

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 0900 (CEST) / 0700 (UTC) August 1<sup>st</sup> 2017**

## IHS Markit Poland Manufacturing PMI<sup>®</sup>

### Polish manufacturing growth eases to eight-month low

#### Key findings:

- Headline PMI softens to 52.3, indicating only moderate growth
- Solid growth in export new orders
- Average cost burdens continue to rise sharply

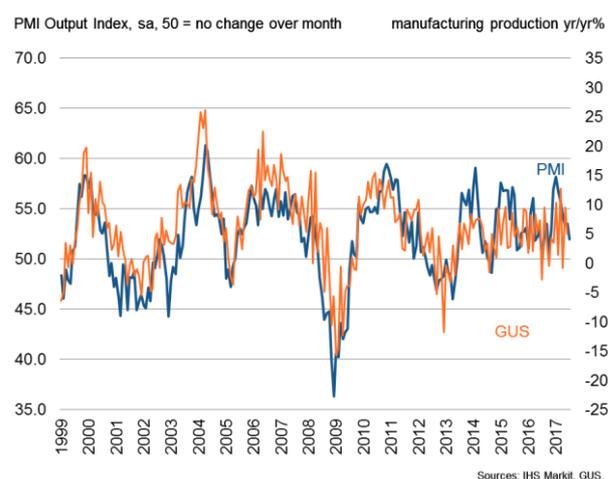
Data collected July 12-25

The latest PMI<sup>®</sup> survey indicated the slowest overall growth in the Polish manufacturing sector in eight months. Moderate growth in production, new orders and employment all contributed towards July's result. Input cost inflation for firms operating in the Polish manufacturing sector continued to ease during the latest survey, but remained sharp overall. Part of the increase in raw materials costs was passed on to customers, with output prices rising solidly.

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.

At 52.3 in July, the headline PMI was down from 53.1 in June and the lowest since November 2016. It remained above the series long-run average, however.

#### IHS Markit Poland Manufacturing PMI



Output growth in the Polish manufacturing sector softened to the slowest in nine months. That said, the latest expansion remained moderate overall.

The level of new orders received increased in July, albeit at the slowest rate for eight months. The rate of expansion was moderate overall, but above the series historical average. Panellists commonly noted that improved marketing and solid underlying demand were key factors behind the latest growth.

The level of new orders from abroad expanded at a solid rate overall in July. Moreover, the pace of growth was above that of new orders, thus signalling that export demand was stronger than demand in the Polish domestic market.

Job creation in the Polish manufacturing sector accelerated slightly during the latest survey. Firms responded to increasing production requirements

by expanding their workforces, according to anecdotal evidence.

Input price inflation softened to the lowest rate for nine months, but remained sharp overall. Raw material costs continued to rise, which was reflected in a solid increase in output charges during July.

Supplier delivery times continued to lengthen in July, extending the current sequence of deteriorating vendor performance to 16 months. Anecdotal evidence pointed towards a shortage of capacity among suppliers to the Polish manufacturing sector. The latest solid increase in purchasing activity by Polish manufacturers continued to place rising pressure on suppliers.

Finally, despite easing to its lowest level in eight months, confidence towards future growth prospects remained strongly positive in July. According to anecdotal evidence, Polish manufacturers attributed optimism towards new technology, increasing demand and rising business investment.

## Comment

Commenting on the Poland Manufacturing PMI survey data, Sam Teague, economist at IHS Markit and author of the report, said:

*“The PMI fell to an eight-month low in July, indicating slowing Polish manufacturing growth. The loss of momentum was underlined by an easing in new order growth, and output expansion softening to its slowest in nine months. That said, the latest score signalled moderate growth overall which remained above the survey’s 19-year historical average. Some good news stemmed from the solid growth in new export orders and a slight improvement in the rate of job creation.*”

*“The latest figures follow on from the slowdown seen in the official growth rate for industrial production, which fell to 4.5% y/y in June. The latest PMI data present a downside risk to GDP growth, which IHS Markit currently expects to hit 3.7% y/y in 2017.”*

-Ends-

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## Note to Editors:

The Poland Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 200 companies based in the Polish manufacturing sector. The panel is stratified by GDP and workforce size.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

The Manufacturing *Purchasing Managers' Index (PMI)* is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The *Purchasing Managers' Index (PMI)* survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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#### **About PMI**

*Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) surveys are now available for over 30 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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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