

The Moscow Narodny Manufacturing PMI is a monthly publication, researched and published by NTC Research featuring original research data from a survey of Russian purchasing managers.



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PMI continues to strengthen in April as both output and demand increase.

April's Moscow Narodny Manufacturing Purchasing Managers' Index (PMI*), a seasonally adjusted composite indicator designed to provide a single figure snap-shot of manufacturing conditions, signalled the continued expansion of the Russian manufacturing economy. The PMI rose to 52.0, up from 51.5 in the previous month, the third successive month in which the PMI has improved and the fastest rate of growth since December 2001. The PMI has now signalled the growth of the Russian manufacturing sector in every month for three and a half years.

As has been the case for a number of months, the latest increase in the PMI was driven by the growth of demand and the resultant expansion of manufacturing production. The seasonally adjusted New Orders Index signalled new business increasing at a marginally faster rate in April than in March as demand increased both in the domestic market and from abroad. Indeed, the volume of export orders placed with panel firms increased for the second month in a row and at the fastest rate since November 2001 with mention being made of a pick-up in demand from CIS countries. Bolstered by the increase in demand, the seasonally adjusted Output Index recorded the fastest rate of increase in production levels for four months.

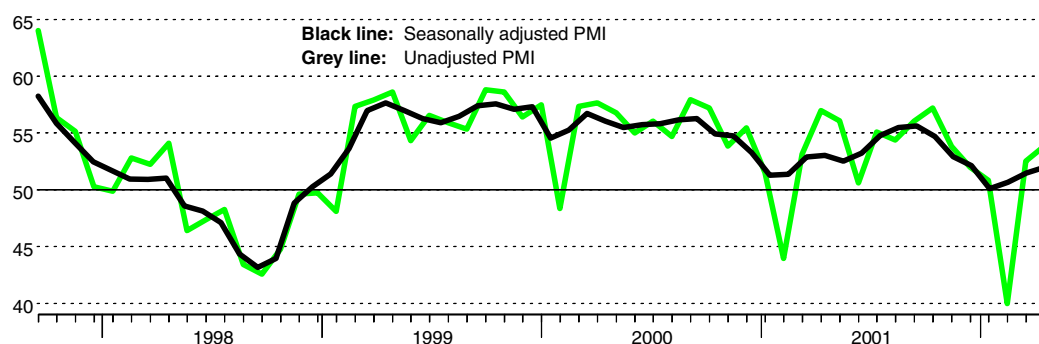
As production levels increased, so too did the

quantity of inputs purchased by Russian manufacturers. The price of inputs also continued to increase sharply during April, albeit at a slightly weaker rate of inflation than in the previous month. Panel firms made particular mention of the inflationary effect on costs of rising energy and transport costs during the month. As demand for purchases increased, so average delivery lead times lengthened and at the fastest rate since October last year.

Manufacturing firms continued to streamline inventories during April. Panel members further eroded their stocks of purchases through the utilisation of existing inventories to meet rising production requirements. This resulted in the seasonally adjusted Stocks of Purchases Index displaying the fastest rate of destocking for eight months. Destocking of finished goods also continued in April as panel member manufacturers were able to reduce stock levels by selling directly from inventories.

Finally, after three successive months of contracting employment, there was a marginal increase in the Russian manufacturing workforce in April. The majority of firms reported no change in staffing levels whilst those firms that increased employment during the month did so in response to increasing demand and output levels.

Moscow Narodny Manufacturing PMI



Moscow Narodny Manufacturing PMI							
	Unadjusted	Seasonally Adjusted	Unadjusted	Seasonally Adjusted			
'00	May	55.0	55.5	May	50.6	52.5	
	Jun	56.1	55.7	Jun	55.1	53.2	
	Jul	54.7	55.9	Jul	54.4	54.8	
	Aug	57.9	56.2	Aug	56.1	55.5	
	Sept	57.9	56.3	Sept	57.2	55.6	
	Oct	53.9	54.9	Oct	53.8	54.7	
	Nov	55.5	54.7	Nov	52.0	52.9	
	Dec	51.5	53.3	Dec	50.8	52.1	
'01	Jan	44.0	51.3	'02	Jan	40.0	50.1
	Feb	53.2	51.4	Feb	52.5	50.7	
	Mar	57.0	52.9	Mar	53.9	51.5	
	Apr	56.1	53.0	Apr	54.9	52.0	

* The Moscow Narodny Manufacturing PMI is a composite indicator designed to provide an overall view of activity in the manufacturing sector. The indicator is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of goods purchased. A reading of the PMI below 50.0 indicates that the manufacturing economy is generally declining; above 50.0, that it is generally expanding.

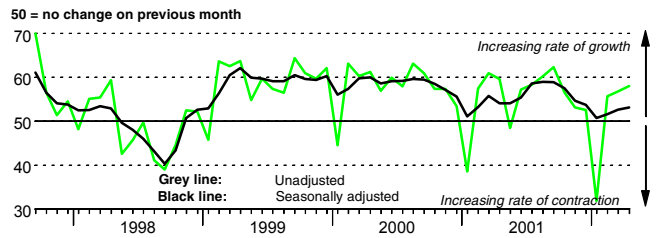
The survey is not an opinion poll but based upon reports of trends in real activity rates in a representative sample of 300 Russian manufacturers.

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Output Index

Q. Please compare your production/output this month with the situation one month

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	26.4	53.4	20.2	6.2	53.1
	Dec	28.9	47.4	23.7	5.2	52.6
2002	Jan	7.5	48.7	43.9	-36.4	31.8
	Feb	31.1	49.1	19.8	11.4	55.7
	Mar	30.1	53.2	16.7	13.4	52.6
	Apr	31.8	52.6	15.6	16.1	58.1

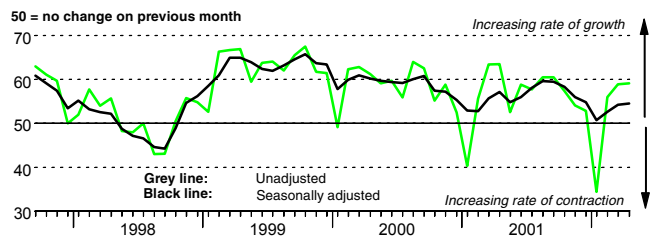


As has been the case for the last three and a half years, the seasonally adjusted Output Index signalled an increase in production levels in April. After strong seasonal adjustment the Index recorded 53.2, up from 52.6 in the previous month, to indicate a slight speeding up of the rate at which manufacturing firms increased production levels to the fastest since December 2001. Over 30% of panel firms reported an increase in output during the month, compared with 15% reporting a fall in production levels. Firms cited production rising in response to the sustained growth of demand.

New Orders Index

Q. Please compare the state of your total order book (in units) with one month ago.

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	24.5	59.4	16.1	8.3	54.2
	Dec	28.3	49.1	22.5	5.8	52.9
2002	Jan	9.7	49.5	40.9	-31.2	34.4
	Feb	28.7	54.5	16.8	12.0	56.0
	Mar	33.3	51.1	15.6	17.7	58.9
	Apr	31.8	54.7	13.5	18.2	59.1

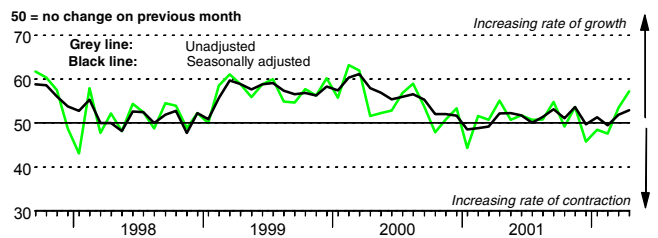


The seasonally adjusted New Orders Index rose slightly to 54.5 in April (up from 54.2 in March) to signal demand increasing at a slightly faster pace than in the previous month. Demand has increased in every month for three and a half years and this latest increase was the sharpest so far in 2002. The 31% of firms that reported an increase in demand made reference to the broadening of the target markets of their products and the increased business activity of their clients as contributing to the overall increase in demand.

New Export Orders Index

Q. Please compare the state of your export order book (in units) with one month ago.

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	17.6	72.1	10.3	7.4	53.7
	Dec	10.0	71.7	18.3	-8.3	45.8
2002	Jan	13.6	69.7	16.7	-3.0	48.5
	Feb	14.8	65.6	19.7	-4.9	47.5
	Mar	20.0	67.1	12.9	7.1	53.6
	Apr	22.4	69.7	7.9	14.5	57.2

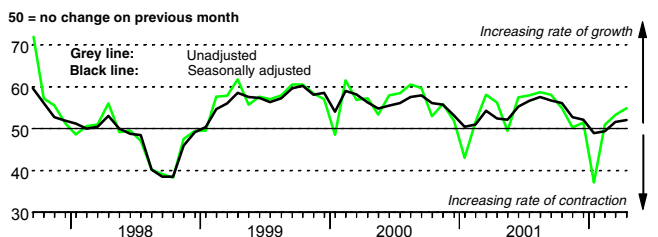


Overseas demand continued to increase in April. The seasonally adjusted New Export Orders Index rose to 53.0, up from 51.9 in March, to signal the second successive month of increasing overseas demand. This most recent increase in export order books was the fastest since November 2001 as 22% of firms reported an increase in export orders compared with less than 8% reporting a fall.

Quantity of Purchases Index

Q. Please compare the quantity of items purchased (in units) with one month ago.

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	21.9	56.8	21.4	0.5	50.3
	Dec	22.7	57.6	19.8	2.9	51.5
2002	Jan	8.6	57.2	34.2	-25.7	37.2
	Feb	18.2	65.5	16.4	1.8	50.9
	Mar	21.4	63.7	14.8	6.6	53.3
	Apr	26.7	56.5	16.8	9.9	55.0

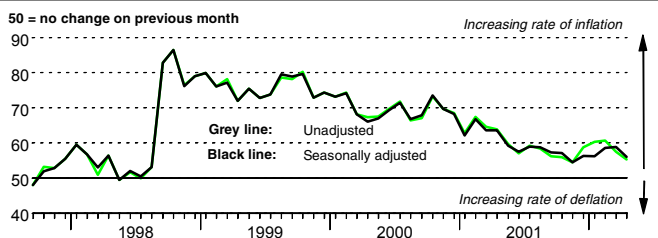


In line with increased demand and production levels, manufacturers increased the quantity of input purchases made during April. This was the second successive rise in purchases and the sharpest increase since December 2001. Panel firms most frequently mentioned increased production levels as the principal reason for increasing input purchases.

Prices Index

Q. Please compare the price of your purchases (volume weighted) with a month ago.

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	12.4	84.3	3.4	9.0	54.5
	Dec	18.8	79.9	1.3	17.5	58.8
2002	Jan	23.6	73.6	2.9	20.7	60.3
	Feb	24.2	73.2	2.6	21.6	60.8
	Mar	20.5	74.3	5.3	15.2	57.6
	Apr	13.6	83.6	2.8	10.7	55.4

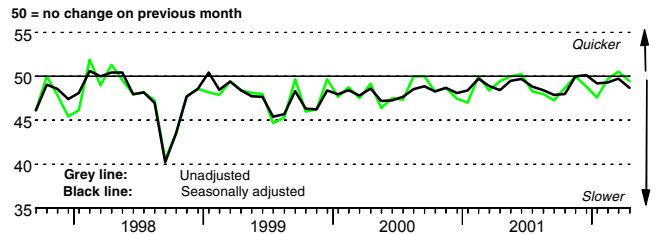


The seasonally adjusted Prices Index recorded 56.1 in April, slightly down from the previous month, but still well above the 50.0 critical level to signal another month of input price inflation. Whilst the majority of panel firms reported costs remaining unchanged, over 13% of firms reported increasing costs compared with just less than 3% reporting a fall. Those respondents that reported an increase in costs cited increasing energy and transport costs as contributing factors.

Suppliers' Delivery Times Index

Q. Please compare your suppliers' delivery times (volume weighted) with one month ago.

Month	Faster %	Same %	Slower %	Net	Index	S. Adj Index
2001	Nov	3.1	93.7	3.1	0.0	50.0
	Dec	3.0	91.7	5.3	-2.4	48.8
2002	Jan	2.2	90.9	7.0	-4.8	47.6
	Feb	3.0	93.3	3.7	-0.6	49.7
	Mar	1.6	97.8	0.5	1.1	50.5
	Apr	1.6	95.8	2.6	-1.0	49.5

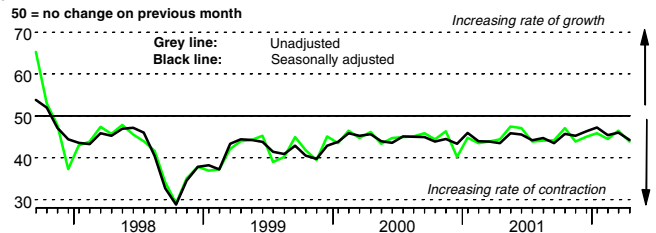


Delivery lead times continued to lengthen in April although the great majority of firms reported delivery times remaining unchanged during the month. The seasonally adjusted Suppliers' Delivery Times Index fell slightly to 48.7, from 49.7 in the previous month, to signal a marginal speeding up of the rate at which lead times lengthened. Difficulties in coping with the increasing demand for inputs may have contributed to this latest lengthening of average delivery times.

Stocks of Purchases Index

Q. Please compare your stocks of purchases (in units) with the situation one month ago.

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	10.5	66.8	22.6	-12.1	43.9
	Dec	11.8	66.5	21.8	-10.0	45.0
2002	Jan	9.9	71.8	18.2	-8.3	45.9
	Feb	7.3	74.4	18.3	-11.0	44.5
	Mar	10.4	72.1	17.5	-7.1	46.1
	Apr	10.6	66.7	22.8	-12.2	43.9

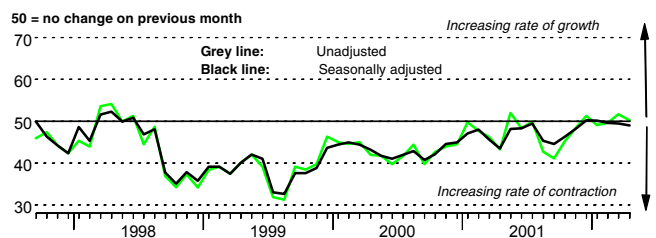


April's seasonally adjusted Stocks of Purchases Index recorded 44.3 in April, down from 46.1 in the previous month, to signal the continued streamlining of input inventories and the fastest rate of destocking since September 2001. The 23% of panel firms that reported a reduction of stock levels commented on the utilisation of current stocks to meet increasing production requirements.

Stocks of Finished Goods Index

Q. Please compare your stocks of finished goods (in units) with the situation one month ago.

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	16.9	62.7	20.3	-3.4	48.3
	Dec	21.7	59.0	19.3	2.5	51.2
2002	Jan	18.1	62.0	19.9	-1.8	49.1
	Feb	19.1	61.1	19.7	-0.6	49.7
	Mar	19.5	64.4	16.1	3.4	51.7
	Apr	20.3	59.9	19.8	0.6	50.3

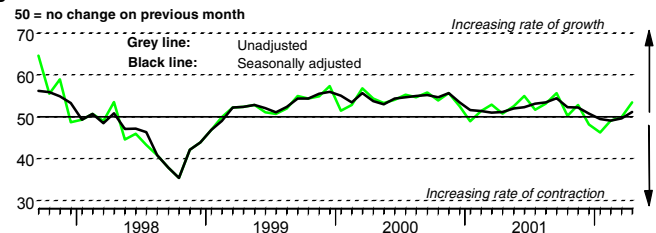


Stocks of finished goods continued to fall in April, albeit at a relatively slow pace. The seasonally adjusted Stocks of Finished Goods Index recorded 49.0, down from 49.4 in the previous month, to signal a marginal increase in the rate at which manufacturing firms reduced stock levels during the month. Panel firms were able to trim stock levels by meeting increased demand through selling from current inventories.

Employment Index

Q. Please compare the level of employment at your unit with the situation one month ago.

Month	Higher %	Same %	Lower %	Net	Index	S. Adj Index
2001	Nov	12.9	79.9	7.2	5.7	52.8
	Dec	7.0	82.5	10.5	-3.5	48.2
2002	Jan	5.9	80.7	13.4	-7.5	46.3
	Feb	8.4	81.3	10.2	-1.8	49.1
	Mar	8.6	82.8	8.6	0.0	50.0
	Apr	12.7	81.5	5.8	6.9	53.4



April's seasonally adjusted Employment Index rose to 51.2, up from 49.6 in the previous month, to signal an increase in employment in the Russian manufacturing sector for the first time since December 2001. Nevertheless, the vast majority (81%) of firms reported staffing levels remaining unchanged during the month. The 13% of firms that reported an increase in employment did so in response to increasing demand and production levels. Only 6% of panel firms reported having reduced staffing levels during April.

Notes on Data and Survey Methodology

The Moscow Narodny Purchasing Managers' Index Report is based on data compiled from monthly replies to questionnaires sent to purchasing executives in 300 industrial companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on the regional, and industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50% indicates an overall increase in that variable,

below 50% an overall decrease.

In some months, seasonal factors (such as summer holidays) distort the indexes. With only a short run of data, a sophisticated statistical analysis of seasonality cannot yet be made for this survey. It is possible, however, to produce a second best estimate by taking into consideration all replies in which panel members cited seasonal factors as having had a significant influence on activity in each month.

The Moscow Narodny Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights derived by the National Association of Purchasing Management in its survey in the US: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Price changes / Supply shortages

as reported by panel members in April

Items in Short Supply

Metals: Alumina Tool Steel - 3rd consec. month Electrical steels	Chemicals: Chemicals For Tests Hammer Enamels Lime Carbonate Medium Fatty Acids - 3rd consecutive month Petroleum Solvent Polyamide Sodium Naphthenate	Fuel & Energy: Oil & Lubricants Black Coal
Metal Manufactures: Metal Scrap - 2nd consec. month Steel sheets 40mm Metal furniture for overpackaging product Aluminium scrap Rolled Metal From High Alloy Steel - for 2nd consec. month Stainless Disk	Paper & Timber: Timbers - 2nd consec. month	Miscellaneous: Clay Clay-Cement Domestic Glass Perlite-Gel Pressure Bulkhead Sand
Electrical/Electronic: Electronic Components - 8th consec. month Microcircuitry Zinc Anodes	Rubber Rubber Rings	

Items Down in Price

Metals: Aluminium - 2nd consec. month Ferrous Metals - 2nd consec. month	Paper & Timber: Paper For Newsprint	Fuel & Energy: Diesel Oil - 2nd consec. month Fuel Gas Industrial oil - 2nd consec. month Oil Products - 2nd consec. month Petrol - 4th consec. month
Metal Manufactures: Stainless Steel Strips	Food: Butter Flour Frozen Ocean Fish Margarine Milk Rye Peeled Grinding Flour Soda Sugar Wheat Flour	Miscellaneous: Metal mining input Lubricants - 2nd consec. month
Chemicals: Polymeric MDI - 2nd consec. month Cobalt Oxide Nickel Oxide Hydrate		
Plastics: Polyethylene - 3rd consec. month		

Items Up in Price

Metals: Armoured Steel Ferrous Metal Metal	Plastics: Plastic products	Miscellaneous: Armoured Glass Components For Hydraulics Construction Materials Furniture Glass-Fibre Liquid Glass Quartz Sand Spare Parts For Railway Cars White Mineral
Metal Manufactures: Pipes -2nd consec. month Rolled Metal - 3rd consec. month Rolled Metal Sheets From Carbon Steel - 2nd consec. month Aluminium Bars Casting Copper Alloy Metal Net Press Forming	Paper & Timber: Board - 2nd consec. month Paper - 3rd consec. month Timbers	
Chemicals: Boric Acid Cellulose Dimethylethanolamine Dolomite Paint & Varnishes Products Polyether On Saccharose Base Ammophos - 2nd consec. month Resin	Packaging Overpackaging	
	Textiles & Fabrics Fabric for rain coats	
	Food: Chocolate Icing Egg Powder	
	Fuel & Energy: Electricity - 2nd consec. month Gas - 3rd consec. month Diesel Oil Fuel Oil Products Petrol	

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