

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

### May PMI signals stronger manufacturing growth

#### Key findings:

- PMI rebounds to indicate solid growth in May
- Output expansion accelerates to solid rate
- Input price inflation remains relatively weak

Data collected from May 12-24

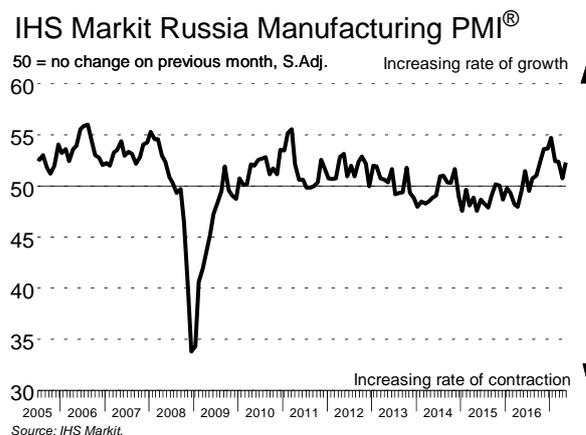
Operating conditions in the Russian manufacturing sector improved at a solid pace in May. The latest PMI® reading signalled a tenth consecutive month of growth in the sector. The rate of expansion in output accelerated, driven by an increase in new orders in the domestic market. On the price front, input costs continued to increase at a relatively modest pace. Output prices also rose at a moderate rate.

The seasonally adjusted IHS Markit Russia Manufacturing *Purchasing Managers' Index™* (PMI) – a composite single-figure snapshot of the performance of the manufacturing economy – posted 52.4 in May, up from April's reading of 50.8. The latest figure indicated that operating conditions in the sector strengthened at a faster rate than the previous month.

Output grew for the thirteenth consecutive month in May. Anecdotal evidence linked increased production to a larger volume of new orders and higher demand. The pace of expansion was solid, having rebounded from April's modest pace.

Russian manufacturers reported an increase in new orders for the tenth month running. The rate of growth was solid and above the series average. Panellists noted that new business was largely due to higher demand and product launches.

New export orders declined in May, continuing a trend seen since September 2013. That said, the



rate of contraction was the weakest so far in 2017.

Input prices increased at a historically modest pace in May, extending the current sequence of rising cost burdens that began in February 2009. The pace of input cost inflation softened slightly from April.

Output prices rose for the second consecutive month in May. Anecdotal evidence linked increased output charges to higher input costs which were passed on to clients. The pace of charge price inflation was the fastest since last December.

Suppliers' delivery times deteriorated for the fortieth month running in May. Panellists noted that the decline in vendor performance was linked to raw material shortages. The extent to which lead times lengthened was the greatest since last August.

Employment in the Russian manufacturing sector contracted for the third month running in May. The pace of job shedding was the weakest in the current sequence, however.

Backlogs increased in May, following a decline in

April. Respondents commonly attributed higher outstanding business to the expansion of new orders.

Output expectations for the year ahead among Russian manufacturers were positive in May. Anecdotal evidence linked confidence to several factors: new product development, strong underlying demand and increased new orders.

## Comment

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

*“The Russian manufacturing sector regained growth momentum in May. Output expansion was solid, supported by increased new orders. The domestic market demonstrated higher underlying demand to offset a further contraction in exports.”*

*“Input prices rose at a modest pace that softened slightly from April, while output prices increased for the second month as manufacturers passed on higher input costs to clients.”*

*“The manufacturing sector continues to make a positive contribution to overall economic expansion, with IHS Markit forecasting GDP growth of 1.1% in 2017, below the official prediction of 1.5-2%. This follows subdued growth at the start of 2017.”*

-Ends-

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**Note to Editors:**

The IHS 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*<sup>TM</sup> (PMI<sup>®</sup>) 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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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*Purchasing Managers' Index*<sup>TM</sup> (PMI<sup>®</sup>) surveys are now available for over 30 countries (PMI<sup>®</sup>) 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](http://www.markit.com/product/pmi).

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