

News Release

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S&P Global Poland Manufacturing PMI®

Manufacturing downturn eases in September as outlook improves

Key findings

Softer reductions in output and new orders

Strongest business expectations since March

Input and output prices fall at slower rates

Although Poland's manufacturing economy remained in a severe downturn in September, the latest PMI® data signalled softer declines across a number of key measures. Output, new orders, backlogs and purchasing all fell at slower rates than in August, and the 12-month outlook was among the best registered since the Russian invasion of Ukraine in February 2022. That said, the downturn remained strong overall, and employment shrank by the most nearly a year. Input and output prices continued to fall sharply, but at the slowest rates in three and five months, respectively.

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.

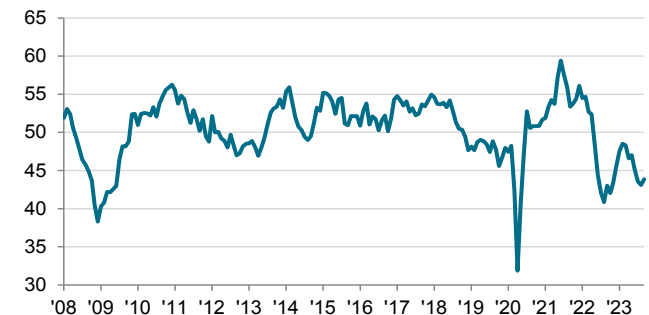
The headline PMI registered well below the 50.0 no-change mark at 43.9 in September, signalling another marked deterioration in manufacturing business conditions. That said, the PMI rose for only the second time in seven months, from 43.1 in August, indicating the slowest decline since June.

For the fifth successive month, all five components of the headline PMI provided negative contributions. The largest component, new orders (weight 30%), again had the biggest overall negative influence in September, although it also had the biggest positive directional influence compared with August. Output, suppliers' delivery times and stocks of purchases also lifted the PMI during the month.

Demand for Polish manufactured goods continued to weaken sharply in September, as the volume of new orders fell for the nineteenth consecutive month. The rate of decline eased to the slowest since June, but it remained severe with firms reporting weakness in the wider economy. Data suggested sharp falls in both domestic and export markets.

Production declined for the seventeenth successive month

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



Source: S&P Global PMI.
Data were collected 08-25 September 2023.

Comment

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

"The latest survey data raised hopes that Poland's steep manufacturing downturn since mid-2022 had passed the worst phase, as the PMI rose to a three-month high and the forward-looking Future Output Index signalled the strongest 12-month outlook since March.

"That said, current and near-term conditions remain very weak, with further sharp falls in new orders, output, backlogs and input purchases in September, albeit more slowly than in August. Employment was cut at the fastest rate in nearly a year.

"Suppliers' delivery times continued to improve as weaker global demand for raw materials led to increased competition and further cuts to prices. Average input prices have fallen sharply for six months running, as have output prices, although both indices rose in September in tandem with the indicators for activity."

PMI®

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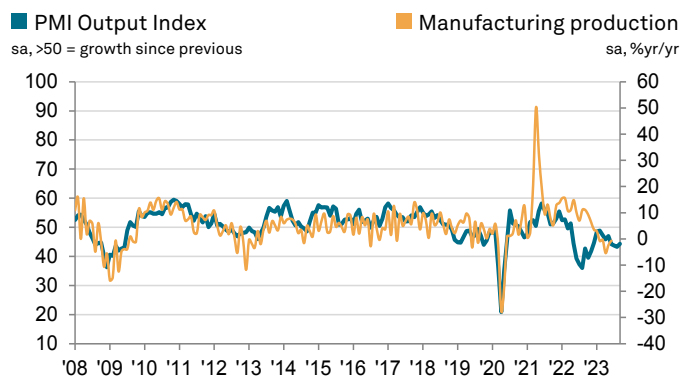
in September as firms adjusted workloads due to the sustained downturn in new orders. The rate of contraction in output was the slowest in four months, but still strong overall.

Polish manufacturers continued to reduce their levels of outstanding work in September, with backlogs down for the sixteenth consecutive month. The rate of decline was strong overall, but the slowest since April. Inventories of finished goods were depleted for the fifth month running.

Goods producers reduced their purchases of new inputs in September as output and new business fell, and they had sufficient stocks to meet current orders. Purchasing has fallen every month since June 2022 and the latest decline remained sharp despite easing since August. Pressure on supply chains continued to lift as input lead times shortened for the fifth month running as suppliers competed for business. Input stocks at manufacturers fell further, albeit at the slowest rate in four months.

Both input and output prices fell for the sixth month running in September, reflecting weakening demand conditions, though both were reduced more slowly in the latest period. Output prices continued to fall less severely than input costs as firms attempted to rebuild margins.

Although the near-term outlook remained weak in September with another marked decline in new work, year-ahead forecasts among Polish manufacturers improved. The Future Output Index rose sharply since August and was among the highest levels achieved since March 2022 following the Russian invasion of Ukraine.



Sources: S&P Global PMI, 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@spglobal.com.

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