

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (Moscow), December 29<sup>th</sup> 2016**  
**06:00 (UTC), December 29<sup>th</sup> 2016**

## Markit Russia Manufacturing PMI®

### Manufacturing upturn continues to strengthen

#### Key findings:

- Manufacturing PMI at 69-month high
- Job creation fastest since March 2011
- New exports contract at weakest pace for 40 months

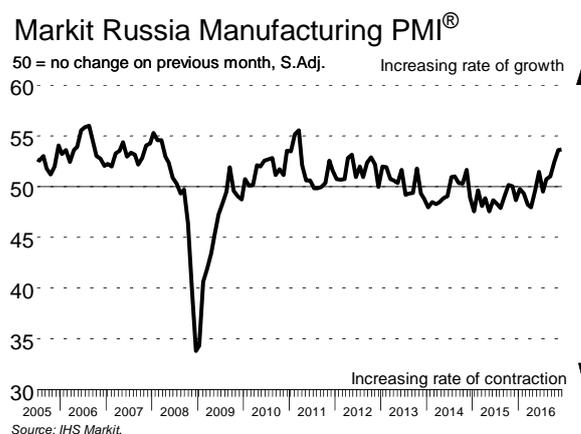
Data collected from December 6-16

Russia's manufacturing upturn continued to strengthen in December. The improvement in the sector's health was driven by substantial increases in production and new orders, while job creation was at its quickest since March 2011. However, goods producers continued to reduce their inventory holdings while backlogs of work broadly stabilised.

The seasonally adjusted Markit Russia Manufacturing Purchasing Managers' Index™ (PMI®) - a composite single-figure snapshot of the performance of the manufacturing economy - rose to a 69-month high of 53.7 in December. Up fractionally from November's 53.6, the latest reading thereby signalled a solid improvement in operating conditions in Russia's manufacturing sector. Moreover, the average PMI for the fourth quarter (53.2) was the strongest for over five-and-a-half years.

Russian goods producers raised their production at a substantial pace during December. Although the rate of increase eased slightly from November's 68-month high, it continued to outstrip the historical average. At the sub-sector level, the sharpest rate of output growth was seen at investment goods firms.

In line with the trend for output, new business growth was evident in Russia's manufacturing sector during the final month of 2016. Similarly, the



rate of expansion eased from November's multi-year high but was still one of the strongest reported since the start of 2013.

The rise in total new work was restricted to the domestic market, as firms reported a fall in new business from abroad. However, the rate of decline in new export orders was the slowest in 40 months and only slight overall.

Higher new order levels were cited by firms as the main factor behind a rise in workforce numbers in December. In fact, jobs growth was the sharpest for over five-and-a-half years. Backlogs of work, meanwhile, edged closer to stabilisation.

Latest survey data pointed to a further solid increase in purchasing activity at Russian manufacturing firms in December. The rate at which input buying rose was unchanged from November's 68-month high, with firms attributing this to stronger output growth.

Meanwhile, Russian goods producers continued to report a fall in their pre- and post- production inventories during December. However, the respective rates of decline eased since the previous month.

Higher metal prices contributed to a robust increase in average cost burdens at Russian manufacturers. Consequently, firms raised their selling prices, and at the sharpest pace for six months.

Finally, average lead times lengthened again in December, with panel members reflecting on delays with imported goods.

### Comment

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

*“Russia’s manufacturing upturn continued to gain momentum in December, as the sector saw the strongest improvement in business conditions for 69 months. A healthier labour market, substantial production growth and robust domestic demand fuelled economic growth and provided goods producers with the best possible end to 2016. Consequently, this month’s performance capped off the strongest quarter in over five-and-a-half years and was a far cry from the faltering start of the year.*

*“Employment returning to growth was a huge boost for the sector and rectified the main negative from November’s PMI data. In fact, job creation was the quickest since March 2011 and highlighted businesses’ intent on supporting this current uptick in demand. Yet with backlogs of work edging closer to stabilisation, firms may be reluctant to add to payrolls at a sharper pace at the beginning 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*<sup>™</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.

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](mailto:economics@ihsmarkit.com).

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