

Russia March Services PMI Falls to 6-Month Low

By [The Moscow Times](#)

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Russia's service sector growth eased to its weakest rate in six months in March, dragged down by a slower pace of pickup in new business, data showed Tuesday.

The HSBC Purchasing Managers' Index for the services sector fell for the third month in a row, to 53.3 in March from 53.4 in February, heading further away from a seven-month peak of 56.4 in December.

The index, however, remained above the 50.0 mark that separates expansion from contraction.

"The service sector drags overall economic growth, lagging behind fast-growing manufacturing," said Alexander Morozov, chief economist for Russia and the CIS at HSBC.

"The good news is that the service sector usually follows the manufacturing trend with some

time lag. If such a relationship holds, one would expect the service sector to improve its performance in the coming months."

Accompanying the relatively modest growth of activity, the survey showed, was a slower rise in average input prices.

But the data still leave serious concerns about inflation.

"First, current levels of input and output prices indexes are still high by historic standards," Morozov said. "Second, the likely improvement in service sector performance could intensify inflation."

Inflation remains one of the greatest problems plaguing Russia's recovery from the financial crisis and is high on the list voters' concerns ahead of parliamentary elections in December and presidential elections next spring.

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