

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

Slower growth indicated in Polish manufacturing sector

Key findings:

- Headline PMI at six-month low
- Marked increase in export new orders
- Price pressures remain steep despite easing in May

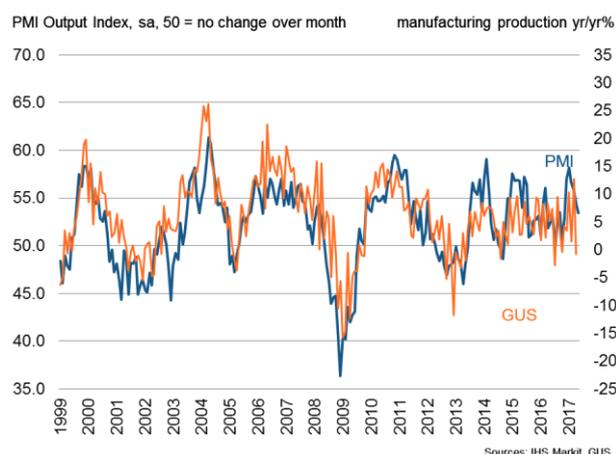
Data collected May 12-24

May's PMI[®] data suggested an easing in growth of the Polish manufacturing sector. Output, new orders and employment all increased, but at slower rates than in April. Price pressures eased further, as indicated by a softening of both input and output price inflation. Average cost burdens for Polish manufacturers continued to rise sharply overall, however.

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.

At 52.7 in May, the latest headline figure was down from 54.1 in the preceding survey. Moreover, the latest result signalled the slowest growth in the Polish manufacturing sector for six months. That said, the index remained well above the historical series average of 50.5.

IHS Markit Poland Manufacturing PMI



Production growth was solid in the latest survey period. According to anecdotal evidence, Polish manufacturers experienced an increase in client demand which resulted in output rising. That said, expansion was slower than in the preceding survey and followed the trend of easing growth seen for the past four months.

The level of incoming new orders placed at Polish manufacturers rose in May. Whereas overall growth in demand for manufactured goods in Poland eased marginally, demand from abroad accelerated.

Increased output requirements meant that firms needed more staff to meet production demand. That said, the rate at which employment grew eased since the preceding survey, with job creation at its slowest in seven months in May.

The latest survey data signalled that input prices

faced by Polish manufacturing companies continued to rise sharply. Higher raw material prices were a key factor behind the increase in average cost burdens, according to anecdotal evidence. That said the rate of input price inflation slowed in May, as had been the case in April.

Firms noted that they passed on the burden of increased production costs to customers. However, in line with weaker input price inflation, output charge inflation also softened to a six-month low.

The Polish manufacturing sector remained strongly positive towards future growth prospects. An expected economic upturn underpinned confidence in May.

Lead times for input goods increased in May. However the rate at which times lengthened was the least substantial in five months.

Stocks of finished goods contracted in the latest survey. Some panellists noted that sales were made directly from post-production inventories, which meant they had spare capacity to clear backlogs in May.

Comment

Commenting on the Poland Manufacturing PMI survey data, Sam Teague, economist at IHS Markit and author of the report, said:

“Although the latest headline PMI dipped to a six-month low in May, a solid overall expansion was still indicated, highlighting the underlying strength of the Polish manufacturing sector. Rates of growth in output and new orders remained robust and above the respective series long-run averages, and employment also rose during the month.

“Easing price pressures added to the overall picture in May, as the latest data signalled a second successive monthly slowdown in input price inflation. Output charge inflation also softened, in response to easing average cost burdens for Polish manufacturing firms.

“Business confidence meanwhile eased slightly but remained strong overall. Approximately half of businesses forecast an expansion in output during the next 12 months, attributing confidence to an expected economic upturn in both domestic and export markets.”

-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 30 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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