

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

### June PMI signals fractional improvement in business conditions

#### Key findings:

- PMI signals weakest growth in current 11-month sequence of expansion
- New order expansion slows to marginal pace
- Staffing levels continue to contract

Data collected from June 12-26

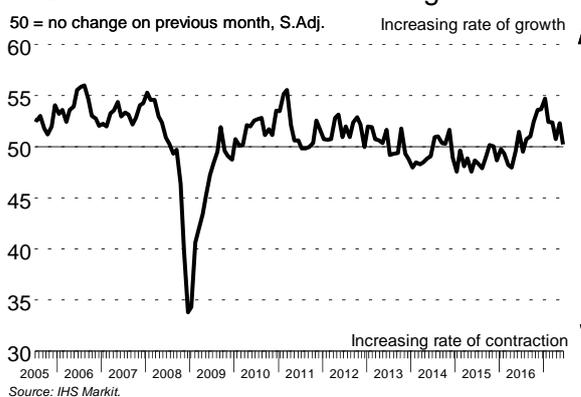
Business conditions in the Russian manufacturing sector improved only marginally in June, according to the latest PMI® data. Slower expansions in both output and new orders, and downturns in employment and new export orders were primary contributing factors to the weaker overall performance. On the price front, output charge inflation softened from May, while input price inflation accelerated marginally. Meanwhile, business confidence was strong.

The seasonally adjusted IHS Markit Russia Manufacturing Purchasing Managers' Index™ (PMI) – a composite single-figure snapshot of the performance of the manufacturing economy – posted 50.3 in June, lower than May's reading of 52.4. Nevertheless, the latest survey data signalled 11 months of growth, the longest sequence of expansion in over four-and-a-half years.

Production grew for the fourteenth consecutive month in June. Panellists commonly attributed increased output to stronger demand and a rise in new orders. That said, the pace of growth was the second-weakest since last August.

New orders increased for the eleventh month running in June. Anecdotal evidence linked higher levels of new business to greater client demand. That said, the pace of expansion was modest and the slowest in the current growth sequence.

IHS Markit Russia Manufacturing PMI®



New business from abroad received by Russian manufacturers continued to contract in June. The rate of reduction was the weakest in 2017 so far, however.

The level of employment among Russian manufacturers declined for the fourth consecutive month in June. The pace of job shedding was the second-fastest since last September.

Input prices paid by Russian manufacturers increased in June, extending the current sequence of cost inflation stretching back to February 2009. Many respondents noted that input prices rose due to exchange rate adjustments which increased the cost of raw materials. The pace of input price inflation accelerated to the fastest since last November.

Output prices rose for the third consecutive month in June. Panellists stated that factory gate price inflation was largely attributable to increased input costs. The pace of charge inflation remained below the long-run series average, at a moderate level.

The amount of outstanding work increased for the second month running in June. Anecdotal evidence

linked higher backlogs to the rise in new orders and greater client demand.

The degree of optimism among Russian manufacturers towards future growth prospects was robust in June. Many respondents suggested that positive expectations for output were due to stronger underlying demand and product diversification. Moreover, business confidence reached a three-month high in June.

## Comment

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

*“Operating conditions in the Russian manufacturing sector improved only slightly in June, according to the latest PMI reading. Softer expansions in output and new orders, alongside downturns in employment and exports, have been highlighted as drags on the overall performance.”*

*“Following a strong start to the year, June’s PMI reading confirms that momentum has faded, which bodes ill for growth throughout the rest of the year.”*

*“On the price front the picture was mixed. Input cost inflation accelerated slightly from May, while output prices rose for the third month running but at a weaker pace that was modest overall.”*

-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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