

# News Release

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

### Russian manufacturing sector upturn slowest for six months

#### Key findings

Expansions in output and new orders ease

Cost pressures intensify

Vendor performance declines to greatest extent in ten months

The Russian manufacturing sector continued to grow at the start of the third quarter, according to latest PMI<sup>®</sup> data from S&P Global. The improvement in operating conditions was the softest in six months, however, as upturns in production and new orders slowed. In turn, firms moderated expansions in employment and input buying, although business confidence remained historically upbeat.

On the price front, cost burdens increased at a sharper pace amid worsening supplier delivery delays. Despite a steeper uptick in input prices, the rate of charge inflation softened on the month.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI) posted 53.6 in July, down from 54.9 at the end of the second quarter, to signal a solid but softer upturn in the health of the manufacturing sector. Although stronger than the series average, the rate of growth was the slowest in six months.

Russian manufacturers signalled a sustained rise in new order inflows during July, thereby extending the current sequence of growth seen since June 2022. The upturn reportedly stemmed from an ongoing improvement in demand conditions and new client wins. That said, the pace of increase slowed to the weakest in a year.

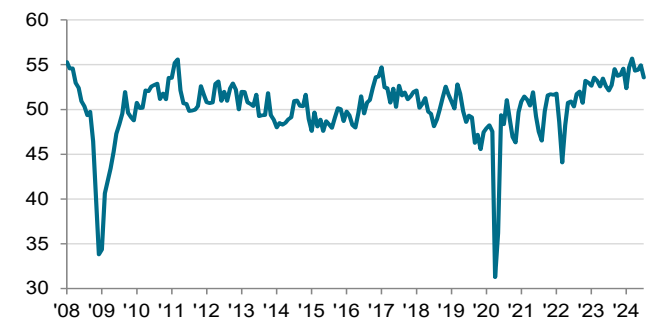
Weighing on the rise in total new sales was a renewed decrease in new export orders. The rate of decline was the strongest since April, despite being only modest overall. Weaker demand from key export markets drove the downturn, according to panellists.

The softer increase in new orders led firms to moderate the pace of output growth in July. Although solid, the rate of expansion was the weakest since January.

Average cost burdens at Russian goods producers rose at a substantial and accelerated pace during July. The pace of inflation was the sharpest since October 2023 and quicker than the series average. Higher raw material, transportation and supplier costs were reported by panellists, alongside

Russia Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 11-25 July 2024.

unfavourable exchange rate movements which pushed up imported goods prices.

Greater transportation costs were in part led by supplier delivery delays, with vendor performance now having worsened on a monthly basis for just over four-and-a-half years. Moreover, the extent to which lead times lengthened was the largest since last September.

Meanwhile, firms continued to pass through higher costs to customers through a hike in selling prices in July. Although softer than in June, the rate of charge inflation was quicker than the historic average.

Despite longer lead times for inputs and higher costs, Russian manufacturers expanded their input buying again in July. Some companies reported efforts to build stockpiles amid uncertain supplies of materials. The pace of growth was, however, the slowest since February.

Although firms sought to build inventories, supplier delays and the use of stocks to supplement production led to contractions in both pre- and post-production inventories. Stocks of purchases fell at the slowest rate since February, but the pace of depletion in stocks of finished goods hastened to the fastest since last November.

Finally, Russian goods producers remained optimistic in the outlook for output over the coming 12 months in July. Confidence was linked to investment in new machinery, product development and hopes of stronger demand conditions. The degree of positive sentiment was little-changed from June's three-month high.

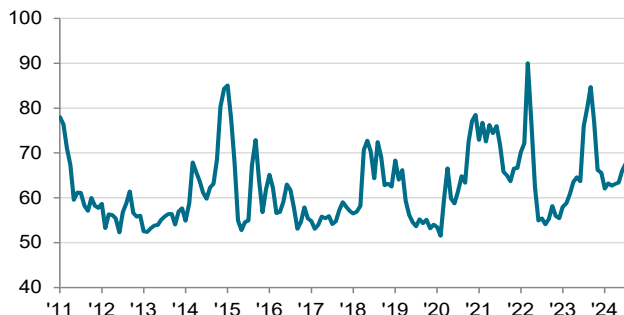
PMI<sup>®</sup>

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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](mailto:economics@spglobal.com).

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