

Russia's Manufacturing Sector Struggles in September

The purchasing managers' index saw its biggest decline since the financial crisis.

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Russian industry has been hit by weak demand both at home and abroad **Sergei Vedyashkin / Moskva News Agency**

Russia's manufacturing sector last month suffered its biggest decline in operating conditions since the financial crisis.

The influential purchasing managers' index (PMI) — an indication of business conditions in the manufacturing industry — fell to a score of 46.3 for September. Readings below 50 signal the sector is in contraction, while those above 50 indicate growth.

The last time the index was this low was in mid-2009 amid the global financial crisis, when the manufacturing PMI fell to 35.

The slump comes on the back of a weak summer for Russian industry — the PMI has not been in expansion-territory since April — and ongoing concerns about Russia’s weak [growth](#). Analysts said clients were slowing down their orders, manufacturers have cut production and, in response, firms have cut staff.

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“The deterioration in operating conditions across the Russian manufacturing sector gathered pace in September ... following the sharpest contractions in output and new business for over a decade,” said Sian Jones, an economist at IHS Markit, which compiles the PMI.

Demand for Russian manufactured products was weak among both domestic and foreign clients amid a global slowdown in manufacturing, ongoing uncertainty over the the U.S.-China trade war and growing concerns about the possibility of a worldwide recession.

Should the weakness continue, it will put more pressure on the Central Bank of Russia to continue [cutting](#) interest rates from their current level of 7%, IHS Markit added.

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