

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Markit Russia Manufacturing PMI®

March PMI signals continued solid growth

Key findings:

- PMI little-changed from February
- Solid growth of output and new orders continue
- Optimism in manufacturing strongest in almost two years

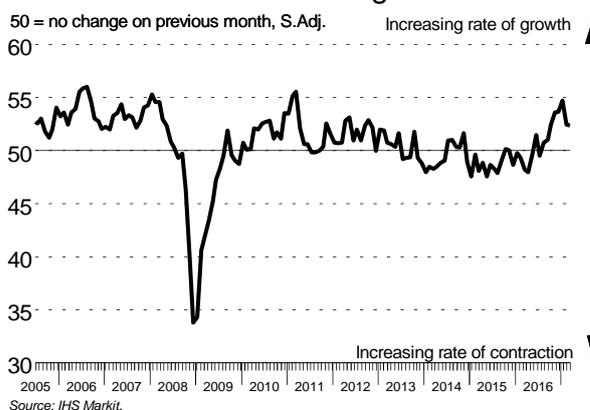
Data collected from March 13-27

Russian manufacturing conditions continued to improve solidly in March with little change in the growth rate from February. The latest survey results signalled further growth in output and new orders, however, the level of employment saw a slight decline. New export orders also fell, following the trend seen since September 2013.

The seasonally adjusted Markit Russia Manufacturing *Purchasing Managers' Index™* (PMI®) – a composite single-figure snapshot of the performance of the manufacturing economy – posted 52.4 in March, from 52.5 in February. This signalled that the overall improvement in business conditions in the Russian manufacturing sector was largely at the same solid pace. The average PMI figure for the first quarter of 2017 was the same as that for the fourth quarter of 2016. These two quarters have seen the joint-strongest growth rates since the first quarter of 2011.

The growth rates of output and new orders continued to be solid with fractional accelerations seen in both. Panellists noted increased client bases and greater demand as having been influential. March data signalled the eleventh month of growth in output and the eighth month of growth in new orders. Backlogs of work also expanded for the sixth consecutive month in March.

Markit Russia Manufacturing PMI®



The pace of contraction in new exports remained marked. The latest survey data indicated the forty-third consecutive month of decline in new export orders, and the strongest rate of contraction for five months.

Input prices paid by Russian manufacturers continued to rise in March. Panellists noted that reduced supplier stocks and increased world prices for materials were influential. Materials such as metals (including steel), chemicals and plastics were recorded as having risen in price in March. That said, the overall rate of inflation remained weaker than the long-run survey average.

Output prices fell for the second month running. This was the first time there has been consecutive months of contraction in output prices since the second quarter of 2009. Lower charges were partly linked to competition.

Stocks of purchases declined in March at a marked rate. That said, the contraction was weaker than the long-run survey trend.

Employment declined fractionally in March, the first month of falling employment since last November. Anecdotal evidence suggested efficiency and optimisation policies were pursued.

Expectations for output levels in the next 12 months remained strong. Sentiment reached a 22-month high in March. Panellists cited expectations of expanded demand and new product development as explanations. Positive attitudes were at a level greater than the five-year series average.

Comment

Commenting on the Russia Manufacturing PMI survey data, **Sian Jones**, Economist at IHS Markit, which compiles the survey, said:

“The Russian manufacturing sector continued to expand solidly in March. The latest PMI data suggest that the sector will contribute to overall economic growth this year, with IHS Markit currently forecasting a 1.0% rise in GDP over 2017 as a whole. Optimism in manufacturing also reached a 22-month high. Domestic demand has proved strong so far in 2017, though weak goods exports remain a concern.”

“The fall in output prices will be welcomed by the central bank as it takes steps to meet an inflation target of 4% by the end of 2017.”

-Ends-

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Note to Editors:

The Markit Russia Manufacturing PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 300 manufacturing companies. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to Russian Industrial Production. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The *Purchasing Managers' Index*[™] (*PMI*[®]) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@ihsmarkit.com.

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Purchasing Managers' Index[™] (*PMI*[®]) surveys are now available for over 30 countries (PMI[®]) 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. To learn more go to www.markit.com/product/pmi.

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