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## IHS MARKIT POLAND MANUFACTURING PMI®

### Sharp decline in manufacturing new orders in September

#### KEY FINDINGS

Joint-fastest drop in new work in over ten years

Output expectations sink to record low

Output prices not raised for first time in nearly three years

Poland's manufacturing downturn continued in September, according to PMI® survey data from IHS Markit. New orders fell at the joint-fastest rate in over ten years, with reports of weak domestic and Western European demand. As a result, output, purchasing and backlogs all declined at faster rates. Looking further ahead, manufacturers were at their least optimistic regarding production levels over the coming year since the series was first compiled in 2012. Highlighting the competitive pressures facing companies, output prices charged for manufactured goods were held during the month, ending a record 34-month sequence of inflation.

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 below 50.0 for the eleventh consecutive month in September, signalling an extended downturn in the Polish goods-producing sector. Moreover, the index fell from August's 48.8 to 47.8, only just above July's 75-month low of 47.4.

Of the five PMI components, new orders was the main source of the downward movement in the headline figure. New business fell for the eleventh month running and the rate of contraction was the joint-fastest in over ten years, matching that seen in December 2018. Survey data indicated marked declines in both domestic and export orders, the latter linked to weak demand from Western European markets including Germany and France.

Manufacturing PMI  
sa, >50 = improvement since previous month



Output also declined for the eleventh month running. The rate of contraction was the fastest in three months but slower than that of new orders, as firms supported production levels by completing backlogs of work. Backlogs were cut at one of the fastest rates of the past six years. Although output fell more quickly, stocks of finished goods were accumulated for the seventh time in 2019 so far.

In September, the 12-month outlook for production was the weakest since the series began in 2012. Just under one-in-three firms expect growth of output over the next 12 months. Subdued sentiment reflected a weak demand outlook for Europe, and expected competition from Asia.

Purchasing activity by manufacturers declined at the strongest rate since April 2013. Meanwhile, stocks of inputs contracted for the third month running, the longest sequence since 2016. Employment also fell, albeit only marginally.

The survey's two price indices moved in opposing directions in September. Input prices increased at the fastest rate in four months while output prices were unchanged, having risen in August. This suggested growing pressure on manufacturing profit margins and intensifying competition for sales.

## COMMENT

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

*“Poland's manufacturers faced dual headwinds of weak domestic and European demand in September, leading new orders to drop at the joint-fastest rate in over a decade. Although output continued to fall by less than new business – largely thanks to work on backlogs – the 12-month outlook for production is the weakest since this series was first compiled in 2012.*

*"Firms highlighted poor demand from Western European markets such as Germany and France, which tallies with the weak flash eurozone manufacturing PMI data released in late-September."*

## Manufacturing PMI

Poland / Eurozone\*

sa, >50 = improvement since previous month



Source: IHS Markit. \*Eurozone Sep '19 flash estimate published 20 September 2019.

## 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.

September data were collected 12-24 September 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).