

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0900 (CEST) / 0700 (UTC) October 2nd 2017

IHS Markit Poland Manufacturing PMI[®]

Fastest rise in manufacturing new orders since February 2015

Key findings:

- Stronger new business expansion boosts headline PMI to 53.7
- Output growth accelerates to five-month high
- Output price inflation highest since April 2011

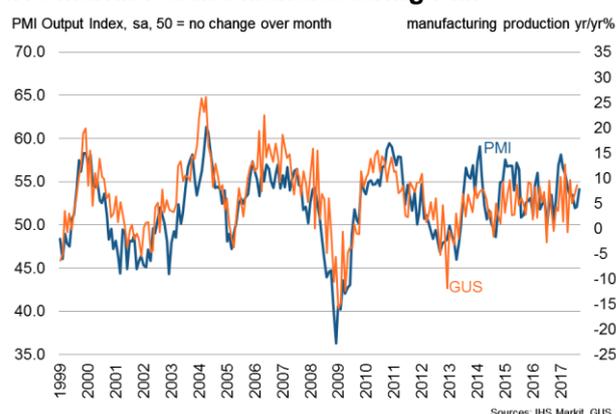
Data collected September 12-25

September PMI[®] survey data signalled improving growth momentum in the Polish manufacturing sector. The stronger uptick in operating conditions was mainly driven by the fastest increase in new orders since February 2015, which generated stronger output growth. Less positively, employment in the sector was unchanged since August, contributing to a sharper increase in backlogs of work. Input price inflation hit a four-month high, leading to the fastest rise in output charges since April 2011.

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 rose from 52.5 in August to 53.7 in September, signalling the strongest overall growth of the Polish manufacturing sector since April. The headline figure was slightly above its average for 2017 so far (53.4) and has been above 50.0 for three years, the longest sequence of unbroken positive readings since the survey began in June 1998.

IHS Markit Poland Manufacturing PMI



The main positive impact on the PMI in September was a sharper expansion in new work. New business has risen continuously since November 2016, and the latest increase was the strongest for 31 months. Contributing to the overall growth of new work was the fastest rise in new export orders since January.

Stronger output growth also supported the uptick in the PMI in September. The rate of expansion in production accelerated to the fastest since April, and extended the current sequence of growth to 14 months.

The rise in the PMI also reflected a more substantial lengthening of suppliers' delivery times. Overall, lead times increased to the greatest extent since March 2011, partly reflecting a sharper increase in purchasing activity.

Weighing on the overall performance of the Polish manufacturing sector in September was a

stagnation in employment, ending a survey-record 49-month sequence of job creation. Some firms reported not replacing retirees. The lack of jobs growth in the sector contributed to the strongest rise in backlogs since January 2015. Firms partially fulfilled orders by selling direct from stock.

Price pressures intensified in September. The rate of input cost inflation accelerated to a four-month high, influenced by increased steel prices. This led manufacturers to raise their own prices at the strongest rate since April 2011.

Sentiment among Polish manufacturers regarding output levels in 12 months' time remained strongly positive in September. Firms linked expectations to investment in new machinery, new products and new markets.

Comment

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

“Poland’s manufacturing sector ended the third quarter on a solid footing, having seen a slight loss of momentum during the summer. Notably, new orders rose at the fastest rate since early-2015.”

“The PMI is trending at 53.4 in 2017 so far, up from 51.9 over 2016 and on course for the best annual performance since 2010. This is broadly in line with IHS Markit’s forecast for stronger industrial output growth of 4.9% in 2017, the fastest expansion since 2011.”

“Other key takeaways from the latest survey data were an end to the record run of employment growth, further pressure on supply chains and the fastest rise in output prices since April 2011.”

-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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