News Release

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S&P Global Poland Manufacturing PMI®

Polish manufacturing downturn worsens in May

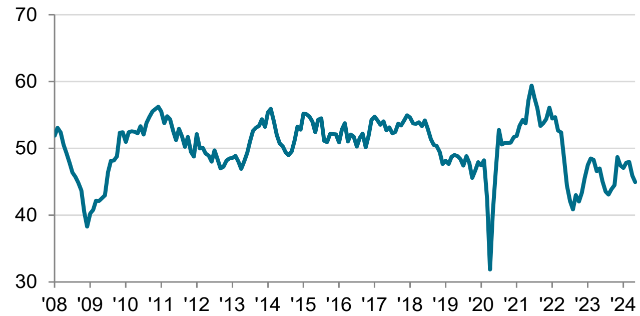
Key findings

Faster declines in output, new orders and employment

Inflationary pressures remain weak

12-month outlook improves slightly

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



Source: S&P Global PMI.
Data were collected 10-24 May 2024.

Poland's lengthy downturn in manufacturing business conditions continued in May, according to the latest PMI® data from S&P Global. The sector contracted for the twenty-fifth successive month, the longest sequence since the survey began in 1998. New orders, exports, output and employment all declined at faster rates during the month, and purchasing activity fell for a record twenty-fourth month running. More positively, inflationary pressures were muted and the 12-month outlook improved slightly.

The headline S&P Global 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, and has been compiled since 1998.

The S&P Global Poland Manufacturing PMI fell to 45.0 in May, from 45.9 in April, indicating the fastest deterioration in business conditions in seven months. It also dropped below the trend level of 45.5 since the current sequence of sub-50.0 readings began in May 2022.

The latest fall in the headline figure was driven by four of the five components, the exception being stocks of purchases where a slower decline was indicated.

Demand for Polish manufactured goods continued to weaken in May. New orders fell for the twenty-seventh month running, the longest decline on record, and the pace of contraction accelerated to the fastest since last October. Export sales also decreased for a record twenty-seventh successive month, and at the fastest rate since last October. Germany and France were cited as sources of lower export orders, while the stronger zloty during May impacted competitiveness.

Similarly, production declined for a survey-record twenty-fifth consecutive month in May, and the pace of decline was the fastest in seven months. The pipeline of work-in-hand continued to fall as backlogs declined for the twenty-fourth

Comment

Trevor Balchin, Economics Director at S&P Global Market Intelligence, said:

"Poland's manufacturing downturn showed no sign of ending in May. Moreover, output, new orders, exports and employment all fell at faster rates than in April. Price pressures remained subdued, with input costs and output prices rising only marginally.

"The weaker Polish data are at odds with the latest flash eurozone figures, as manufacturing production in the single currency bloc moved towards stability."

month running, albeit at the slowest rate since February. Stocks of finished goods were broadly stable during the month.

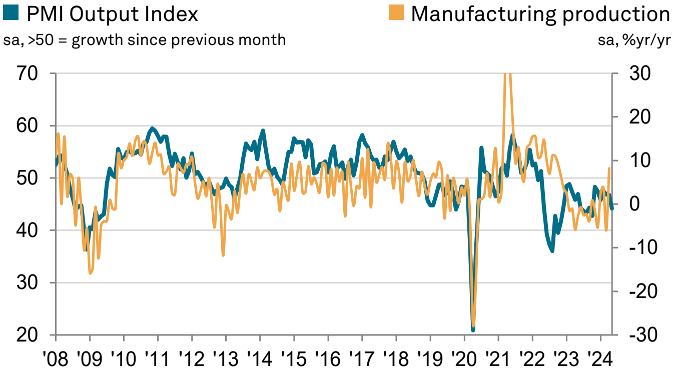
Employment fell further in May, with the current two-year sequence of job shedding the longest registered in over 20 years. Moreover, the rate of retrenchment was the fastest in seven months.

Purchasing activity continued to decline in May, extending the current downturn to a record twenty-fourth straight month. That said, the rate of contraction was the slowest since last November.

Suppliers' delivery times quickened further in May, and to the greatest extent since last September. Despite quicker deliveries of inputs, stocks of purchases declined for the fourteenth consecutive month.

Inflationary pressures remained subdued in May. Average input costs rose for only the fourth time in 14 months, and only marginally. Meanwhile, output prices increased for the first time since March 2023, but the rate of inflation was weak.

Business expectations regarding the 12-month outlook for production remained positive in May. Manufacturers linked confidence to new products, new customers, investment in machinery and an economic recovery both domestically and in the wider EU. Optimism was the highest since February, but the Index remained below its long-run trend level (since 2012).



Sources: S&P Global PMI, 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@spglobal.com.

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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. www.spglobal.com/marketintelligence/en/mi/products/pmi