

Embargoed until 0900 CEST (0700 UTC) 1 October 2020

## IHS Markit Poland Manufacturing PMI®

### Manufacturing recovery remains subdued in September, but confidence strengthens

#### Key findings

Output and new orders rise at weak rates

First growth in employment for 15 months

Production outlook strongest since May 2019

Data were collected 11-24 September 2020.

September PMI® survey data indicated a further overall improvement in Polish manufacturing business conditions, in line with the trend shown throughout the third quarter following a record downturn in the second quarter. As was the case in August, however, the upturn was weak compared with an initial rebound in July, when the PMI reached a two-year peak. More positively, employment rose and the outlook strengthened.

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. The PMI registered 50.8 in September, little-changed from 50.6 in August. The latest figure signalled an overall improvement in manufacturing business conditions, but at a rate that remained weaker than July's two-year high. Prior to July, business conditions had deteriorated every month since November 2018, the longest downturn in nearly 18 years, including a record contraction in April during the COVID-19 lockdown.

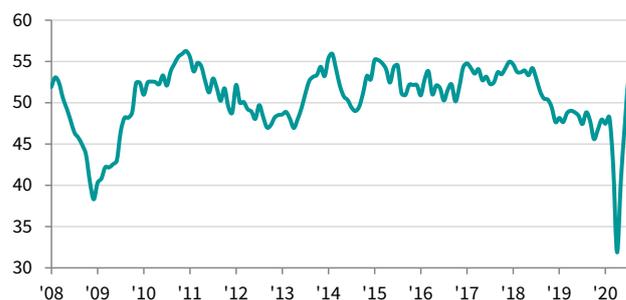
The marginal uptick in the PMI compared with August reflected the employment, new orders and stocks of purchases components, which together boosted the headline figure by 0.5 points. This was partly offset by slightly negative directional influences from suppliers' delivery times (-0.2) and output (-0.1), although the latter sub-index continued to signal overall growth.

Polish manufacturing output rose for the third consecutive

*continued...*

Poland Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

*"There are both positives and negatives to take away from the September data. On the one hand, employment was raised for the first time since June 2019 and firms grew more optimistic about prospects for growth of output in a year's time. Backlogs of work declined at the slowest rate in nearly two years and firms raised their prices for the first time in six months.*

*"On the other hand, the two most important PMI components for output and new orders indicated sluggish rates of growth, suggesting that an initial rebound seen in July is already fading. With virus cases rising again across Europe and new restrictions being imposed as we head towards winter, the fourth quarter of 2020 is looking weak even though the 12-month outlook has picked up."*

month in September, as the sector continued to reopen in the wake of the spring wave of the coronavirus pandemic. The rate of growth eased further from July's 31-month high, however, and was only marginal overall.

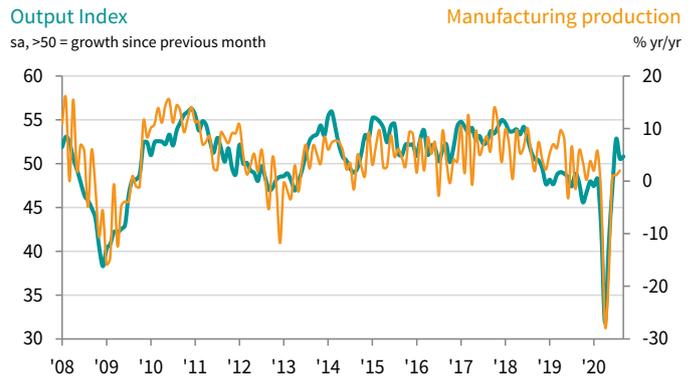
The rise in output mainly reflected a slight increase in new orders in September, the second expansion in the past three months. Demand was supported by a further tentative recovery in exports. The overall rate of growth was only marginal, however. Prior to July, new orders had fallen every month since November 2018.

With concurrent growth of output and new business, employment expanded for the first time since June 2019. Moreover, the rate of job creation was the strongest in 20 months. Hiring activity partly reflected improving confidence, with the 12-month outlook for production the strongest since May 2019.

Despite higher staffing, the volume of outstanding work continued to decline in September. The current sequence of backlog depletion was extended to 26 months, although the rate of contraction in the latest period was the slowest in nearly two years.

Purchasing activity was broadly unchanged in September, in line with the trend shown on average throughout the third quarter as firms continued to run down stocks. Input inventories fell for the fifteenth consecutive month, albeit at the slowest rate over this period.

Cost inflationary pressures remained strong in September, partly reflecting zloty weakness. Input price inflation eased since August but remained above the long-run survey average. Output prices rose for the first time in six months, albeit modestly.



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### Survey methodology

The IHS Markit Poland Manufacturing PMI® is compiled by IHS Markit 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.

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](mailto:economics@ihsmarkit.com).

### Survey dates and history

Data were collected 11-24 September 2020.

Survey data were first collected June 1998.

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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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)