

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Poland Manufacturing PMI<sup>®</sup>

### Fastest rise in new orders in three years

#### Key findings:

- Sharpest expansion of new work at manufacturers since January 2015
- PMI eases since December due to slower output growth and less supplier delays
- Strongest inflation of output prices since April 2011

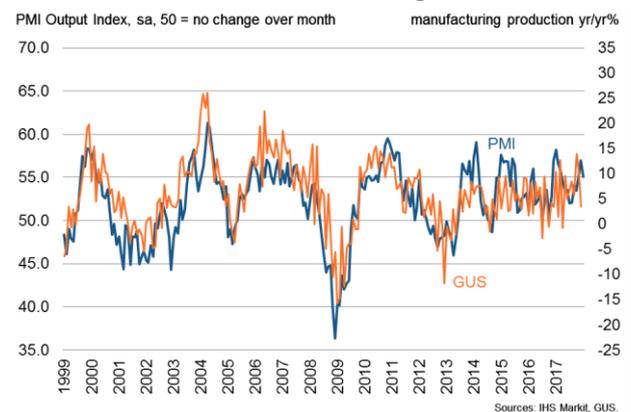
Data collected January 12-25

January PMI<sup>®</sup> survey data signalled a bright start to 2018 for the Polish manufacturing sector, as the volume of incoming new orders rose at the fastest rate in three years. This led to the fastest rise in employment for nine months and another marked, albeit slower, expansion in output. Cost pressures intensified, linked to raw materials such as steel, and manufacturers responded by increasing their own prices at the fastest rate since April 2011.

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 eased slightly to 54.6 in January, from December's 34-month high of 55.0. The latest figure was the second-highest for a year and well above the long-run survey average of 50.6, signalling strong overall growth of the Polish manufacturing sector. The current expansionary sequence, at 40 months, is the longest since the survey began in June 1998.

#### IHS Markit Poland Manufacturing PMI



The downward movement in the PMI in January mainly reflected a slightly weaker increase in manufacturing output compared with one month earlier. That said, production rose at a strong overall pace. The survey data indicated capacity constraints, as backlogs of work increased for the fourth time in six months.

Pressure on capacity mainly stemmed from inflows of new work. The volume of new orders received by Polish manufacturers increased at the fastest rate since January 2015, extending the current period of continuous growth to 15 months. New export orders also expanded more sharply in January.

Manufacturers responded to growing workloads by increasing their workforces at the fastest rate in nine months. Employment in the goods-producing sector has increased every month since August 2013 except for a brief pause last September.

Purchasing activity increased for the fifteenth

successive month in January, contributing to another lengthening of supplier delivery times. The rate of growth in buying activity eased to a three-month low, but inventories of inputs increased at the fastest rate in five months.

Inflationary pressures intensified in January. Input prices rose at a rate that equalled November's eight-month high, linked to increased steel prices in particular. Subsequently, output prices levied by manufacturers increased at the fastest pace since April 2011.

Expectations for output improved further in January, reaching the strongest since April 2017. Firms linked confidence to new machinery, new products and an improving economic outlook.

## 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 registered another strong overall improvement in business conditions at the start of 2018. The headline PMI eased from December's 34-month record of 55.0 to 54.6 in January, but this masked the sharpest rise in new work in three years. Moreover, employment growth also strengthened to the fastest since last April.*

*"The dip in the headline figure reflected a softer increase in output and less supplier delays than in December. That said, production growth was strong overall and capacity constraints remained evident as backlogs increased for the fourth time in six months.*

*"The latest data also signalled greater price pressures in the goods-producing sector. Higher steel prices were mainly blamed for a rise in input price inflation, and output prices increased at the fastest rate since April 2011."*

-Ends-

## For further information, please contact:

### IHS Markit

Trevor Balchin, Economics Director  
Telephone +44-1491-461-065  
Email [trevor.balchin@ihsmarkit.com](mailto:trevor.balchin@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44207-260-2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### Note to Editors:

The Poland Manufacturing PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) 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](mailto: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*<sup>®</sup> (PMI<sup>®</sup>) 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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