an improvement in the sales environment. Although business optimism dipped to the lowest in a year, firms continued to hire additional workers, with the rate of job creation quickening.

At the same time, input price inflation ticked higher, with cost burdens increasing at the fastest pace since January. Output charges also rose at a marked pace, and one that was the steepest since the opening month of the year.

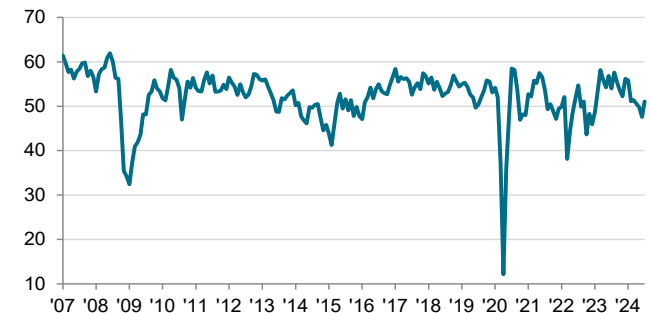
The seasonally adjusted S&P Global Russia Services PMI Business Activity Index registered 51.1 at the start of the third quarter, up from 47.6 in June. The latest data signalled a renewed expansion in output, and one that was the fastest since March. Higher business activity was linked by firms to stronger demand conditions and greater new order intakes.

Supporting the upturn in activity was a return to new business growth in July. Following a marginal contraction in June, new orders rose at the quickest pace since April amid reports of new client wins and greater customer referrals. The rate of expansion was only marginal and well below the long-run series average, however.

Nonetheless, in line with greater new orders, Russia service providers expanded their workforce numbers in July. Increased workloads reportedly pushed companies to hire both full- and part-time staff. Moreover, the rate of job creation accelerated to the sharpest since March and was historically elevated.

Service providers recorded a fourth successive monthly decline in backlogs of work, but the pace of depletion slowed to the weakest in the aforementioned sequence. The fractional drop in incomplete business was attributed to sufficient capacity, although some firms noted that greater

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



Source: S&P Global PMI.

Data were collected 11-29 July 2024.

new orders placed some pressure on businesses' ability to meet requirements.

Meanwhile, Russian services firms recorded a historically elevated rise in cost burdens during July. The pace of input price inflation accelerated to the fastest since January. Anecdotal evidence linked the uptick in operating expenses to hikes in supplier costs and wage bills.

In line with a faster rise in cost burdens, businesses raised their selling prices at a sharper rate at the start of the third quarter. Firms often noted the pass-through of higher costs to customers. Moreover, the rate of charge inflation was the steepest in six months.

Finally, business confidence among Russian service providers remained upbeat in July. Positive sentiment was driven by hopes of stronger demand conditions and efforts to attract new customers. That said, the degree of optimism dipped for the second month running to the lowest in a year.

PMI[®]

by S&P Global

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S&P Global Russia Composite PMI®

Renewed growth in output across the Russian private sector in July

The S&P Global Russia Composite PMI Output Index* posted at 51.9 in July, up from 49.8 in June, to signal a return to growth in business activity across the private sector. The upturn was broad-based by sector amid a renewed rise in services output.

New business rose across both the manufacturing and service sectors during July, with the overall rate of growth quickening slightly despite a slower increase in manufacturing new orders.

Meanwhile, private sector firms continued to take on additional workers at the start of the third quarter. Although the pace of job creation at manufacturers softened, the overall rise in employment accelerated to the fastest since March. Backlogs of work fell again amid signs of spare capacity.

Sharper increases in input prices were recorded at manufacturing and services firms in July amid higher wage and supplier costs. Moreover, the overall pace of inflation was the steepest in 2024 so far. Similarly, the rate of increase in selling prices picked up, and was the fastest since January.

*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.

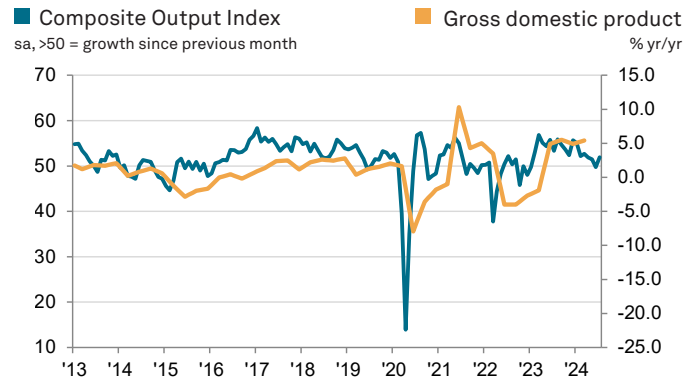
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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