

News Release

Embargoed until 0900 CET (0800 UTC) 2 January 2023

S&P Global Poland Manufacturing PMI[®]

Manufacturing sector ends 2022 in contraction territory

Key findings

Slower, but still sharp, falls in output and new orders

Firms seek to optimise current resources wherever possible

Cost inflation drops sharply to 29-month low

Poland's manufacturing economy ended 2022 on a subdued note, with operating conditions deteriorating again markedly. Both output and new orders fell further, whilst employment and purchasing continued to be cut. However, rates of decline were generally softer than those seen in November, and there was some positive news on the inflation front as costs rose to a noticeably weaker degree.

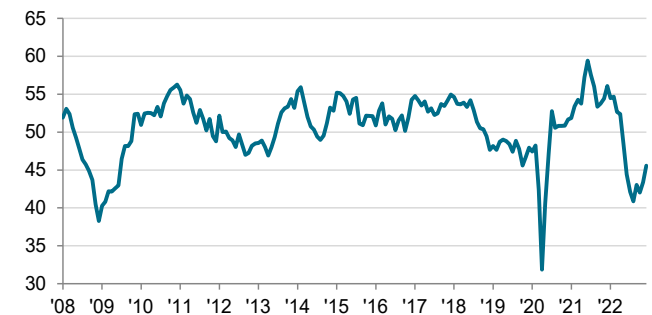
The headline S&P Global Poland Manufacturing PMI[®] – a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases – posted 45.6 in December. Although up since November's 43.4 and its best reading since May, the index has now posted below the 50.0 no-change mark for eight successive months.

Both manufacturing production and new orders fell in December amid ongoing reports of a challenging demand environment, characterised by both economic instability and high inflation. Output has now fallen for eight months in a row, whilst new orders posted their tenth successive monthly contraction. Rates of decline continued to ease, but remained historically marked. A similar trend was also recorded for new export orders.

Against the backdrop of falling orders and output, firms chose to lower their staffing and purchasing activity levels. December marked the seventh month in a row that jobs and input buying have been cut, as firms sought to optimise existing resources. Inventories of purchases subsequently declined again, and to the strongest degree since July. Firms also made noticeable inroads into their work outstanding, with backlogs falling for the seventh successive month.

Reduced buying activity meant that suppliers remained under reduced pressure, although again firms signalled a modest deterioration in their delivery times. Transportation difficulties and goods shortages in general continued to

Poland Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global.
Data were collected 6-19 December 2022

Comment

Paul Smith, Economics Director at S&P Global Market Intelligence, said:

"Poland's manufacturing sector remained deep inside contraction territory in December to end the year in recession. Firms understandably, facing further downturns in demand and production, alongside generally uncertain and unpredictable market conditions, continued to optimise their resources, even making further reductions to both their purchasing activities and employment.

"However, there were some positive signs, even at these depressed levels. Rates of contraction have generally eased, and whilst a long way to go still, the sector is slowly making its way back towards stability. Moreover, inflation rates are heading downwards, with costs rising at their slowest rate for 29 months, adding further to hopes that the worst of the downturn is behind us."

PMI[®]

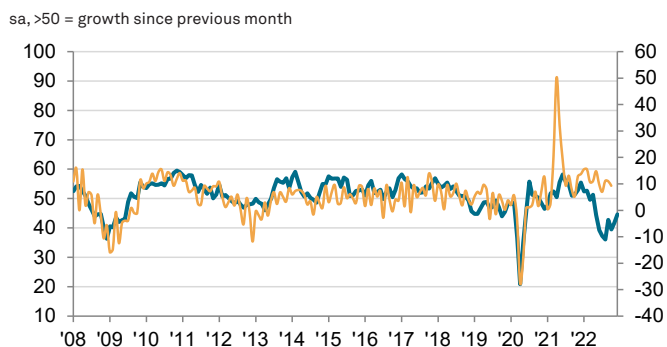
by S&P Global

undermine vendor performance.

On the price front, there was some relatively good news. Although inflation remained elevated, underpinned by general price pressures, the degree to which firms' costs rose was the weakest recorded by the survey for nearly two-and-a-half years. A similar trend was seen for output charges, with average tariffs rising sharply but to the weakest degree since the start of 2021. Firms continued to protect and repair margins following the sustained and historically elevated increases in their costs.

Finally, there was only a mild degree of optimism about the future amongst Polish manufacturers at the end of 2022. Whilst some firms are hopeful of an improvement and return to stability in market conditions, others are concerned about the possibility of recession and its negative impact on sales.

■ PMI Output Index ■ Manufacturing production



Sources: S&P Global, GUS.

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Survey methodology

The S&P Global Poland Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in June 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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