

Embargoed until 0900 CEST (0800 UTC) 1 July 2020

IHS Markit Poland Manufacturing PMI®

Downturn in manufacturing shows signs of easing in June

Key findings

PMI rises sharply again in June, but remains in contraction territory

Slowest fall in new orders in ten months

Output expectations strengthen as lockdown begins to ease

Data were collected 12-24 June 2020.

The latest Polish PMI® survey data from IHS Markit indicated that the manufacturing sector remained stuck in contraction in June, but showed signs of recovery as lockdown measures began to be lifted. Indicators for output and new orders both rose sharply to levels seen before the coronavirus crisis erupted in March, but remained inside negative territory, as has been the case since late-2018. Employment, backlogs and purchasing all declined more slowly in the latest period, and firms were more upbeat about the 12-month outlook for production.

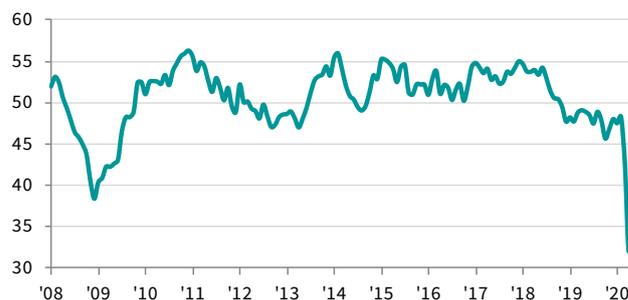
The headline IHS Markit Poland Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose by 6.6 points to 47.2 in June, less than May's record 8.7-point ascent but still comfortably the second-biggest one-month gain since the series began in 1998. The latest reading was a four-month high but, by remaining below 50.0, still indicated a challenging business environment in the manufacturing sector as demand and capacity utilisation remained weak amid the ongoing coronavirus crisis. The June reading was below the pre-COVID-19 trend level of 48.0 since November 2018, the first month of the current downturn.

The volume of new orders received by Polish manufacturers fell further in June as demand remained weak amid the

continued...

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



Source: IHS Markit.

Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

"The Polish PMI made further strides toward the 50.0 stabilisation mark in June, but manufacturing conditions remain challenging even as the sector moves past the worst phase of the lockdown."

"While some may be surprised that the headline figure has not soared into growth territory following the collapse in activity witnessed in the spring, it should be remembered that the manufacturing sector was experiencing deteriorating conditions well before the coronavirus crisis took hold – the PMI has languished below 50.0 since November 2018, the longest downturn in over 17 years."

"All the key indicators showed notably slower falls in June, and output expectations turned decisively positive, albeit at a weaker level than the pre-crisis trend."

ongoing coronavirus crisis. That said, with lockdowns starting to be lifted across Europe, the overall drop in new work was the weakest since August 2019. The current sequence of weakening demand in the Polish manufacturing sector now stands at 20 months, the second-longest downturn in the 22-year survey history.

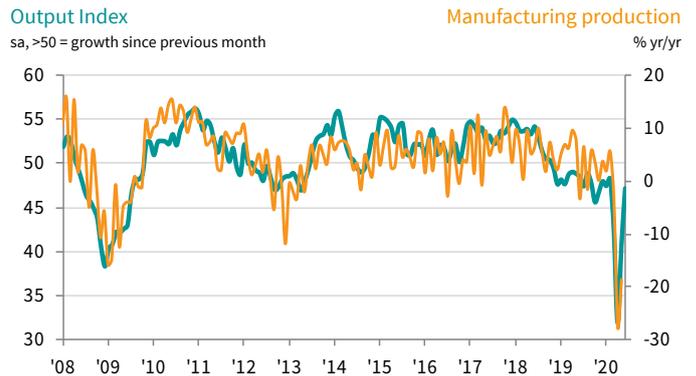
New export business continued to fall in June despite the reopening of some borders. New contracts placed with international clients have declined in every month since August 2018. That said, the latest fall was the slowest since February.

Output followed a similar trend as new work in June, falling for the twentieth successive month but at the slowest rate in four months. The respective seasonally adjusted index has risen over 24 points from April's low but remains below the readings for January and February. Firms were, however, more optimistic regarding the 12-month outlook for production.

Manufacturers continued to cut staff in June as they adjusted capacity following the collapse in workloads during the most extreme phase of the lockdown. The rate of job shedding was the slowest in four months, but still faster than the pre-crisis average since employment first contracted in July 2019.

With demand and output remaining weak, firms cut purchases and stocks of new inputs further in June. Both metrics saw slower falls than in May, however. Suppliers' delivery times lengthened only slightly in the latest month.

Pressure on profitability remained in June as input prices rose further while output prices were cut for the third month running. That said, the rate of input cost inflation was the slowest in seven months.



Sources: IHS Markit, GUS.

Contact

Trevor Balchin
Economics Director
IHS Markit
T: +44-1491-461-065
trevor.balchin@ihsmarkit.com

Katherine Smith
Public Relations
IHS Markit
T: +1 781 301 9311
katherine.smith@ihsmarkit.com

Survey methodology

The IHS Markit Poland Manufacturing PMI® is compiled by IHS Markit 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.

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.

Survey dates and history

Data were collected 12-24 June 2020.

Survey data were first collected June 1998.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please contact katherine.smith@ihsmarkit.com. To read our privacy policy, click [here](#).

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. ihsmarkit.com/products/pmi.html