

Embargoed until 0900 CET (0800 UTC) 2 November 2018

## IHS MARKIT POLAND MANUFACTURING PMI®

### New export orders fall at fastest rate in six years in October

#### KEY FINDINGS

Third successive monthly decline in new export business

Weakest outlook for production in nearly six years

Manufacturing jobs fall for first time since July 2013

Overall business conditions in the Polish manufacturing sector remained close to stagnation in October, according to the latest PMI® survey data. The overall improvement in business conditions was the slowest in two years, as new orders and output barely rose and jobs were cut for the first time in over five years. Notably, new export orders declined for the third month running and at the fastest rate in six years. Cost pressures remained strong and accelerated since September. Manufacturing sentiment weakened markedly during the month, to the lowest since the start of 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 edged down to 50.4 in October, from 50.5 in September, signalling the slowest overall growth of the Polish manufacturing sector in two years. The latest reading was broadly in line with the long-run survey average of 50.6, and extended the current survey-record expansionary sequence to over four years.

The trend in new orders remained weak in October, with a negligible rise following September's decline. Notably, new export orders fell for the fifth time in 2018 so far, and at the strongest rate in six years. Some firms highlighted weaker demand from EU markets, and Germany in particular.

Polish manufacturing output increased further in October,

Manufacturing PMI  
sa, >50 = improvement since previous month



but at the slowest rate in two years. Subsequently, the volume of backlogs in the sector declined for the third month running, and at the fastest rate since June 2017.

With backlogs falling and new orders barely rising, Polish manufacturers cut their workforces, on average, for the first time since July 2013. Anecdotal evidence linked reduced headcounts both to labour shortages and lower production.

Suppliers' delivery times continued to lengthen in October, but the latest data indicated that pressure on supply chains had alleviated somewhat as times increased only modestly on average. Purchasing activity by manufacturers rose slightly, following a decline in September.

The rate of input price inflation accelerated since September and remained strong in the context of the 20-year survey history. Subsequently, manufacturing output prices increased at a solid rate, albeit the weakest in five months.

The 12-month outlook for Polish manufacturing output dimmed in October, moderating for the fifth successive month to the weakest since January 2013.

## COMMENT

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

*“Polish manufacturing remained in the doldrums in October with the PMI hovering just above the neutral threshold and at the lowest level in two years. Weak exports again proved to be a key factor, falling for the third month running and at the fastest rate in six years. Total new orders were broadly flat as a result and this prompted manufacturers to cut staff for the first time in over five years.*

*“The recent run of slowing growth has taken a toll on confidence in the sector, with goods producers now at their least optimistic regarding future output since the start of 2013. Rounding off the downbeat October data, input price inflation accelerated during the month but charges for finished goods rose more slowly, pressuring margins.”*

## Output Index

sa, >50 = growth since previous month



Source: IHS Markit, GUS.

## CONTACT

### IHS Markit

Trevor Balchin  
Director  
T: +44-1491-461-065  
[trevor.balchin@ihsmarkit.com](mailto:trevor.balchin@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### 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.

October 2018 data were collected 12-25 October 2018.

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

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### About IHS Markit

IHS Markit (Nasdaq: 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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).

### 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).