

Embargoed until 0900 CET (0800 UTC) 3 January 2022

IHS Markit Poland Manufacturing PMI®

Manufacturing growth accelerates at year end

Key findings

Both orders and output rise at stronger rates

Price pressures remain acute

Jobs growth returns as confidence strengthens

Poland's manufacturing economy enjoyed a strong end to 2021, expanding at an accelerated rate on the back of firmer gains in both new orders and production. Jobs were added as capacity pressures persisted, and firms on average expect positive trends to continue over the next year.

However, worries over the persistence of supply-side challenges and price rises crystallised in the form of higher buying activity and safety-stock building. Inventories of purchases held by Polish manufacturing firms rose at an unprecedented pace.

The headline IHS Markit Poland Manufacturing PMI – a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases – maintained its recent upward trend, rising to 56.1 in December from 54.4 in November. At this level, the PMI signalled its best growth since July.

Underpinning this firmer performance was the strongest gains in output and new orders since July and August respectively. Companies spoke of better demand for their goods, with competitive pricing strategies and the introduction of new goods cited as factors leading to growth in orders and subsequently production. New export orders also increased; the first time growth has been seen in four months.

Supply-side challenges persisted, however. According to December's PMI survey data, average lead times continued to lengthen severely (albeit to the least extent since February) amid ongoing difficulties in sourcing all required

continued...

Poland Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Paul Smith, Economics Director at IHS Markit, said:

"Poland's manufacturing economy enjoyed a decent month in December, expanding at a stronger rate as both production and new orders picked up. Underpinned and buoyed by firmer demand, confidence about the future also improved as firms eyed a continuation of these positive trends.

"However, challenges and risks remain. The emergence of the omicron variant of COVID-19 will naturally lead to concerns that economic recoveries will be knocked off course in the short-term, whilst challenges related to supply-side and inflation persist and show little real signs of easing.

"Such worries remain at the forefront of company decision makers and led to understandable efforts to build safety stocks in a bid to mitigate supply and price challenges. The problem, however, is that this is inevitably adding further pressure to the supply-chain."

production goods from vendors. On top of this, logistical and transportation challenges were again reported.

The mismatch of supply and demand on global product markets again underpinned noticeable price pressures. According to firms, a wide range of raw material inputs had again risen in cost, with manufacturers also reporting higher gas and electricity prices. Inevitably this fed through to output charges, which overall increased rapidly again in December.

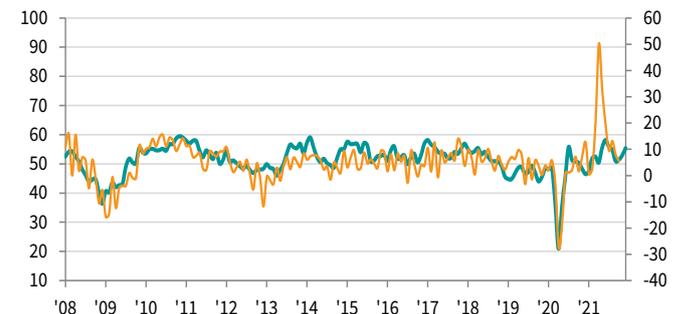
There are fears that difficulties in procuring goods and higher prices will persist in the coming months, and this encouraged firms – wherever they could – to purchase goods to help build safety stocks. Latest data indicated that purchasing activity rose markedly and helped to explain the sharpest rise in input inventories recorded by the survey to date.

Nonetheless, confidence about the future remains positive. Firms indicated they expect trends in output and new orders to remain upward in line with a hoped for receding of the pandemic and, by definition, better economic conditions.

This, alongside higher current demand, and rising production requirements, encouraged firms to take on additional staff. In contrast to November’s slight fall, employment growth was registered at year end, with the rate of increase solid and the best seen since July.

Capacity challenges nonetheless persisted. Backlogs of work rose in December for a fifteenth successive month, with the rate of growth the fastest since August.

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 6-17 December 2021.

Survey data were first collected June 1998.

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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