

News Release

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S&P Global Poland Manufacturing PMI®

Manufacturing sector remains mired in deep downturn during November

Key findings

New orders and output continue to fall at rapid rates

Job losses mount

Input price inflation records noticeable slowdown

November's PMI survey data highlighted another sharp contraction of the Polish manufacturing economy with output and new orders declining again. The challenging macroeconomic environment was widely cited as driving demand down, with firms seeing little option but to reduce inventories, cut purchasing activity and lower staffing levels.

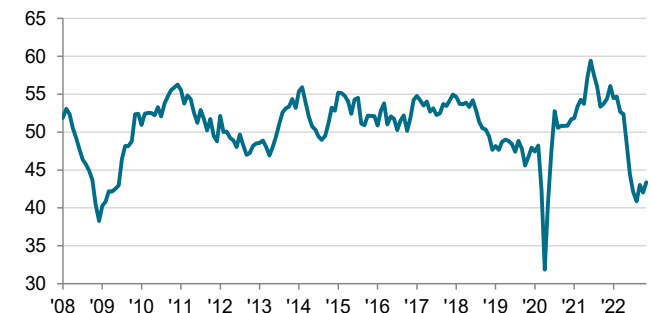
The headline S&P Global Poland Manufacturing PMI® – a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases – remained well below the 50.0 no-change mark in November to signal another noticeable deterioration in sector health. This was despite the PMI rising to 43.4, up from 42.0 in October and a five-month high.

Output and new orders remained deep inside negative territory although, in line with the headline PMI, rates of contraction softened compared to October. Polish manufacturers again commented on a difficult economic backdrop, with high inflation, the war in Ukraine and general uncertainty all playing a role in dampening demand at home and abroad. Regarding the latter, new export orders declined for a ninth successive month, and again to a noticeable degree. Sales to key European markets were reported to be down.

Many firms saw little choice but to respond to another sharp drop in sales and production requirements by lowering their staffing numbers. This was achieved through a combination of forced redundancies and the non-replacement of leavers. Overall, staffing levels fell for a sixth month in a row, but this didn't stop manufacturers making inroads into their work outstanding: backlogs of work fell in November, and again at a noticeable rate.

Purchasing activity was also cut in November, not only for the sixth successive month, but to the greatest degree since April 2020. Firms cited lower production and order book

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



Source: S&P Global.
Data were collected 11-24 November 2022

Comment

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

"The Polish manufacturing sector undoubtedly remains mired in a deep downturn, with economic uncertainty, the war in Ukraine and high inflation all serving to undermine demand, sales, and production. No wonder then that firms continue to make cuts to employment, purchasing and inventories, as they look to maintain close control over costs and margins given the subdued backdrop."

"However, the PMI, and for that matter indices for a number of key variables, improved during November, with confidence rising and a steep drop in input cost inflation also recorded. Although a long way to go before anything like a recovery is under way, the worst of the current downturn may well be passing."

PMI®

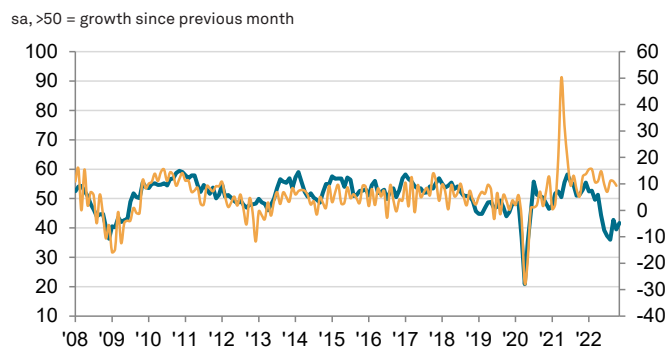
by S&P Global

requirements, whilst also signalling a desire to lower their inventories of purchases. November data marked a sixth successive month in which stocks of inputs have fallen.

Lower purchasing activity reduced any pressure on suppliers in November and they responded by broadly keeping to delivery schedules. Latest data showed only a slight deterioration in vendor performance amid reports that previous difficulties related to stock sourcing and logistics were dissipating. These factors also helped to bear down on cost inflation, which sank to its lowest level for over two years. That said, prices continue to rise at an elevated rate, underpinned by high costs for gas and electricity. Output charges subsequently increased sharply.

Finally, confidence in the future improved to a three-month high, but remained subdued in the context of historical data. Expectations continued to be adversely affected by worries about recession and high inflation.

■ 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.

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