HSBC Purchasing Managers' Index® Press Release

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HSBC Poland Manufacturing PMI®

Manufacturing continues to lose momentum

Summary

PMI® data compiled by Markit for HSBC signalled a further loss of growth momentum in Poland's manufacturing sector at the start of the second quarter of 2015. The rate of output growth remained sharp, but new orders rose at the slowest rate of the year so far. More positively, new export business increased at the fastest rate since February 2014. Meanwhile, input price inflation slowed to a weak pace and prices charged by manufacturers continued to fall.

The headline HSBC Poland Manufacturing PMI is a composite single-figure indicator of manufacturing performance. The PMI registered above the no-change mark of 50.0 for the seventh consecutive month in April, indicating an overall improvement in operating conditions in the Polish manufacturing sector. The PMI fell for the third month running from January's 11-month high to 54.0, a four-month low. This mainly reflected slower increases in new orders and employment during the month. But the headline figure remained well above its long-run average of 50.2, signalling a strong overall rate of growth.

Manufacturing new orders rose for the seventh month running in April. The rate of growth eased to the weakest in 2015 so far, but nonetheless remained strong. Total new business expansion was supported by the strongest rise in new export contracts since February 2014.

The ongoing solid expansion in new business led to a further sharp gain in production. The rate of growth was little-changed from February and March, remaining strong. Growth in output also reflected a further decline in backlogs of work in the sector.

Supporting workloads was a twenty-first consecutive monthly rise in manufacturing employment. The rate of job creation slowed from March's joint-survey record, but nonetheless remained historically strong.

Purchasing activity rose for the sixth consecutive month in April. Although the rate of growth slowed further during the month, it was sufficient to impart pressure on suppliers, whose delivery times lengthened to the greatest extent since February 2012.

Average input prices rose for the third month running in April, linked by firms to higher import prices resulting from the US dollar. This was partially offset by a weaker euro, however, and the overall rate of inflation slowed as a result to a weak pace. Meanwhile, manufacturing output prices continued to fall.

Comment

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

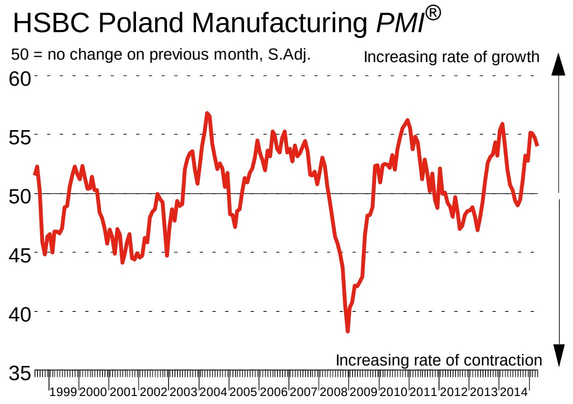
"Although the PMI registered below the levels seen in the first quarter of the year, it remains at an elevated level in April and indicative of a strong overall improvement in manufacturing conditions. The downward movement in the headline figure mainly reflected weaker job creation, with output growth little-changed from March. This combination suggests firms are making productivity improvements.

"Input price inflation slowed from March's 17-month high, and prices charged for manufactured goods continued to fall. This lack of inflationary pressure and solid demand growth suggests interest rates will remain unchanged over the coming months."

Key points

- PMI falls for third successive month, but still signals strong overall growth
- New order expansion at four-month low despite sharper rise in exports
- Rate of job creation moderates

Historical Overview



Sources: Markit, HSBC.

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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.

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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