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## IHS MARKIT POLAND MANUFACTURING PMI®

### Manufacturing downturn remains mild in May

#### KEY FINDINGS

PMI below 50.0 for seventh month running

Further modest drop in output

Slowest rise in input prices in over two-and-a-half years

Business conditions at Polish manufacturers continued to deteriorate in May, according to the latest PMI® survey data from IHS Markit. Output, new orders and exports continued to decline, albeit at weaker rates than at the start of 2019. Subsequently, sustained declines in employment and purchasing activity were recorded. Inventories of purchases expanded for a survey-record eighth successive month, although final goods stocks were cut as firms sold off old stock. Meanwhile, inflationary pressures were the weakest in two-and-a-half 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 the seventh consecutive month in May, signalling the longest-running downturn in the Polish goods-producing sector in nearly six years. The headline figure edged down to 48.8, from 49.0 in April, but remained above the readings for the first quarter of 2019, signalling a modest downturn in the second quarter so far.

New orders fell for the seventh month running in May, but at the weakest rate since November last year. Data signalled that international demand remained a source of weakness, as new export orders fell more sharply than total new work and for the tenth month in succession.

Output matched the trend in new work, declining for the

Manufacturing PMI

sa, >50 = improvement since previous month



seventh consecutive month but at the slowest rate since last November. Firms supported workloads by clearing backlogs at the fastest rate since January, and one of the strongest of the past six years.

Subdued demand continued to influence hiring and purchasing activity at manufacturers. Employment in the goods-producing sector dropped for the seventh time in eight months, albeit by the least since February. Meanwhile, purchasing activity fell for the sixth month running as firms attempted to control stock levels. Input inventories expanded for a survey-record eighth month running, but at the slowest rate in this sequence. Stocks of finished goods fell slightly for the first time in 2019.

Pressure on supply chains eased in May, as input delivery times shortened for the first time in over three years.

Survey data for May signalled weaker inflationary pressures in the goods-producing sector. Input prices rose at the slowest rate since October 2016. This in turn led manufacturers to increase their own prices at the slowest rate in two-and-a-half years.

Finally, 12-month expectations for output remained positive in May. The strength of sentiment remained below the trend shown since 2012, however.

## COMMENT

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

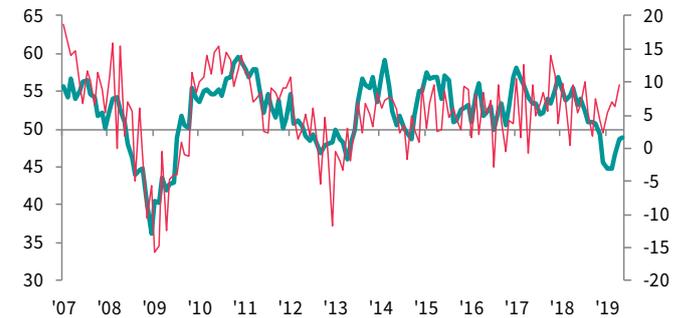
*"The May PMI showed Polish manufacturing still in contraction, but at a weaker rate than in the first quarter of the year.*

*"Export demand clearly remains a drag on the sector, dropping for the tenth successive month and at a marked rate. Germany and other neighbouring economies were mentioned as sources of weakness.*

*"Overall the survey data are fairly neutral, signalling neither an imminent recovery in the near term nor a sharper rate of decline."*

## Output Index

sa, >50 = growth since previous month



Source: IHS Markit, GUS.

## 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.

May 2019 data were collected 13-24 May 2019.

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

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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).