

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

Polish manufacturing growth eases to nine-month low

Key findings:

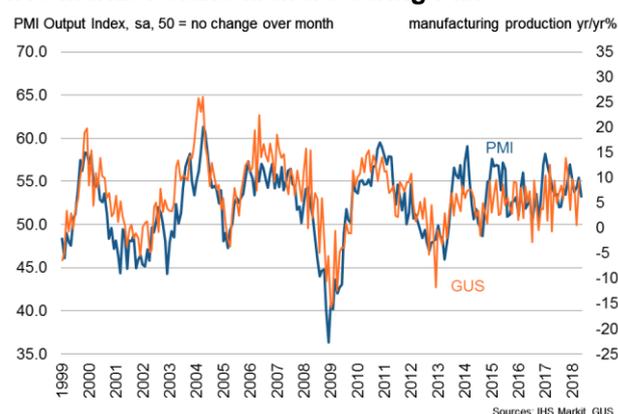
- Slowest rise in output since August 2017
- Marginal decline in new export orders
- Backlogs increase at fastest rate since January 2015

Data collected May 11-24

The latest PMI[®] survey data signalled a further solid improvement in business conditions in Poland's manufacturing sector in May, but a slight loss of momentum. Output expanded at the slowest rate in nine months, while new order growth remained weaker than its recent trend partly owing to a slight decline in new export business. There remained evidence of underlying pressure on capacity, however, as backlogs rose at the fastest rate since January 2015 and suppliers' delivery times lengthened to the greatest extent since December 2010.

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.

IHS Markit Poland Manufacturing PMI



The PMI fell to 53.3 in May, from 53.9 in April, signalling robust overall growth of the Polish manufacturing sector. The current expansionary sequence, at 44 months, is the longest since the survey began in June 1998. That said, it was the lowest reading since August 2017. The decline in the PMI in May reflected slower rates of expansion in output and employment, partly offset by a greater lengthening in suppliers' delivery times.

Manufacturing output growth eased to a nine-month low in May. That said, the rate of expansion remained strong in the context of historic survey data, and extended the current growth phase to 22 months.

The moderation in output growth reflected another relatively modest increase in new orders, compared with the strong trend seen over the current 19-month sequence of expansion. This in turn partly reflected a marginal decline in new export business

during the month.

Survey data highlighted underlying pressure on manufacturing capacity in May. Backlogs of work increased at the fastest rate since January 2015, and suppliers' delivery times lengthened to the greatest extent since December 2010. The increased incidence of delays partly reflected the strongest rise in purchasing activity in five months. Meanwhile, manufacturing employment growth remained relatively solid, albeit the weakest in 2018 so far.

Input price inflation remained strong in May, and rose to a three-month high. Firms reported higher prices for steel and the impact of the weaker zloty. Meanwhile, output price inflation eased for the third time in four months but remained strong overall. Charges have risen every month since November 2016.

The 12-month outlook for Polish manufacturing output remained strongly positive in May. Firms linked expected growth of output to new products, new customers and new machinery.

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 lost some momentum in May, with the slowest overall improvement in business conditions since August 2017. That said, the PMI remains at a strong overall level."

"New orders continued to rise solidly, albeit at a pace that remained weaker than the recent strong trend, partly influenced by a slight fall in exports. This led to slower increases in output and employment."

"Nevertheless, backlogs of work rose at the fastest rate since the start of January 2015, suggesting that the current upturn remains strong enough to test capacity. Moreover, supply chains remained under pressure as input delivery times lengthened to the greatest extent since December 2010. The weak zloty also contributed to stronger cost pressures at manufacturers."

-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 <https://ihsmarkit.com/products/pmi.html>.

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