

Russian Manufacturing Slows for 8th Month Straight

By [The Moscow Times](#)

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Russian manufacturing activity slowed in June for the eighth consecutive month, hurt by the crisis in Ukraine, a business survey showed Tuesday.

The HSBC purchasing managers' index, or PMI, edged up to 49.1 last month from 48.9 in May, but remained below the 50.0 mark that separates expansion from contraction.

New orders fell for the sixth time in the last seven months, suggesting output growth may not be sustained in July either, HSBC said in a statement.

"Geopolitics must have taken its toll on the performance of Russian manufacturing in June," said Artyom Biryukov, economist for Russia and the CIS at HSBC.

"It is probably the best explanation of a sharp decline in new export orders amid a simultaneous improvement of PMI data in China. Actually, the respondents linked weaker

demand to economic uncertainty and the freezing of clients' projects," he said.

Ukraine banned defense technology and hardware exports to Russia in June.

"Ukrainian enterprises must have reduced their demand for intermediate Russian goods used for assembling defense hardware," Biryukov said.

Manufacturing accounts for around 16 percent of the Russian economy. Employment in the sector fell for the 12th month in a row, the survey showed.

"On the positive side, inflationary pressures eased in June as the pass-through effect of the ruble depreciation in the beginning of 2014 was almost exhausted," Biryukov said.

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