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## IHS MARKIT POLAND MANUFACTURING PMI®

### Strongest downturn in manufacturing since mid-2009

#### KEY FINDINGS

Fastest drop in new orders since April 2009

Output contracts at fastest rate in over ten years

Expectations for production weakest on record

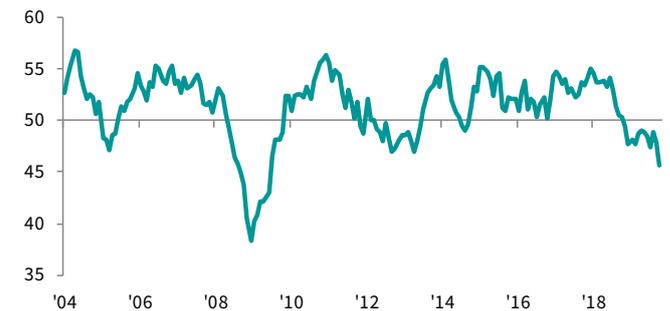
October PMI® survey data from IHS Markit signalled a worsening downturn in the Polish manufacturing sector. Output, new orders and exports all contracted at the strongest rates in over ten years. This led to more job cuts, reduced purchasing activity and the worst expectations for production on record. Firms supported current workloads by depleting backlogs, and stocks of unsold goods accumulated. The latest survey also indicated a cut in manufacturing output prices for the first time in three years, partly linked to easing cost pressures.

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 twelfth consecutive month in October, signalling an ongoing downturn in the Polish goods-producing sector. Moreover, the index fell from September's 47.8 to 45.6, the lowest since June 2009 and signalling a sharp overall rate of contraction. It was also the biggest month-on-month fall in the headline figure in three-and-a-half years.

All five components of the PMI had negative contributions in October. The largest downward movements came from new orders, output and employment respectively.

The volume of new business received by Polish manufacturers declined for the twelfth successive month in October, and at the fastest rate since April 2009. This resulted in a similar

Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

trend for production, which also declined for the twelfth month running and at the strongest pace since June 2009.

Firms often linked lower new orders to competition from China and weak European demand. New export orders dropped for the fifteenth consecutive month, and by the most since June 2009.

Overall workloads continued to be supported by cutting backlogs, which fell for the fifteenth successive month and at a marked pace. Meanwhile, stocks of finished goods rose for the eighth time in ten months.

Manufacturers in Poland depleted their stocks of inputs in line with falling workloads in October by cutting purchasing activity sharply. This led to suppliers' delivery times quickening slightly since September.

The overall rate of input price inflation in the Polish manufacturing sector eased to a three-year low in October, partly linked by survey respondents to falling metal prices. Subsequently, prices charged for manufactured goods fell for the first time in three years.

Finally, the October 12-month outlook for Polish manufacturing output was the weakest since the series began in 2012. This was linked by firms to signs of an economic slowdown, especially in Europe.

## COMMENT

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

*“October was a dire month for Polish manufacturing. Key survey indicators for new orders, exports and output all tumbled to multi-year lows as firms reported weak European demand and competition from China. New orders contracted at the strongest rate since April 2009, while output and exports both fell the most since June 2009. The first cut in output prices in three years failed to stimulate demand.*

*“Firms trimmed workforces again in October, although the rate of job shedding at least remained modest and in line with the trend shown over the past year.*

*“Worryingly, the downturn looks set to continue into 2020 as the forward-looking Future Output Index sank to a new record low since it was first compiled in 2012.”*

## Manufacturing PMI

Poland / Eurozone\*

sa, >50 = improvement since previous month



Source: IHS Markit. \*Eurozone Oct '19 flash estimate published 24 October 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.

October data were collected 11-25 October 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).