

IHS Markit Poland Manufacturing PMI®

Polish manufacturing sector continues to expand strongly in August

Key findings

PMI remains elevated despite easing to four-month low of 56.0

Backlogs of work increase at near-record pace

Input price inflation remains sharp despite moderating to six-month low

Data were collected 12-24 August 2021.

The Polish manufacturing sector remained on a firm growth footing in August, according to the latest PMI® data. Rates of expansion in output, new orders and purchasing all stayed strong despite easing on the month, and companies continued to expand workforces. Supply chain delays continued to hamper output, resulting in a near-record increase in backlogs of work. Ongoing supplier delays and raw material shortages resulted in further upward pressure on input prices, although the rate of inflation was the slowest since February.

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.

The PMI fell for the second month running to 56.0 in August, from July's 57.6, signalling a fourteenth successive monthly improvement in operating conditions at Polish manufacturers. The overall rate of growth was the slowest in four months, but still one of the strongest seen in the series history (since 1998).

For the fifth month running, all five PMI components had positive overall contributions to the headline figure in August, although all except stocks of purchases had negative directional influences. The employment component weighed the most on the PMI relative to July, but remained in overall growth territory.

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



Source: IHS Markit.

Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

"The Polish manufacturing sector continued to lose momentum in August, but overall conditions continued to improve strongly with the PMI at its fourth-highest level since December 2010.

"Output and new orders both increased at the slowest rates in four months, while jobs were added at the weakest pace since September 2020. The 12-month outlook remained positive but also moderated to a four-month low.

"There was evidence that supply chain delays again weighed on output growth, which remained slower than the expansion in new work. Consequently, backlogs increased at a near-record pace in August and stocks of finished goods were depleted further.

"Overall the PMI remains consistent with a strong manufacturing rebound, but a further dip in September would take the third quarter average below the survey record registered for the second quarter (56.8)."

Demand for Polish manufactured goods was strong again in August. New order growth eased to a four-month low, but remained faster than any time in the three years prior to May. New business has risen continuously since last December. Moreover, new export orders have risen continuously since July 2020 except for a brief dip last November, and the rate of growth accelerated in August.

Production increased for the seventh month running in August. The rate of expansion was strong overall, but eased to a four-month low and again failed to match the pace of new business growth. This led to another build-up in outstanding work, extending the current sequence of rising backlogs to 11 months. Moreover, the rate of accumulation in August almost matched June's record high. To help fulfil orders, manufacturers depleted their inventories of finished goods further.

August survey data revealed that output continued to be constrained by supply shortages and delays. Suppliers' delivery times lengthened substantially during the month, despite a rare easing in pressure on supply chains compared with the prior four months.

Price pressures remained elevated in August, reflecting widespread input shortages and rising transportation costs. Input price inflation eased to a six-month low, but was still higher than in any survey period prior to March. Similarly, output price inflation eased further from June's series high but was still the fourth-strongest on record.

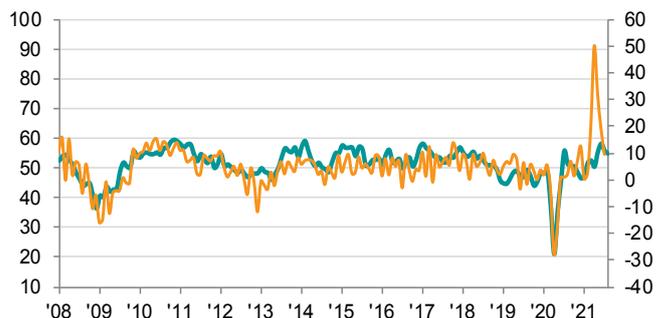
Output expectations for the next 12 months remained positive, with many firms forecasting double-digit growth as they expected the economy to rebound following the pandemic. Sentiment eased to a four-month low, however.

Poland Manufacturing PMI Output Index

sa, >50 = growth since previous month

Manufacturing production

% yr/yr



Sources: IHS Markit, GUS.

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Survey 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 250 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.

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

Survey dates and history

Data were collected 12-24 August 2021.

Survey data were first collected June 1998.

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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. ihsmarkit.com/products/pmi.html