

HSBC Poland Manufacturing PMI®

Polish manufacturing growth remains sharp in February

Summary

The Polish manufacturing sector continued to experience a strong upturn in business conditions in February, according to PMI® data compiled by Markit for HSBC. Growth rates for output and new orders remained historically sharp despite easing since January, while manufacturing employment increased at the second-fastest rate in the survey history. Input prices rose for the first time in three months, albeit at a fractional rate, while prices charged for manufactured goods continued to fall.

The headline HSBC 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. The PMI registered 55.1 in February, little-changed from January's 11-month high of 55.2, indicating a further sharp overall improvement in operating conditions in the Polish manufacturing sector.

New orders received by Polish manufacturers increased for the fifth consecutive month in February. The rate of growth remained sharp, despite moderating slightly from January's 11-month peak. New export orders also increased at a moderated pace during the month.

Production followed the trend for new business, with the rate of growth easing from January's 11-month high but remaining strong overall. Nevertheless, backlogs of work increased for the third month in succession, in a sign of growing pressure on capacity.

Survey data indicated a near-record increase in Polish manufacturing employment in February. The rate of job creation accelerated for the third month running to the highest since January 2014's record, and was the second-fastest in the series history.

Goods producers stepped up their purchasing activity in February. The volume of inputs ordered in the sector rose for the fourth consecutive month, and at the fastest rate since March 2014. Suppliers' delivery times lengthened for the third time in four months as a result. Stocks of inputs rose for the third time in four months, albeit at a marginal pace.

The prices manufacturers paid for their inputs rose on average in February, following a two-month sequence of fractional decline. That said, the rate of input price inflation was only marginal. Meanwhile, prices charged for Polish manufactured goods declined for the twenty-seventh consecutive month, and at a solid pace. This was linked mainly to competitive pressures.

Key points

- PMI remains at elevated level, despite slower increases in output and new orders
- Second-fastest rate of job creation in survey history
- Input prices rise slightly but charges continue to fall

Comment

Commenting on the Polish Manufacturing PMI survey, Trevor Balchin, Senior Economist at Markit, said:

"Polish manufacturers reported ongoing strong expansion in February. Growth rates for output and new orders remained sharp, while a third successive monthly rise in manufacturing backlogs and near-record job creation provided further evidence of the underlying strength of business conditions in the sector."

"The survey data continued to highlight weak price trends in the sector, however, notably for prices charged by manufacturers for their finished goods. These fell further in February, and have not risen since mid-2012. Input prices increased for the first time since November, but at only a marginal rate. The latest prices data will therefore add to calls for the NBP to cut rates soon."

Historical Overview



Sources: Markit, HSBC.

For further information, please contact:

HSBC

Agata Urbanska-Giner
Economist, Central & Eastern Europe
Telephone +44-207-992-2774
Email agata.urbanska@hsbcib.com

Magdalena Ujda-Tarczynska
Communications Manager, HSBC Bank Polska SA
Telephone +48-22-354-0644
Email magdalena.ujda@hsbc.com

Markit

Trevor Balchin, Senior Economist
Telephone +44-1491-461-065
Email trevor.balchin@markit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@markit.com

Notes to Editors:

The HSBC Poland Manufacturing PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 200 manufacturing companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on industry contribution to Polish GDP. 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'.

The *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.

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.

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 Markit. Please contact economics@markit.com.

HSBC:

HSBC is one of the world's largest banking and financial services organisations. With more than 6,200 offices in both established and emerging markets, we aim to be where the growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper, and, ultimately, helping people to fulfil their hopes and realise their ambitions.

We serve around 52 million customers through our four Global Businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 74 countries and territories in Europe, the Asia-Pacific region, the Middle East, Africa, North America and Latin America.

Listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by about 216,000 in 129 countries and territories.

About Markit:

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see www.markit.com.

About PMI:

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for 32 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/economics

The intellectual property rights to the HSBC Poland Manufacturing PMI[®] provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. HSBC use the above marks under license. Markit is a registered trade mark of Markit Group Limited.