

# News Release

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## S&P Global Poland Manufacturing PMI<sup>®</sup>

### Manufacturing sector continues to contract in February, but at slower pace

#### Key findings

Order books head towards stabilisation

Non-replacement of leavers leads to further job losses

Price indices shift noticeably downward

Manufacturing operating conditions in Poland continued to worsen during February. Both output and new orders fell since January, although more positively, rates of decline were the weakest in the respective sequences. Confidence in the future also improved amid evidence of greater market stability and falling inflation. Price indices from the survey both shifted noticeably downwards. However, cost considerations continued to lead to the non-replacement of leavers and a reduction in staffing levels. Excess capacity in the sector persisted.

The headline S&P Global Poland Manufacturing PMI<sup>®</sup> – a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases – remained below the 50.0 no-change mark in February for a tenth successive month, and thereby signalled a further deterioration in operating conditions. However, a rise in the index to 48.5, up from 47.5 in January, ensured that the PMI signalled the mildest contraction of the sector since May 2022.

The upward movement in the PMI was principally reflective of weaker declines in both production and new orders. The falls were the slowest recorded in the respective ten- and 12-month contraction sequences. That said, and despite the relative improvements, underlying market demand remained soft due to the ongoing war in Ukraine and still high inflation undermining sales. This was especially the case for export orders, which again fell at a marked pace.

Given ongoing softness in both sales and production, firms chose to lower both purchasing activity and employment at their plants. Staffing reductions largely reflected the non-replacement of leavers, whilst buying was reduced in response to lower output requirements. There was some evidence that the utilisation of existing inventories remained important to firms, largely due to cost considerations. Stocks of purchases were subsequently cut for a ninth successive

Poland Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 10-22 February 2023

#### Comment

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

*"Although February indicated the continued contraction of the Polish manufacturing economy, the latest PMI survey provided some hope that the sector is heading towards stabilisation at the very least in the coming months. Both new orders and production continued to decline, but did so at slower rates, whilst cost inflation, which has been a key feature of the downturn, shifted down noticeably to its lowest level in over two-and-a-half years.*

*"These developments are helping to support a more optimistic outlook, with confidence hitting a ten-month high. However, reflective of some caution amongst manufacturers - and the still challenging current situation they face - purchasing and employment both continue to be reduced at above trend rates."*

PMI<sup>®</sup>

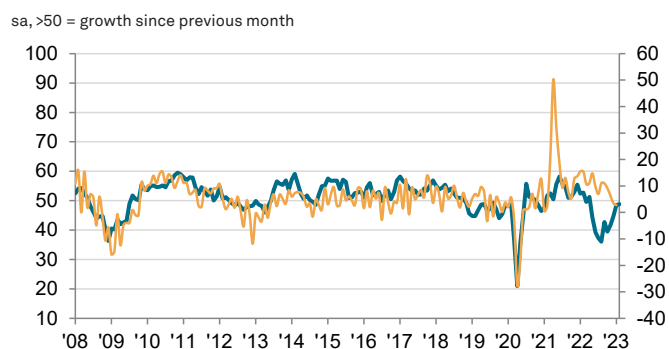
by S&P Global

month, albeit to the weakest extent since last September.

Reduced buying activity amongst firms helped to further alleviate pressure on suppliers. The result was a marginal improvement in vendor delivery performance for the first time in over three years amid reports of a better balance between demand and supply capabilities. This partly explained a noticeable reduction in input price inflation over the month. Although prices continued to increase overall, the net rise was the lowest recorded by the survey since July 2020. A similar development occurred for output prices, as reduced cost pressures and weaker market demand weighed on company pricing power.

Lower inflation, and signs of some market stability after a sustained period of weak demand, underpinned an improvement in business confidence. Expectations were at their highest level for ten months, according to the latest survey data.

■ 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](mailto:economics@ihsmarkit.com).

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