News Release

Embargoed until 0900 CEST (0700 UTC) 2 September 2024

S&P Global Poland Manufacturing PMI®

Manufacturing downturn eases in August and outlook improves

Key findings

PMI rises to five-month high

Strongest expectations for output for six months

Employment declines only marginally

The latest PMI® data from S&P Global signalled a further, albeit slower, deterioration in business conditions in the Polish manufacturing sector in August. The sector contracted for the twenty-eighth successive month, the longest sequence since the survey began in 1998. New orders, output, backlogs and employment all fell further, but in each case the rate of decline slowed since July. The 12-month outlook strengthened and inflationary pressures remained subdued, with input and output prices both falling since July.

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.

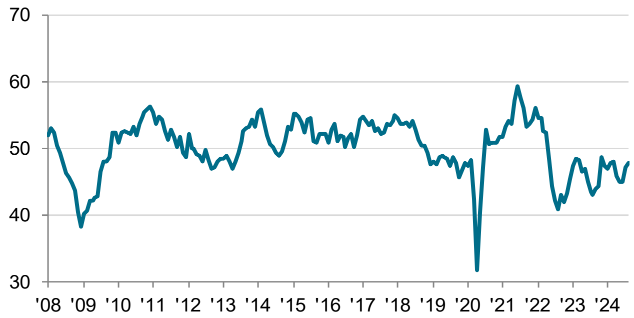
The S&P Global Poland Manufacturing PMI rose for the second month running from 47.3 in July to 47.8 in August, indicating a slower deterioration in manufacturing business conditions. The latest figure was the highest in five months and above the trend level of 45.6 since the current sequence of sub-50.0 readings began in May 2022. The three largest components of the headline figure – new orders, output and employment – all contributed to the upward movement in August.

Demand for Polish manufactured goods continued to contract in August. New orders fell for the thirtieth month running, the longest decline on record, although the pace of contraction was the slowest in five months and weaker than the average over this period. Export sales also decreased for a record thirtieth successive month, and to a greater degree than overall new orders. Companies mentioned a weak European economy, particularly Germany.

Polish manufacturers reduced output for a survey-record twenty-eighth consecutive month in August. Similar to incoming new orders, however, the pace of contraction eased and was the slowest in four months. The level of outstanding orders continued to fall as backlogs declined for the twenty-seventh month running. Stocks of finished goods increased

Poland Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-23 August 2024.

Comment

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

"The Polish PMI rose to a five-month high in August, reflecting slower declines in output, new orders and jobs. The headline figure remains some way from growth territory, but it compared favourably to the flash eurozone figure of 45.6, an eight-month low.

"Although the declines in new orders and output remained strong overall, the latest decrease in employment was the weakest in the current sequence. This corroborated the improvement in the year-ahead outlook in August, with overall confidence the highest in six months. Manufacturers also benefited from a renewed fall in input prices, the steepest in ten months."

PMI® by S&P Global

for the first time in five months.

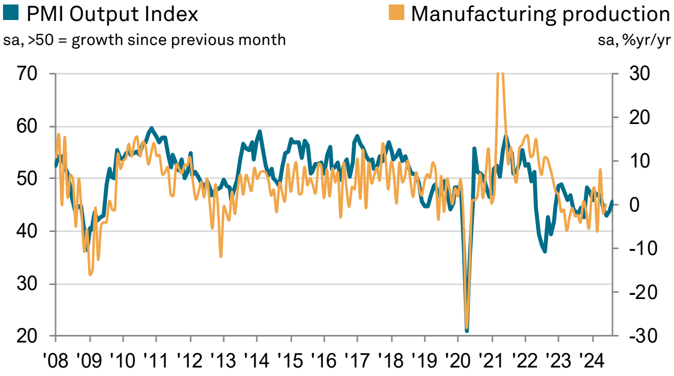
Employment fell further in August, with the current 27-month sequence of job shedding the longest registered since 2004. The rate of job shedding was, however, the weakest seen over the current retrenchment period. Where workforces fell, this usually reflected the non-replacement of leavers and retirees or cuts to temporary staff. A number of firms reported taking on new full-time staff.

Purchasing activity continued to decline in August, extending the current survey-record downturn to 27 months. The rate of contraction accelerated since July but remained softer than the sequence average. Stocks of purchases posted a renewed decline, having previously risen in July for only the second time in over two years.

Suppliers' delivery times lengthened for the second month running, having previously improved throughout the second quarter. The extent of the delays was slightly greater than the long-run survey average.

Inflationary pressures remained subdued in August. Average input costs fell for the fourth time in 2024 so far, and at the fastest rate since last October. Meanwhile output prices were cut for the sixteenth time in 17 months and at the fastest rate since March.

The 12-month outlook for Polish manufacturing output brightened in August. Expected output growth was linked to new products, NRP funds, new customers and an economic recovery in Germany. Manufacturers were the most optimistic in six months, but sentiment remained below its long-run trend level (since 2012).



Sources: S&P Global PMI, GUS.

Contact

Trevor Balchin
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-065
trevor.balchin@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

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