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## IHS MARKIT POLAND MANUFACTURING PMI®

### Polish manufacturers cut staff at fastest rate in over ten years

#### KEY FINDINGS

Strongest decline in workforce since October 2009

PMI falls further below 50.0 at start of 2020

Output expectations pick up but remain subdued

Poland's manufacturing downturn showed little sign of abating at the start of 2020. The January PMI® survey data from IHS Markit revealed sustained declines in output, new orders, purchasing and employment. Notably, the sector's workforce was cut at the fastest rate since October 2009. The downturn in exports gathered pace having slowed at the end of 2019. Sentiment regarding the 12-month outlook continued to recover from last November's record low, but remained subdued overall.

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 registered in contraction territory for the fifteenth successive month in January, equalling the period of time spent below 50.0 in 2012-13. The headline figure declined for the first time in three months from December's 48.0 to 47.4, signalling that the downturn had gathered pace at the start of the year.

The employment and suppliers' delivery times components weighed on the PMI in January, tempered somewhat by slower declines in new orders and stocks of purchases. The Output Index was little-changed from December, albeit still below 50.0.

Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

New work at Polish manufacturers fell for the fifteenth successive month in January, the longest downturn in nearly seven years. The rate of decline was the slowest since last August, but remained solid overall. New export business fell for the eighteenth consecutive month, and at a sharp rate.

Manufacturing output also fell for the fifteenth month running, the longest sequence in over 17 years. That said, the rate of contraction stabilised at a modest pace, partly facilitated by a further depletion of backlogs. Outstanding work at manufacturers fell for the eighteenth month running in January, albeit at the slowest rate since October 2018.

Polish manufacturers cut both staff and purchasing in light of falling new orders. Notably, employment in the sector fell at the quickest rate since October 2009. The manufacturing workforce has contracted 14 times in the past 16 months. Meanwhile, purchasing activity declined at the slowest pace since last June.

Cost pressures remained weak in January, with input prices rising at one of the slowest rates in the past three years. In contrast, output prices increased at the fastest pace in five months, and one broadly in line with the long-run series average.

Output expectations for the next 12 months strengthened to the highest in eight months in January. That said, sentiment remained weaker than the trend shown since firms' expectations were first monitored in 2012.

## COMMENT

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

*"The downturn in Poland's manufacturing economy showed little sign of ending in January. Worryingly, the headline PMI went into reverse following some upward momentum at the end of 2019, falling to 47.4. This mainly reflected a marked decline in the workforce, with the steepest job cuts registered for over ten years.*

*"Data on new orders and future output were more encouraging, with the respective indices rising to five- and eight-month highs. This could reflect a slowing manufacturing downturn in Germany – by far Poland's largest export market – according to the January flash PMI data. Nevertheless, a return to improving business conditions looks some way off."*

## Manufacturing PMI

Poland / Eurozone\*

sa, >50 = improvement since previous month



Source: IHS Markit. \*Eurozone Jan '20 flash estimate published 24 January 2020.

## 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.

January data were collected 13-27 January 2020.

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).