

# News Release

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

### Operating conditions deteriorate further amid sanctions, shortages and weaker demand

#### Key findings

Output and new orders contract again amid impact of sanctions

Inflationary pressures remain substantial

Employment falls for third month in a row

April PMI<sup>®</sup> data from S&P Global indicated a further decline in operating conditions across the Russian manufacturing sector. The overall deterioration in the health of the sector was driven by further falls in output, new orders, employment and stocks of purchases, with supplier delivery times lengthening markedly. Rates of contraction in production and new sales eased from March, but sanctions weighed on client demand and the ability of firms to source raw materials. Input shortages and unfavourable exchange rate movements meanwhile led to further substantial upticks in cost burdens and output charges.

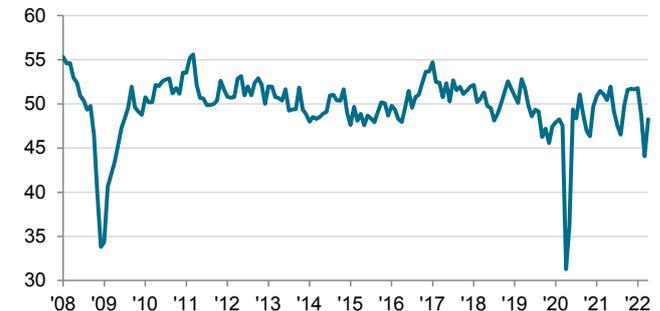
Meanwhile, output expectations were historically subdued amid concerns regarding the impact of sanctions on future demand and new orders.

The seasonally adjusted S&P Global Russia Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) posted 48.2 in April, up from 44.1 in March to signal the third successive deterioration in the health of the Russian manufacturing sector. Although the rate of decline eased from March's recent low, it was the second-sharpest since August 2021.

Contributing to the further decline in operating conditions was a steep fall in production. The rate of decrease was the second-fastest since May 2020 during the initial stages of the pandemic. Firms often stated that lower output levels were due to a drop in new orders as the impact of sanctions was felt and customer purchasing power was reduced by rising prices.

New order inflows decreased again in April and at a strong pace. Manufacturers mentioned that lower sales were the result of sanctions, higher prices, and increased uncertainty amid geopolitical tensions. Despite easing from March's recent low, the pace of decline was the second-fastest since August 2020. In line with total sales, new export orders fell markedly. Some firms stated that imposed sanctions had led to the loss of a wide range of international customers.

Russia Manufacturing PMI  
sa, >50 = improvement since previous month



Source: S&P Global.  
Data were collected 11-25 April 2022.

At the same time, unfavourable exchange rate movements and material shortages drove up input costs during April. The rate of input price inflation was substantial and the second-steepest for over a year.

Manufacturers continued to pass through higher cost burdens to their clients, as selling prices rose at a marked pace. With the exception of March's series record rise, the rate of charge inflation was the sharpest since January 2015.

Higher cost burdens and reduced production requirements had the knock-on impact of reducing employment. The rate of decline in workforce numbers was strong overall and sharper than the series average. Concurrently, backlogs of work contracted at a solid pace as new orders fell further.

Logistics delays and material shortages led to longer lead times for inputs, with April seeing the third-steepest lengthening of supplier lead times over 25 years of survey history. Although stocks of purchases and finished goods were depleted further, firms were reluctant to purchase more materials and input buying fell solidly as a result.

Finally, output expectations across the Russian manufacturing sector remained historically subdued in April. Where firms were confident of growth, they linked this to opportunities from import substitution and hopes of an uptick in client demand. That said, the degree of optimism was the second-lowest in the current sequence of positive sentiment that began in June 2020. Sanctions and a drop in customer purchasing power weighed on confidence.

PMI<sup>®</sup>

by S&P Global

## ■ PMI Input Prices Index

sa, >50 = inflation since previous month



Sources: S&P Global

## Contact

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44-20-7260-2234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

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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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).