

Russian Service Sector Expanded Rapidly in April

By [The Moscow Times](#)

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A worker operates a lathe machine as he makes a steel cutter at a manufacturing unit.

Russia's service sector activity expanded in April for the second month in row, growing at the fastest rate in 17 months thanks to a strengthening of demand and orders, the HSBC/Markit purchasing managers index (PMI) showed on Wednesday.

The headline figure for the sector, which accounts for about 60 percent of Russia's gross domestic product, rose to 52.8 in May from 50.7 in April, moving higher above the 50 mark that separates expansion from contraction and hitting the highest level since December 2013.

"Although service providers may be benefiting from a modicum of import substitution amongst businesses and consumers, the latest data does suggest that underlying domestic economic conditions are steadily improving," said Paul Smith, senior economist at Markit.

The services numbers, however, follow data released on Monday that showed that Russian

manufacturing activity shrank to a four-month low last month.

The pick-up in services activity in May was linked to new orders, where the growth rate was the sharpest recorded since February 2014. The best performing sector was transport and storage, the survey showed.

Russia's economy is expected to contract in 2015, as low international oil prices and Western sanctions linked to the Ukraine conflict take a toll. According to the latest data from the Economic Development Ministry, gross domestic product declined 4.2 percent in April, in annual terms.

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