

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0900 (CEST) / 0700 (UTC) May 2nd 2017

Markit Poland Manufacturing PMI®

Marked growth in Polish manufacturing sector

Key findings:

- Headline PMI posts 54.1 in April, rising from 53.5 in March
- Strong growth in output, new orders and employment
- Input and output price inflation both ease

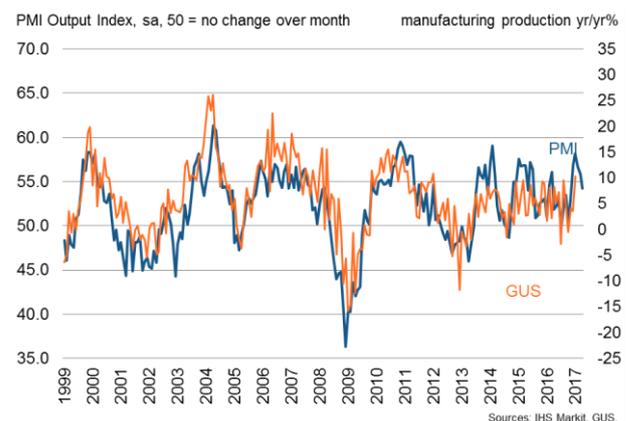
Data collected April 11-24

April's release of Markit PMI® survey data signalled a marked improvement in business conditions across the Polish manufacturing sector. Rises in output and new orders, along with notable employment growth, were key components behind the strong start to the second quarter. On the price front, both input and output price inflation remained sharp but eased in April.

The headline 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 54.1, the PMI signalled a marked improvement in business conditions during April, adding to the current sequence of expansion seen for the past 31 months. Furthermore, it was well above the long-run average (50.4) and up from the March score of 53.5.

Markit Poland Manufacturing PMI



Despite easing marginally, output growth remained solid and provided a significant contribution to the overall improvement in the health of the Polish manufacturing sector. Production expansion was attributed to increased demand for Polish goods and improving operating conditions in the sector.

Latest survey data signalled a marked increase in sales to clients in both the domestic and export markets, with new orders increasing at a faster rate than in March. Anecdotal evidence suggested that an economic upturn in Europe was a key factor behind demand growth.

In order to meet the rising level of new orders, firms boosted their production capacity by expanding their workforce numbers. In April, the rate of job creation was strong and accelerated to a four-month high.

The level of work outstanding across the Polish manufacturing sector contracted for the twenty-sixth month in a row. Some panellists reported that

increased production had allowed them to clear backlogs, while others used existing post-production stocks to complete incoming new orders.

In April, average cost burdens increased sharply. That said, the rate of input price inflation eased to its lowest level for five months. The moderation in cost pressures was a key factor behind the marginal easing in output price inflation, according to anecdotal evidence.

Vendor performance deteriorated to the greatest extent for seven months in April. Anecdotal evidence suggested that suppliers struggled to keep up with rising demand for raw materials, leading to a lengthening in lead times.

Finally, sentiment towards future growth prospects was at its strongest for 14 months in April. Polish manufacturers cited new product lines and increased investment as some of the reasons behind their confidence.

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Comment

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

“Another marked improvement in business conditions in the Polish manufacturing sector signalled a strong start to the second quarter. A slight slowdown in output growth was more than offset by a notable expansion in employment and faster growth of new orders from both domestic and foreign markets. In addition, price pressures eased in April, further sweetening the good news coming from the latest survey. Improved business conditions translated into positive sentiment, with confidence towards future output at its strongest for 14 months.”

-Ends-

Note to Editors:

The Poland Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by 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.

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@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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