

Embargoed until 0900 CEST (0700 UTC) 2 May 2019

## IHS MARKIT POLAND MANUFACTURING PMI®

### PMI improves to five-month high in April as manufacturing downturn slows

#### KEY FINDINGS

PMI moves closer to growth threshold of 50.0

Slowest falls in output and new work since November 2018

Strongest drop in employment in over six years

The Polish manufacturing sector contracted at a slower pace in April, according to the latest PMI® survey data. Output and new orders both declined for the sixth month running, but at the weakest rates in five months. Employment fell at the fastest rate in over six years, however, and the 12-month outlook for production was among the weakest since 2013.

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 remained below 50.0 for the sixth consecutive month in April, signalling the longest-running downturn in the Polish goods-producing sector in nearly six years. That said, the headline figure rose to 49.0, from 48.7 in March, pointing to the slowest rate of contraction since last November. The upward movement in the PMI mainly reflected a slower decline in output and a stronger increase in stocks of purchases.

New orders continued to fall in April, marking a seventh decline in the past eight months. Survey data signalled that international demand remained particularly weak as new export orders dropped for the ninth month running, the longest downturn for nearly six years. Moreover, the rate of contraction in exports was among the fastest seen in the last ten years. More positively, the overall rate of decline in new work was the slowest in five months, suggesting some

Manufacturing PMI  
sa, >50 = improvement since previous month



resilience in domestic demand.

The slower overall decline in new business was reflected in the softest drop in output since last November. That said, the current six-month downturn in production is the longest observed in nearly six years. Inventories of finished goods rose for the fourth month running, and firms' expectations for output over the next 12 months weakened since March and were among the most subdued since 2013.

Companies continued to support output levels by depleting their backlogs, which dropped for the ninth successive month. Moreover, the rate of decline was among the sharpest seen in the past six years.

With output and new orders falling further, manufacturers cut staff in April at the fastest rate since March 2013. Additionally, inventories of pre-production items were accumulated at the fastest rate since January 2018, despite a further reduction in purchasing activity during the month.

Average input prices rose at a strong overall rate in April, albeit one that remained weaker than the trends shown in 2017 and 2018. In contrast, prices charged by manufacturers increased at the slowest rate since November 2016 amid reports of growing competitive pressures.

## COMMENT

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

*"The downturn in the Polish manufacturing sector showed further signs of easing in April as the PMI improved to a five-month high. That said, underlying survey data suggest that conditions may continue to deteriorate moving through the second quarter. New export contracts continued to fall sharply and total new orders posted a steeper drop than output, which was supported by firms clearing backlogs at a faster rate. Moreover, inventories of finished goods rose for a fourth month running, indicating that manufacturers may continue to cut output until these stocks have been depleted.*

*"Similarly, stocks of inputs were accumulated for a record seventh month running and at a faster rate, which will dampen demand for new purchases of raw materials and components.*

*"Looking further ahead, the 12-month production outlook weakened since March. This partly explains a stronger decline in manufacturing employment during April, although the long-term issue of labour shortages was again mentioned as a contributing factor."*

## 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.

April 2019 data were collected 10-24 April 2019.

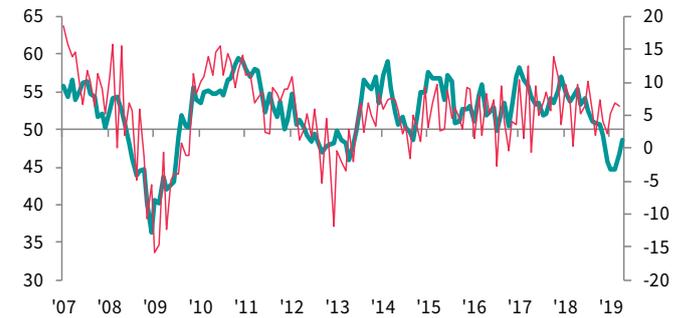
For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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### Output Index

sa, >50 = growth since previous month



Source: IHS Markit, GUS.

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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).