

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

### Russian manufacturing sector maintains moderate growth momentum

#### Key findings:

- PMI indicates further strengthening of the manufacturing sector
- Solid output and new order growth
- Inflationary pressures increase

Data collected from September 12-25

September survey data signalled a further improvement in operating conditions in the Russian manufacturing sector. The overall growth performance was driven by solid expansions in output and new orders, and the first increase in exports since August 2013. The sustained upturn in production was also a key factor behind the return of job creation, with staffing levels rising for the first time in seven months. Meanwhile, the survey showed faster increases in both input and output prices.

The seasonally adjusted IHS Markit Russia Manufacturing Purchasing Managers' Index™ (PMI®) – a composite single-figure snapshot of the performance of the manufacturing economy – posted 51.9 in September, up slightly from August's reading of 51.6. Survey data for the third quarter as a whole signalled moderate growth in the manufacturing sector, and at a stronger rate than was seen in the second quarter.

Production levels increased further across the Russian manufacturing sector in September. Although slightly weaker than August, the growth rate was in line with the long-run series average. Panellists noted that the upturn was due to strong client demand and a corresponding rise in new orders.



New orders received by manufacturing firms continued to rise in September, growing at a solid rate that was in line with that seen in August. Anecdotal evidence linked the increase in new business to larger order volumes from new and existing clients. Notably, new export orders grew for the first time since August 2013, albeit only fractionally.

Goods producers reported a steep rise in cost burdens. The pace of input price inflation accelerated to reach a ten-month high, with panellists stating that average prices were driven up by higher raw material costs and supplier shortages. This was further evidenced by vendor performance, which continued to deteriorate. Similarly, average charges increased to reflect larger cost burdens. Furthermore, output price inflation was the fastest in 2017 so far.

In line with sustained expansions in output and new orders, manufacturers increased employment levels for the first time since February. Although fractional, job creation was largely attributed to pressures on capacity from greater new order volumes. Backlogs

meanwhile, contracted for the first time in five months. Moreover, the decline in outstanding business was the fastest since April 2016.

Manufacturing firms increased their buying activity in September, with panel members suggesting that driving factors included greater new order volumes and production requirements.

Business confidence picked up in September. Notably, the degree of optimism was the most robust since May 2015. Panellists largely linked positive sentiment to improved market conditions.

### Comment

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

*“The Russian manufacturing sector appears to have regained some strength in the third quarter, following weaker growth momentum in the three months to June. Sustained expansions in output and new orders were key drivers behind the return of job creation. Meanwhile, new export orders increased for the first time since August 2013.*”

*“September survey data indicated greater inflationary pressures, with supplier shortages and higher raw material prices pushing cost burdens up steeply. Factory gate charges also rose in response to increased input costs.*”

*“Boding well for future performance, confidence among Russian goods producers towards output prospects in the year ahead improved, with the degree of optimism reaching a 28-month high.”*

-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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