

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

Polish manufacturing growth nears three-year high

Key findings:

- PMI rises to 34-month high of 55.0
- Sharpest growth in new work since February 2015
- Output expectations strengthen heading into 2018

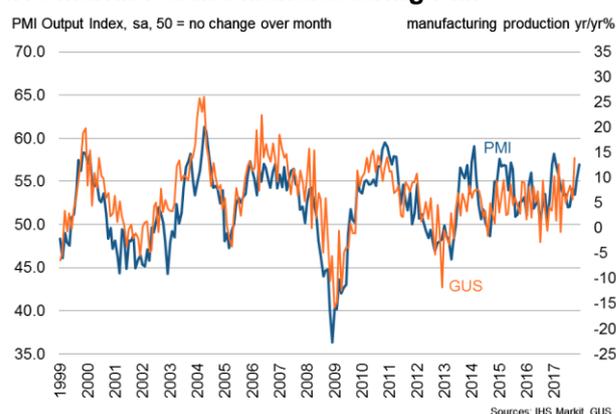
Data collected December 5-15

The latest PMI[®] survey data signalled the strongest improvement in manufacturing business conditions in Poland for nearly three years in December. Output, employment and new orders all expanded at faster rates, with the latter posting the sharpest increase since February 2015. Pressure on supply chains remained strong, with delays to input deliveries among the worst seen in seven years. Input prices continued to rise at a historically marked rate, albeit the slowest in three months, while manufacturers increased their own prices at a faster pace.

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 for the fourth time in five months to 55.0 in December, from 54.2 in November. The latest figure signalled the strongest overall growth of the Polish manufacturing sector since February 2015 and extended the current expansionary sequence to 39 months, the longest since the

IHS Markit Poland Manufacturing PMI



survey began in June 1998. The headline figure was well above its long-run trend level of 50.5.

Over 2017 as a whole the PMI averaged 53.6, the best annual trend since 2006 and the second-highest on record.

The volume of new orders received by Polish manufacturers rose for the fourteenth month running in December, and at the fastest rate since February 2015. Data suggested that domestic demand rose more sharply than new export business, though the latter still posted a strong expansion.

Output growth also accelerated in December, reaching the strongest pace since the opening month of 2017. This uptick in production supported a stable trend in backlogs despite the sharper increase in new orders.

Polish manufacturers boosted headcounts further in December, and at the fastest rate in seven months.

The sector's workforce has expanded every month since August 2013 except for a pause in September 2017.

Purchasing activity was stepped up in December to support workloads, rising at the strongest pace since September. Firms continued to experience lengthening supplier delivery times, however, with delays among the most widespread for seven years.

Input price inflation slowed since November, but remained among the sharpest registered over the past six years. Meanwhile, prices charged by manufacturers rose at a faster rate.

Looking ahead to 2018, Polish manufacturers registered the strongest degree of optimism in eight months in December. Confidence was attributed to a positive economic situation, more efficient machinery and new products.

Comment

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

"The Polish manufacturing sector ended 2017 in good health, posting the strongest overall improvement in business conditions for nearly three years. The headline PMI has now risen four times in five months from its 2017 low in July, helping it reach its highest annual average since 2006 and the second-best since the survey began in 1998.

"Growth of output, new work and jobs all accelerated in December, and producers were increasingly optimistic regarding the outlook for 2018. With supply chains remaining under pressure, input prices continued to rise sharply. That said, the rate of inflation eased from November to a three-month low.

"The latest strong PMI figures follow official data showing GDP to have risen 4.9% year-on-year in the third quarter, better than initially reported in the flash estimate. This prompted IHS Markit to raise its full-year forecast to 4.4%, the sharpest expansion since 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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