

# Services Growth Slows, Hiring Up

By [The Moscow Times](#)

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The service sector grew at a slower rate in November, hit by rising inflationary pressures, the HSBC purchasing managers index showed on Friday.

The headline figure fell to 54.1 in November from 55.6 in October, remaining above the 50 mark that separates expansion from contraction. Russian firms have seen a sharp increase in charges and tariffs with consumer prices rising by 0.2 percent for the fourth week in a row.

“The Composite Output Prices Index’s gain in November was the second biggest in the series’ history,” said Alexander Morozov, chief economist for Russia and the CIS at HSBC.

The input price sub-index bounced up to 58.6 in November from 54.4 in the previous month. The sharp rise in input prices was driven by increasing costs in wages, rents and fuel.

On the positive side, Russian companies have never taken on so many new employees in one month since May 2008. “It appears that service providers found this level acceptable in the new post-crisis reality, and therefore increased their staffing in November after three months

of labour shedding,” Morozov said.

HSBC baseline scenario suggests that inflation will continue to rise moderately over the year ahead.

“Traditional growth-stimulating policy would likely end up with higher inflation rather than faster growth in these circumstances,” Morozov added.

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