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## IHS MARKIT POLAND MANUFACTURING PMI®

### Manufacturing slump continues at end of 2019, but outlook brightens

#### KEY FINDINGS

PMI below 50.0 for fourteenth straight month

Slower declines in output and new orders

Future Output Index rebounds from November low

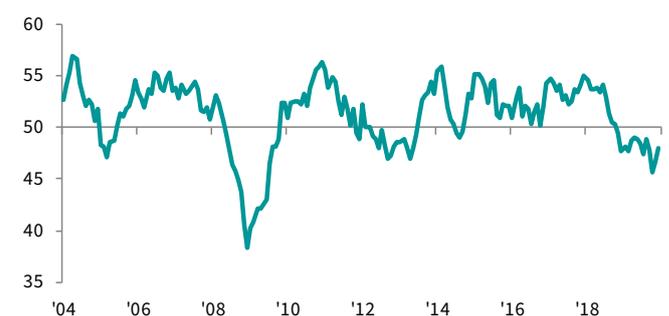
The Polish manufacturing sector ended 2019 where it began, with a sustained deterioration in overall business conditions. That said, the December PMI® survey data from IHS Markit offered some cause for optimism heading into 2020, as new orders and production fell more slowly and the 12-month outlook for the latter rebounded from November's record low. Meanwhile, input prices increased for a survey-record forty-fourth successive month, albeit at a subdued rate, while output charges fell for the second time in three months.

The headline IHS Markit Poland Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose to 48.0 in December, from 46.7 in November. The latest figure signalled a fourteenth successive month of deteriorating manufacturing business conditions, albeit the slowest downturn since August. The latest figure was in line with the trend shown since the PMI first fell below 50.0 in November 2018.

The rise in the PMI almost wholly reflected its two largest components, new orders and output – accounting for 55% of the PMI component weights – which posted slower rates of contraction. Employment and stocks of purchases provided slightly weaker contributions, which were broadly offset by

Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

suppliers' delivery times.

New orders and output both declined for the fourteenth consecutive month in December. Firms continued to report weak underlying demand amid an economic slowdown. That said, in both cases the rate of contraction eased for the second month running to the slowest since August.

Exports continued to weigh on overall order books. New export business fell for the seventeenth consecutive month, the longest downturn for over a decade. The rate of decline remained sharp despite easing since November.

With new work continuing to fall, firms cut capacity by shedding staff and reducing purchasing activity. Employment fell for the sixth month running, albeit modestly, while input volumes were down for the thirteenth successive period. Backlogs continued to be depleted, albeit at the slowest rate for over a year.

Price pressures remained subdued in December. Input cost inflation was at a three-month high but still well below the survey's long-run trend, while prices charged for manufactured goods fell for the second time in three months.

Output expectations rebounded from November's record low at the end of 2019. That said, the Future Output Index was still the fourth-lowest on record, as firms reported subdued forecasts for 2020 in light of an economic slowdown and Brexit concerns.

## COMMENT

Trevor Balchin, Economics Director at IHS Markit, which compiles the Poland Manufacturing PMI survey, commented:

*"The Polish manufacturing sector ended a weak 2019 largely where it began, with the PMI registering 48.0. This was roughly where it stood back in January 2019 (48.2) and was in line with the annual average of 47.9, the lowest since 2009 (45.6).*

*"The sector is enduring one of the longest downturns in the survey's 21-year history with output, new orders, exports and purchasing all declining further in December. That said, in each case the rate of contraction slowed since November. Further clues that the worst of the downturn may have passed were provided by the slowest drop in backlogs for over a year, and a rebound in output expectations from November's record low.*

*"Manufacturers continued to cut staff, but the rate of job shedding remained marginal. It is possible that firms are holding on to workers who would be difficult to replace should conditions pick up in 2020, given Poland's chronic labour shortages."*

## CONTACT

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### Methodology

The IHS Markit Poland Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 200 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

December data were collected 5-17 December 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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## Manufacturing PMI

Poland / Eurozone\*

sa, >50 = improvement since previous month



Source: IHS Markit. \*Eurozone Dec '19 flash estimate published 16 December 2019.

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).