

News Release

Embargoed until 0900 CEST (0700 UTC) 2 May 2022

S&P Global Poland Manufacturing PMI[®]

Growth continues to soften in April

Key findings

Order books deteriorate for a second successive month

Supply-side challenges persist and inflationary pressures mount

Firms continue to build buffer stocks

April marked another challenging month for Polish manufacturers. Supply-side challenges, surging inflation, and market instability - generally linked by respondents to the war in neighbouring Ukraine - all served to weigh on sector performance. This was especially the case for order books, which fell for a second successive month. Expectations remained historically subdued, whilst firms continued to bolster stocks as part of continuing bids to offset risks from supply shortages and ongoing price increases.

The headline S&P Global Poland Manufacturing PMI[®] - a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases - remained above the 50.0 no-change mark for a twenty-second successive month. However, by posting 52.4, down from 52.7 in March, the implied rate of growth was the weakest since the start of 2021.

Dragging on the PMI in April was a second consecutive monthly decline in new order books.

The rate of contraction was the sharpest since November 2020, with firms reporting that a combination of market instability and rising prices had weighed on both domestic and foreign demand. New export sales fell markedly again, with sales to fellow EU countries reported to be down. The war in neighbouring Ukraine was said to have undermined demand and exacerbated well-established price and supply-chain difficulties.

Indeed, cost inflation remained substantial, and comfortably amongst the highest in the survey history during April. Prices for most inputs were up, with commodities, metals, and fuel amongst the most frequently mentioned. Firms again saw little choice but to increase their own charges. Inflation at the factory gate was indicated for a twentieth successive month and in April reached a new record level.

Data on average lead times again encapsulated supply-

Poland Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global.
Data were collected 11-25 April 2022

Comment

Paul Smith, Economics Director at S&P Global, said:

"Many of the issues facing Poland's manufacturing economy highlighted last month spilled over into April, according to the latest PMI survey data. Stretched supply chains, rapidly rising prices and heightened uncertainty due to the war in Ukraine all continued to impact the sector, although there were signs of some stabilisation: expectations remained low, but slightly up since March, output rose modestly, and employment growth was sustained.

"Nonetheless, another drop in order books is probably the most telling development when considering the near-term outlook, with demand again reported to be underwhelming, both from within Poland and amongst key export partners in the EU.

"Moreover, product shortages continue to constrain the sector, with supply-chain difficulties again uppermost in the minds of manufacturers. With cost inflation showing little sign of weakening, firms continue to push up their own prices to a record degree but are also adding to supply and inflation pressures by looking to mitigate risks through their own stockbuilding."

PMI[®]

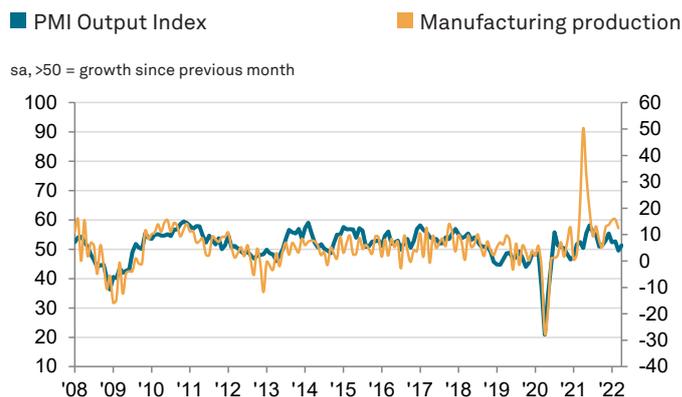
by S&P Global

side difficulties, with vendor performance worsening to a historically sharp degree (albeit to a much lesser extent than in March). This helped explain product shortages, which were again cited as a factor depressing production and resulting in higher backlogs of work for a nineteenth successive month. Although output did rise, recovering from March's fall, growth was modest.

With some pressure on capacity, firms looked to recruit additional staff, the net result being a fifth successive monthly increase in employment. As with output, growth was also modest, however, amid some reports of difficulties in finding suitable staff and general hesitancy in replacing leavers at a time of heightened uncertainty.

Indeed, confidence about the future remained historically subdued as worries over cost inflation, the war in Ukraine and supply shortages continued to weigh on sentiment. Despite rising slightly, overall confidence was little changed from March's 16-month low.

Finally, firms continued to look to circumvent stock shortages and rising prices by building buffer stocks via ongoing growth of purchasing activity. Inventories of purchases subsequently increased for a thirteenth successive month and at a historically marked rate.



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Survey methodology

The S&P Global Poland Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in June 1998.

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.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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