

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

Polish PMI holds steady despite weaker new order growth

Key findings:

- PMI unchanged at 53.7 in March
- Slowest rise in new work in eight months
- Fastest job creation in nearly a year

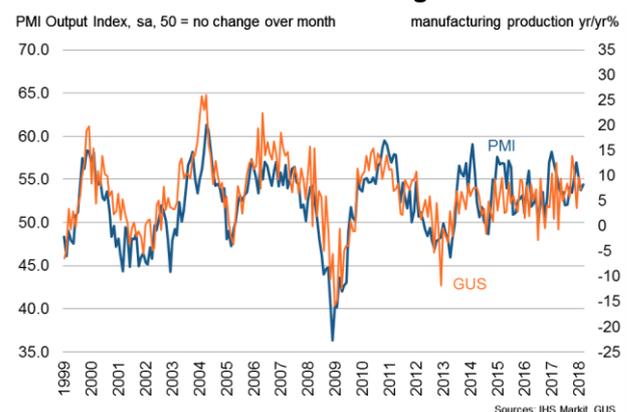
Data collected March 12-22

March PMI[®] survey data signalled a further solid improvement in business conditions in Poland's manufacturing sector, despite a weaker rise in new orders. New business increased at the slowest rate in eight months, leading to the weakest growth in purchasing activity since November 2016. More positively, growth rates for output and employment both picked up slightly since February. Meanwhile, inflationary pressures eased further since the start of the year but remained strong overall.

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 was unchanged at 53.7 in March, signalling robust overall growth of the Polish manufacturing sector. The latest figure was the joint-lowest since last October but well above the long-run survey average of 50.6. The current expansionary sequence, at 42 months, is the longest since the survey began in June 1998.

IHS Markit Poland Manufacturing PMI



The stable trend in the PMI in March reflected slower growth of new orders being offset by positive movements in the other four components.

New business increased for the seventeenth successive month in March, but at the weakest rate since July 2017. Notably, the level of new export orders received by Polish manufacturers was broadly unchanged since February, ending a 15-month sequence of growth.

Manufacturing output increased at a slightly faster rate in March, despite the slower rise in new orders. Backlogs of work continued to increase, however, and have now risen six times in the past eight months, the strongest trend in seven years.

Manufacturers in Poland continued to expand their workforces in March. Moreover, the rate of job creation strengthened to the fastest since April 2017.

Purchasing activity increased for the seventeenth successive month in March, contributing to another lengthening of supplier delivery times. The rate of expansion in buying activity eased to a 16-month low, however, reflecting slower new business growth. Meanwhile, inventories of inputs increased following a decline in February.

Inflationary pressures remained strong in March but softened further since the start of the year. Input and output price inflation eased to three- and seven-month lows respectively.

Expectations for output remained strong in March, despite easing further since the start of 2018. Firms linked positive sentiment to expected new customers, investment in capacity and the development of new products.

Comment

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

“Although the headline PMI was stable in March, the underlying survey data suggest that business conditions could slow further in April.

“New orders – the largest component of the PMI with a 30% weight – increased at the slowest rate in eight months in March. Moreover, new export business was largely flat over the month. This clearly influenced firms’ purchasing decisions, as the volume of inputs ordered during the month increased at the weakest rate since November 2016.

“The new orders and purchasing data therefore suggest that output growth could moderate in April. But other survey indicators are more upbeat, however. Employment rose at the fastest rate in nearly a year and manufacturers remained relatively optimistic about the 12-month outlook. So unless new orders slow further in the second quarter, an outright downturn in output looks unlikely at this point.”

-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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