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Russian Manufacturing Activity Dips for First Time Since April 2022

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Kirill Kukhmar / TASS

Russia's manufacturing sector contracted in September for the first time in two and a half years, following 28 consecutive months of growth since May 2022, according to a business survey published Tuesday.

S&P Global's Purchasing Managers' Index (PMI) for Russian manufacturing fell to 49.5 in September, down from 52.1 the month before, when the sector already showed signs of a slowdown with the most sluggish pace of growth in over a year. A PMI value above 50 points indicates growth, whereas anything below signifies a decline.

"Although only fractional, the latest data signaled a deterioration in the sector's performance, the first such decline since April 2022," S&P Global said.

The decline was driven by contractions in output, new orders and employment, the report said. It marked the first drop in output since July 2022, while new orders contracted after 27 months of growth.

The pace of job losses, meanwhile, was the fastest since October 2022.

Despite Western sanctions imposed following Russia's full-scale invasion of Ukraine, the country's manufacturing sector had continued to grow, largely fueled by economic activity in the defense sector. Military spending is projected to account for 40% of government expenditure this year.

S&P Global noted that Russian businesses remained optimistic about future output, with plans for new product investments driving confidence.

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