

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

Manufacturing output growth accelerates to three-month high in April

Key findings:

- Upturn in production quickens to fastest since January
- PMI rises to three-month high
- Inflationary pressures intensify

Data collected April 12-24

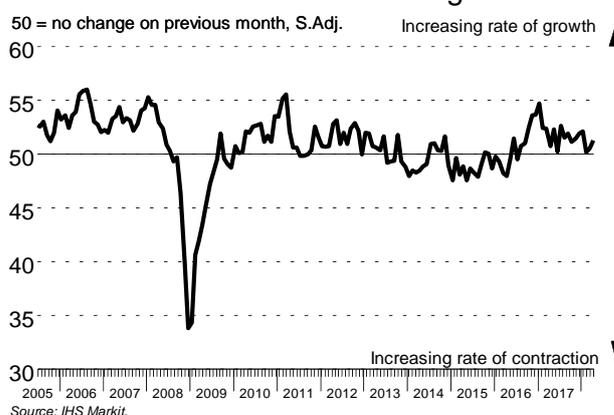
April survey data signalled a moderate, but faster, expansion across the Russian manufacturing sector. Overall growth was supported by quicker upturns in output and new orders, with the former reaching a three-month high. In line with stronger client demand, employment levels rose for the first time so far this year. On a less positive note, input price inflation accelerated to the fastest since September 2015 and was marked overall. The rate of charge inflation also quickened in response, and was the strongest in over two-and-a-half years.

The seasonally adjusted IHS Markit Russia Manufacturing Purchasing Managers' Index™ (PMI®) – a composite single-figure snapshot of the performance of the manufacturing economy – posted 51.3 in April, up from 50.6 in March and indicating a modest improvement in operating conditions across the Russian manufacturing sector. The latest reading was the highest in three months but just below the long-run series average (since late-1997).

Output levels at Russian goods producers increased further in April, and at the fastest pace since January. Panellists linked the solid rise in production to the acquisition of new clients and greater new order volumes.

In line with stronger client demand, new orders

IHS Markit Russia Manufacturing PMI®



received by manufacturing firms grew at an accelerated rate. That said, the expansion was only marginal overall and one of the weakest in the current 21-month sequence of growth. New export orders increased strongly, however. Moreover, the upturn was the fastest since March 2008.

Greater client demand also influenced the first rise in employment levels so far this year. The pace of job creation was moderate overall and the fastest since January 2017. Backlogs meanwhile contracted for the eighth successive month, albeit only marginally.

On the price front, average cost burdens faced by Russian goods producers increased markedly in April. The rate of inflation was the fastest since September 2015. Anecdotal evidence largely attributed the rise to less favourable exchange rates which pushed up the price of imported raw materials. Similarly, average charges rose at a sharp and accelerated rate as firms largely passed on higher costs to clients.

Purchasing activity increased at a rate just below

that seen in the previous month. Panellists noted that current stocks were used during production, with pre-production inventories falling solidly in April. Notably, vendor performance improved for the first time since January 2014.

Expectations towards the year-ahead outlook for output were robust in April, with the degree of confidence reaching the highest since May 2015. Positive sentiment was largely linked by panellists to new order growth and more favourable economic conditions.

Comment

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

“The latest IHS Markit Russia Manufacturing PMI signalled a modest expansion across the goods producing sector in April. The upturn was supported by solid growth in output and a faster increase in new orders.

“Meanwhile, greater client demand was reflected in the first rise in employment so far in 2018. Business confidence also reportedly stemmed from an improvement in economic conditions and sustained upturns in output and new orders.

“Notably, rates of input price and output charge inflation accelerated to the fastest since September 2015 amid reports of less favourable exchange rates. Average cost burdens rose markedly as prices of imported raw materials were pushed up.”

-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*TM (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.

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.

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