

News Release

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S&P Global Poland Manufacturing PMI[®]

Downturn continues but outlook improves

Key findings

Manufacturing PMI extends run below 50.0 to 22 months

Longest contractions in output and new orders on record

Year-ahead outlook strongest since June 2021

Poland's manufacturing downturn approached the two-year mark in February, according to the latest PMI[®] data from S&P Global. The current downturns for output and new orders were extended to the longest registered since the survey began in 1998. That said, the rates of decline slowed since January and were among the weakest over the past two years. Employment, purchasing and backlogged work all fell further, but manufacturers were increasingly optimistic regarding the next 12 months. Overall sentiment was the highest since June 2021 and above the long-run trend. February data also revealed the greatest supply chain delays for over a year-and-a-half, and rising input prices for only the second time in the past 11 months. Manufacturers continued to cut output prices, however, in order to boost competitiveness.

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.

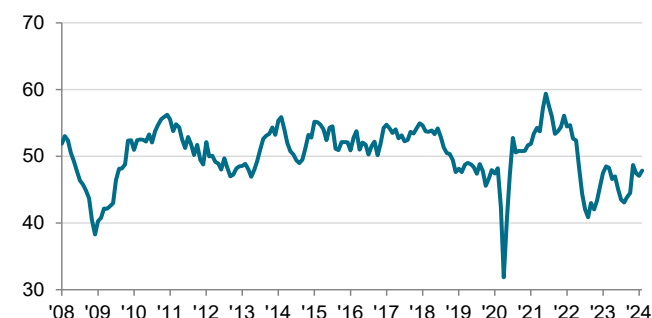
The PMI rose from 47.1 in January to 47.9 in February, indicating a twenty-second successive monthly deterioration in business conditions, the second-longest negative sequence on record. That said, the latest downturn was among the slowest over this period.

The upward movement in the headline index mainly reflected slower declines in new orders and output and a greater lengthening in suppliers' delivery times. These were partially offset by faster falls in employment and stocks of purchases.

Demand for Polish manufactured goods continued to decline in February, as new orders fell for a survey-record twenty-fourth successive month. European markets remained a key source of weakness, especially Germany. New export orders also fell for a record twenty-fourth consecutive month although, as with total new work, the rate of contraction eased.

Poland Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-23 February 2024.

Comment

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

"Slower falls in output and new orders were encouraging developments in February, but it is sobering that the current downturns in these key indicators are now the longest on record since the Polish PMI survey began back in 1998. Germany remains a key source of weakness, with its flash manufacturing PMI retreating in February.

"But the worst of the downturn appears to have passed. Though still below 50.0, the PMI is the fourth-highest since the second half of 2022, and the new orders-to-inventories ratio posted a nine-month high. Moreover, the 12-month outlook for production improved further, reaching the highest since June 2021."

PMI[®]

by S&P Global

Output fell for the twenty-second month running in February, the longest sequence of decline in the 25-year survey history. As was the case with new work, the decline eased in the latest period.

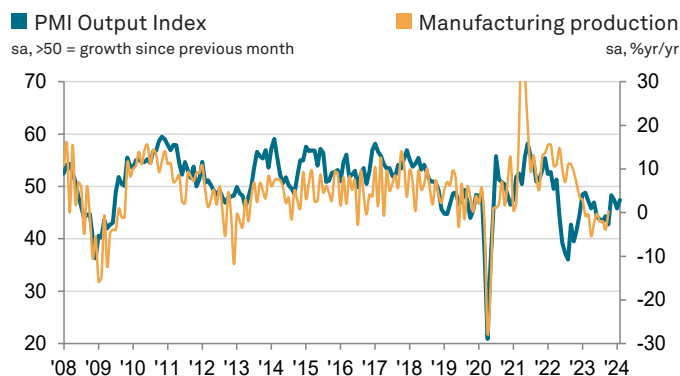
Companies continued to support production levels by completing existing orders, with backlogs dropping for the twenty-first consecutive month, albeit at the joint-slowest rate (with November 2023) over this period.

Manufacturers continued to adjust capacity in February. Inventories of both inputs and finished goods were depleted at faster rates, and input purchases fell sharply. Manufacturing employment declined for the twenty-first successive month, and at the fastest rate in three months.

Pressure on supply chains grew in February, reflecting ongoing delays in seaborne freight from Asia. Suppliers' delivery times lengthened the most since July 2022.

February data signalled a rise in input prices, only the second bout of cost inflation in the past 11 months. That said, the increase was modest and manufacturing output prices fell for the eleventh month in a row as firms attempted to boost competitiveness amid weak demand.

Polish manufacturers were increasingly optimistic regarding the next 12 months, despite the sustained downturn in new orders in February. Overall confidence was at its highest since June 2021, and above the long-run series average.



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

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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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