

# Manufacturing Nears Stagnation

By [The Moscow Times](#)

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Manufacturing growth slowed for a second month in May to just above stagnation as domestic demand declined.

The Purchasing Managers Index fell to a seasonally adjusted 50.7, from 52.1 in April, HSBC Holdings said in a report Wednesday, citing data compiled by Markit Economics, a financial information services company. The survey-based index indicates a contraction when below 50 and growth with a figure above 50.

The PMI "signaled a near-stagnation of Russian manufacturing growth in May and a sharp easing in cost-inflationary pressure," HSBC said in the report. Alexander Morozov, HSBC's chief economist for Russia and the Commonwealth of Independent States, added: "This must reflect a decline in domestic demand, which has led to stocks accumulation for the first time since the 2008 economic crisis."

The data suggest "negative surprises" for May industrial production data, Morozov said, adding to concerns that the economy's recovery has been uneven. The Central Bank this week

signaled that it would stop raising interest rates because risks to the economy, including slowing industrial output, were now even with dangers from inflation.

The index has fallen 4.9 percentage points from March's 55-month high of 55.6 percent, the largest constant drop since late 2008, the report said.

The MICEX Index of 30 stocks closed down 0.9 percent to 1650.68 Wednesday.

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