

News Release

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S&P Global Poland Manufacturing PMI®

Further contraction of manufacturing sector at start of 2023

Key findings

Declines in both output and new orders continue

Job losses sustained

Price indices shift higher

Poland's manufacturing economy endured another challenging month in early 2023. Although rates of decline generally softened, output and new orders both continued to fall, whilst jobs were lost again. Purchasing activity was lowered markedly as firms continued to pursue destocking policies. Price indices shifted upwards despite anecdotal evidence of further stabilisation in input supply. Confidence in the future did however improve to its highest level since last May.

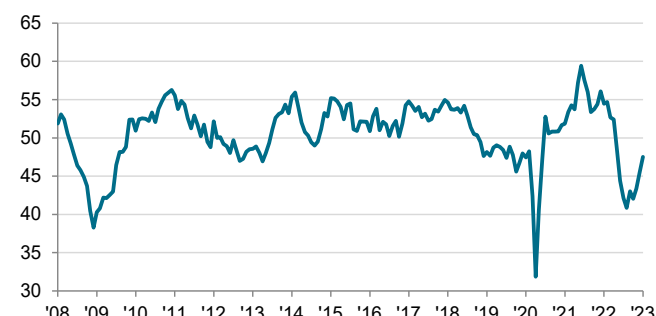
The headline S&P Global Poland Manufacturing PMI® – a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases – registered 47.5 during January. That was up from 45.6 in December and an eight-month high. However, by remaining below 50.0, the index maintained the trend of deteriorating operating conditions seen since May 2022.

Production and new orders continued to fall during January, albeit at noticeably slower rates. Panellists continued to link underlying weakness to poor market demand, reflective of a challenging business environment characterised by high prices and stagnant economic output. Sales were down across both domestic and international markets: new export orders fell for an eleventh successive month, linked in part to weakness from Western European markets.

Sustained falls in production and new orders discouraged purchasing activity and led to another round of job losses. Both fell for an eighth successive month, with firms reporting a general reluctance to replace leavers given the challenging business environment. There was also a preference for using existing resources wherever possible, and this was highlighted by another round of destocking. Inventories of inputs were cut in January for an eighth month in a row, and at a pace that matched July's near two-and-a-half year record.

Poland Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 12-25 January 2023

Comment

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

"Polish manufacturers endured a somewhat challenging start to the year. Market conditions remained subdued, characterised by weak demand for Polish manufactured goods both at home and abroad. Price inflation remains stubbornly high, underpinned by elevated prices for key inputs, though it is hoped that this will be a blip in what otherwise seems a broad disinflationary environment.

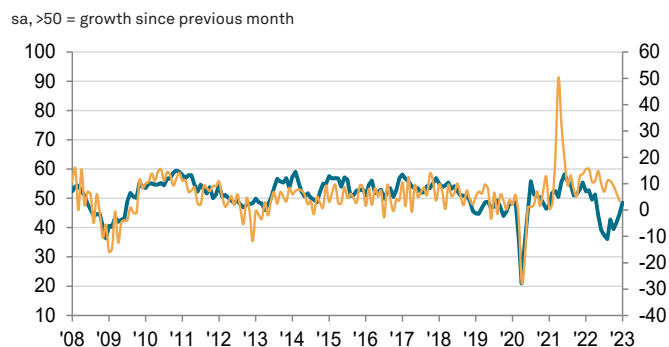
"Moreover, rises in a number of key indices, despite remaining below that crucial no-change mark of 50.0, adds further to hopes that the worst of the industrial recession is behind us. Confidence about the future has subsequently risen, reaching its highest level since May 2022 amid hopes of a more stable economic environment in the months ahead."

PMI®

by S&P Global

Confidence in the outlook nonetheless improved over the month, reflective of some growing optimism about demand and price trends in the coming year. Overall, sentiment was at its highest level since May 2022, despite a pickup in inflation rates at the start of the year. Latest data showed that input costs rose sharply again, linked to continued elevation in energy, raw material, and semi-manufactured good prices. Output charges also rose at a quicker rate compared to the end of 2022, though the pace of inflation - like input costs - was well down on the highest seen during spring last year. This in part reflected a better balance between supply and demand in product markets compared to much of 2021 and 2022, which was evidenced in supplier delivery times. Whilst there remain residual challenges related to stock shortages at vendors and transportation routes, average lead times lengthened only modestly during January.

■ 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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