

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:00 (Moscow) / 06:00 (UTC), May 2nd 2017

Markit Russia Manufacturing PMI®

April PMI signals slowest manufacturing growth since August 2016

Key findings:

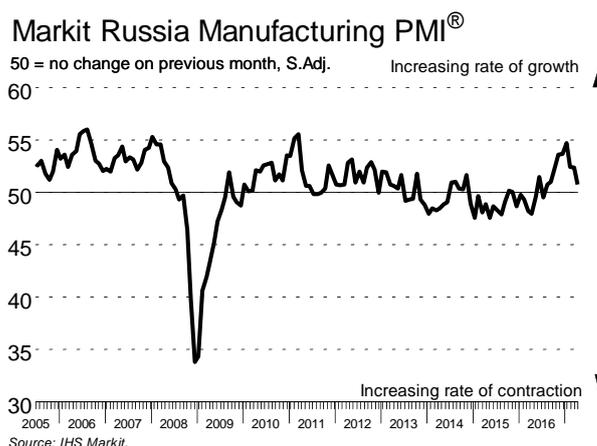
- Output and new order growth slowest in eight months
- Price pressures remain relatively weak
- Business confidence dips to the weakest since January 2016

Data collected from April 11-24

Business conditions in the Russian manufacturing sector improved in April, but at a weaker pace. Growth of both output and new orders slowed to eight-month lows, and sentiment in the sector became less optimistic in April. Employment contracted for the second month running and at the fastest pace since March 2016. Despite this, backlogs declined for the first time in seven months. Inflationary pressures remained relatively weak, although input prices rose at the fastest pace since last November. Meanwhile, output prices increased for the first time since January.

The seasonally adjusted Markit Russia Manufacturing Purchasing Managers' Index™ (PMI®) – a composite single-figure snapshot of the performance of the manufacturing economy – posted 50.8 in April, down from 52.4 in March and signalling only a modest overall improvement in manufacturing business conditions. The April PMI figure was also the joint-lowest in the current nine-month period of positive readings. The downward movement in the PMI reflected slower growth of output and new orders, and stronger job cuts by manufacturers.

Output and new order growth both weakened sharply in April to the slowest in eight months. Despite some anecdotal evidence stating increased orders and demand in April, more respondents signalled no change than in March. New export orders contracted for the forty-fourth month running in April, albeit at a weaker pace than in March.



Output expectations for the next 12 months remained positive but moderated sharply to the least optimistic since January 2016. The Future Output Index posted the largest one-month fall in 28 months. Business confidence was also below the historical series average in April.

Input prices rose at a relatively modest pace in April, albeit the sharpest in five months. Panellists noted that supplier monopolies and higher world prices for commodities and energy contributed to cost inflation. Meanwhile, suppliers' delivery times deteriorated further.

Output prices rose for the first time in three months, linked to higher raw material costs and market adjustments. That said, the rate of inflation was historically weak.

Buying activity among firms in Russia's manufacturing sector increased for the ninth month running in April. That said, the pace of purchasing slowed to the weakest in eight months.

The pace of contraction in employment quickened from March, with all three sub-sectors experiencing faster job shedding.

Backlogs contracted for the first time following six months of expansion. Panellists noted that new

orders were being met as soon as they were placed. Downturns in pre- and post-production inventories were also reported.

Comment

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

“Following solid growth in the first quarter the April survey data signal a loss of momentum in the Russian manufacturing sector. Growth in both output and new orders were the slowest for eight months. Meanwhile, business confidence softened with output expectations being the weakest since January 2016. That said, inflationary pressures remained historically weak.”

“IHS Markit forecasts that industrial production will increase by 1.7% in 2017. But the latest official data for March showed weak growth of only 0.8% year-on-year. The latest PMI data suggest that manufacturing will weigh on overall industry growth in the second quarter.”

-Ends-

For further information, please contact:**IHS Markit**

Sian Jones, Economist
Telephone +44-1491-461-017
Email sian.jones@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44207-260 -2234
E-mail joanna.vickers@ihsmarkit.com

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*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.

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

About PMI

*Purchasing Managers' Index*TM (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.

The intellectual property rights to the Russia Manufacturing PMI[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).