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## IHS MARKIT POLAND MANUFACTURING PMI®

### Polish PMI signals weakest manufacturing growth in nearly two years in August

#### KEY FINDINGS

Polish PMI signals growth but drops to 22-month low

Muted rise in output

Fastest decline in new export orders since July 2014

Polish manufacturing lost further momentum in August, according to the latest PMI® survey data. After adjusting for seasonal factors, the overall improvement in business conditions was the slowest in nearly two years, reflecting weaker gains in output, new orders and employment. Notably, new export orders declined at the fastest rate since July 2014. Backlogs of work contracted and inventories of finished goods were accumulated for the first time in 19 months. Price pressures remained strong despite easing somewhat, while output expectations remained relatively subdued.

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 fell to 51.4 in August, from 52.9 in July, signalling the slowest overall growth of the Polish manufacturing sector since October 2016. The latest reading was still above the long-run survey average of 50.6, however, and extended the current survey-record expansionary sequence to nearly four years.

Polish manufacturing output increased further in August, extending the current phase of expansion to over two years. The rate of growth weakened further, however, to the slowest since October 2016.

The muted pace at which output rose during the latest

Manufacturing PMI  
sa, >50 = improvement since previous month



month reflected a slower increase in new orders. The pace of growth in new work was the weakest seen over the current 22-month sequence of expansion. That said, the current phase of growth is the longest registered in over ten years.

Polish manufacturers continued to increase their workforces in August. The rate of employment growth eased to a nine-month low, but remained strong in the context of historic survey data. Meanwhile, the volume of incomplete work fell for the first time in four months, signalling less pressure on capacity.

Suppliers' delivery times continued to lengthen in August, but by the least since October 2017. Purchasing activity undertaken by manufacturers continued to increase, but at the weakest rate in four months.

Cost pressures remained strong in August. The rate of input price inflation eased to a three-month low, but remained elevated. Firms mentioned higher steel prices in particular. Subsequently, prices charged by Polish manufacturers for their finished goods increased at a strong overall rate.

The 12-month outlook for Polish manufacturing output remained positive in August, linked to new products and investment in machinery. That said, the strength of sentiment was the second-weakest for 21 months.

## COMMENT

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

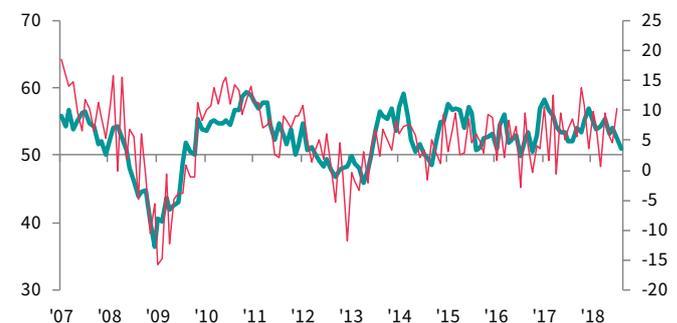
*“Polish manufacturers reported the weakest overall improvement in business conditions for nearly two years in August, with the PMI falling to 51.4. Output, new orders, purchasing and employment all registered slower rates of expansion than in July. Notably, new export orders declined at the fastest rate since July 2014.*

*“This slowdown relieved pressure on capacity, with backlogs of work declining slightly and inventories of finished goods increasing for the first time since January 2017.*

*“That said, the manufacturing sector in Poland is still on course to stretch its current record run of growth to four years. The current sequence of positive PMI readings now stands at 47 months, by far the longest since the survey started.”*

## Output Index

sa, >50 = growth since previous month



Source: IHS Markit, GUS.

## Manufacturing production

%yr/yr

## 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.

August 2018 data were collected 13-24 August 2018.

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).