

## HSBC Poland Manufacturing PMI™

Polish manufacturing PMI at near four-year peak in September.

### Summary

HSBC survey data compiled by Markit covering Polish manufacturing suggested that growth momentum continued to build in September. The overall monthly improvement in business conditions was the strongest for nearly four years, and rounded off the best quarter since Q2 2007. The headline HSBC Poland Manufacturing PMI™, a composite index derived indices for new orders, output, employment, suppliers' delivery times and stocks of purchases, rose to 54.7, the highest since November 2006.

The volume of incoming new work received by Polish manufacturers rose at the fastest rate since March 2007 in the latest period. New orders have increased every month since October 2009. The rates of growth in both total and export new contracts remained much greater than their respective long-run survey averages.

Stronger growth in new work led to a further marked increase in production in the manufacturing sector in September. The rate of expansion accelerated fractionally to the sharpest since November 2006.

The sustained pace of production growth led to an overall decline in backlogs of work in September, despite faster gains in new orders. That said, the pace of contraction in outstanding business was only marginal. Meanwhile, firms raised their purchasing activity at the fastest rate since September 2007. This contributed to pressure on suppliers, whose delivery times rose sharply again during the month.

Growth of manufacturing employment was maintained in September, the first time that the workforce has risen for two or more successive months since April 2008. Moreover, the pace of job creation was the strongest since July 2007.

Improving demand was accompanied by rising inflationary pressures in September. The rate of input price inflation accelerated sharply, and remained substantial in the context of historic survey data. A wide range of items were reported as having increased in price during the month, including cereals, paper, metals and plastics.

Output price inflation was registered for the sixth successive month in September. The rate of increase accelerated to a three-month high, but remained weaker than that seen for input prices, reflecting competitive market pressures.

### Comment

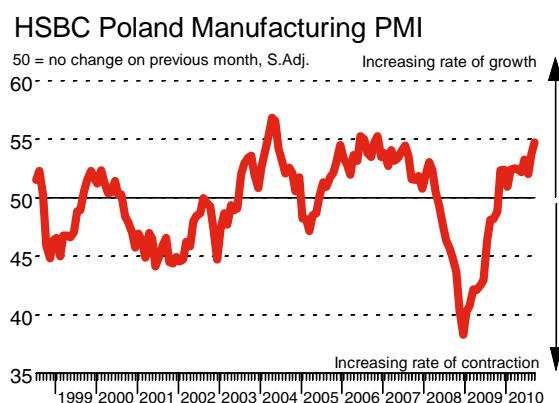
Commenting on the Poland Manufacturing PMI survey, Kubilay Ozturk, economist at HSBC, said:

*"Headline manufacturing PMI firmed further in September due to a widespread improvement in nearly all sub-indices. New export orders and employment have recorded the most noticeable increases over the month, attributable to the welcome and balanced support from both external and domestic demand. Looking at inflation, pass-through from the supply side appears to have continued, yet this is still mainly due to global commodity prices. Meanwhile, domestic-driven cost-side pressures remain fairly limited, which justifies the predominately neutral stance of the Monetary Policy Committee of the National Bank of Poland. All in all, the trajectory of PMI series over the past three months suggests that total output has grown in Q3 2010 at a similar rate to the April-June period, confirming Poland's economic outperformance of the region."*

### Key points

- PMI rose to forty-six month high of 54.7.
- Growth rates of new orders and employment both accelerated.
- Sharp rise in input price inflation.

### Historical Overview



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### Notes to Editors:

The HSBC Poland Report on Manufacturing is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 200 manufacturing companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on regional and industry contribution to Polish Industrial Production. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

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### About PMIs:

Now available for 26 countries and key regions including the Eurozone and BRIC, Purchasing Managers' Indexes™ (PMIs™) have become 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. To learn more go to [www.markit.com/economics](http://www.markit.com/economics).

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