

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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IHS Markit Poland Manufacturing PMI[®]

Manufacturing growth remains strong in October

Key findings:

- PMI at 53.4, in line with average for 2017 to date
- New order growth unchanged from September's 31-month record
- Input price inflation highest since March

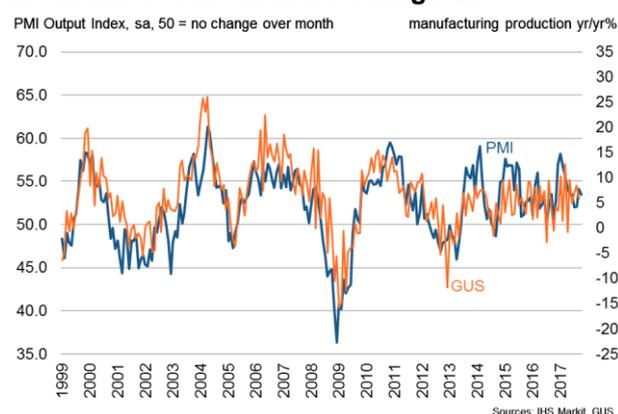
Data collected October 12-25

The latest PMI[®] survey data signalled a further strong improvement in business conditions in the Polish manufacturing sector at the start of the fourth quarter. New order growth was maintained at the strongest rate in over two-and-a-half years, supporting another solid increase in output. Meanwhile, backlogs continued to rise despite renewed job creation. Inflationary pressures intensified, as purchase prices rose at the fastest rate since March and output charges increased at the second-strongest pace in six-and-a-half years.

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 dipped slightly from 53.7 in September to 53.4 in October. This signalled strong overall growth of the Polish manufacturing sector and extended the current expansionary sequence to just over three years, the longest since the survey began in June 1998. The headline figure was in line with its average for 2017 so far, and well above the

IHS Markit Poland Manufacturing PMI



long-run trend level of 50.5.

The downward movement in the PMI in October reflected slightly slower output growth, a fall in stocks of purchases and a less marked lengthening of supplier delivery times.

The strongest positive contribution to the headline figure in October was from new order growth, which was unchanged from September's 31-month high. New business has risen continuously throughout the past three years except for minor declines in July and October last year.

New work drove output higher in October, extending the current sequence of growth to 15 months. The rate of expansion eased since September but was strong overall.

Another key positive finding from the latest survey was a renewed increase in employment at manufacturers. This followed no change in the workforce in September, which was the first time

employment had not risen in over four years. The rate of job creation was the strongest since May. Despite this, backlogs of work increased for the third month running. Meanwhile, pressure on supply chains remained evident as input delivery times lengthened further.

Inflationary pressures built up in October. Average purchase prices rose at the fastest rate in seven months, with steel commonly mentioned as having risen in price. Meanwhile, output prices increased at the second-strongest pace in six-and-a-half years.

Polish manufacturers remained strongly positive regarding the 12-month outlook for production in October. Firms linked confidence to new products, new clients, investment in capacity and expected new orders.

Comment

Commenting on the Poland Manufacturing PMI survey data, Trevor Balchin, Economics Director at IHS Markit and author of the report, said:

“Poland’s manufacturers started the fourth quarter on a solid footing, according to the October PMI data. Moreover, with new order growth unchanged from September’s two-and-a-half year high, the sector looks set to maintain this momentum towards the end of 2017.”

“The PMI registered 53.4, which equalled the trend figure for 2017 so far. This means the goods-producing sector is on course for its best annual performance since 2010. IHS Markit’s forecast for wider industrial output growth in 2017 has increased to 6%, the fastest expansion since 2011.”

“Inflationary pressures strengthened in October, with purchase price inflation rising to a seven-month high and output charges increasing at the second-strongest rate in six-and-a-half years.”

-Ends-

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Note to Editors:

The Poland Manufacturing PMI[®] (*Purchasing Managers' Index*[®]) 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.

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[®] (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 www.markit.com/product/pmi.

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