

Embargoed until 0900 CET (0800 UTC) 1 March 2019

IHS MARKIT POLAND MANUFACTURING PMI®

Output continues to fall at strongest rate in nearly ten years

KEY FINDINGS

PMI below 50.0 for fourth successive month

New orders continue to decline sharply

Stocks of unsold goods build up at fastest rate in 20 years

Business conditions at Polish manufacturers continued to worsen in February, according to the latest PMI® survey data. Production continued to drop at the fastest rate in nearly a decade, mainly due to another sharp fall in new orders. Export markets remained particularly challenging, linked to weak German demand, with the volume of new export business declining for the seventh consecutive month. Inventories of finished goods built up at the strongest rate in 20 years.

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 a fourth consecutive month in February, marking a longer downturn in Polish manufacturing business conditions than the previous contraction seen during the third quarter of 2014. The latest figure of 47.6 was the joint-lowest in 70 months, matching December and down from 48.2 in January.

Central to the weaker business climate in February was another sharp fall in new orders. New work dropped for the fifth time in six months, and at the second-fastest rate in nearly six-and-a-half years. International demand remained weak, with new export business falling for the seventh successive month and at a rate broadly similar to January's 115-month record. A number of firms mentioned weak

Manufacturing PMI
sa, >50 = improvement since previous month



German markets.

Falling new work led to another contraction in production, the fourth in successive months. Moreover, the rate of decline was unchanged from January's near-ten-year record.

Although firms cut output, stocks of finished goods increased at the fastest rate in 20 years in February. In a further sign of excess capacity, backlogs of work fell for the seventh month running, and at a sharp rate. Consequently, manufacturers cut both jobs and purchases of new inputs during the month. Employment fell for the fourth time in five months, while input volumes dropped at a rate similar to December's 29-month record.

Upward pressure on purchase prices eased during February, despite the weaker zloty exchange rate. Average input prices increased at a rate that was slightly higher than the long-run survey average, but the slowest since July 2017. Output prices also increased at the weakest rate over the same period, but one that remained relatively strong overall.

Polish manufacturers remained subdued with regard to their output expectations over the next 12 months. Sentiment moderated since January and was the second-weakest of any period over the past six years, ahead only of last November. Survey participants generally reported concerns over weak exports and slower economic growth in 2019.

COMMENT

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

“The downturn in the Polish manufacturing sector deepened in February, as the headline PMI fell for the seventh time in eight months to match December’s 68-month low. The latest figures suggest that Poland’s goods producers are exposed to deteriorating demand conditions in both domestic and export markets, with Germany reported as a key source of weakness.

“Although output continued to fall at the fastest rate in nearly a decade, stocks of finished goods accumulated at the strongest pace in 20 years, highlighting overcapacity in the sector. With new orders falling further, manufacturers were downbeat with regard to future output volumes, with the respective index at the second-lowest level in over six years.”

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

Joanna Vickers
Corporate Communications
T: +44-207-260-2234
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.

February 2019 data were collected 12-22 February 2019.

For further information on the PMI survey methodology, please contact 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 © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email 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).