HSBC Purchasing Managers' Index™ Press Release
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compiled by markit

HSBC Poland Manufacturing PMI™

Growth rate of Polish manufacturing sector accelerated further in November

Summary

Poland's manufacturers continued to experience a marked improvement in operating conditions in November, according to the latest HSBC survey data compiled by Markit. The HSBC Poland Manufacturing PMI™, a composite single-figure indicator of manufacturing performance, rose to 55.9 in November. Any figure greater than 50.0 represents an overall improvement in business conditions. The latest figure pointed to the best performance of the sector since May 2004, and was the third-highest reading since the series started in June 1998.

The latest upward movement in the PMI was mainly driven by sharper increases in new orders and output. New orders increased at the fastest rate since April 2004. Data suggested that total new business receipts were supported by both domestic and external markets. The volume of new export orders rose at a sharp rate that was broadly unchanged from October's near five-year peak.

Production increased at the third-fastest rate in the twelve-and-a-half-year history of the series. Only in April and May 2004 were faster rates of expansion indicated. However, stocks of final products were eroded further as sales shipments gathered pace.

Backlogs of work increased for the third time in four months in November. This mainly reflected pressure on capacity from current market conditions, but also transport-related issues.

Polish manufacturers increased headcounts in November, as they sought to control current workloads and prepared for new contracts. Employment has risen for four months in a row, although the latest increase was the slowest since August. Companies also stepped up purchasing efforts, with input orders rising at the fastest rate since May 2004. Consequently, suppliers' delivery times continued to lengthen sharply.

Upward pressure on firms' input prices was maintained in November, albeit at a softer pace. The overall rate of inflation remained greater than the long-run survey trend, as firms reported a wide range of raw materials as up in price. These included metals, plastics, rubber and chemicals. Manufacturers passed on higher input prices to customers, as average output prices rose for the eighth month running.

Comment

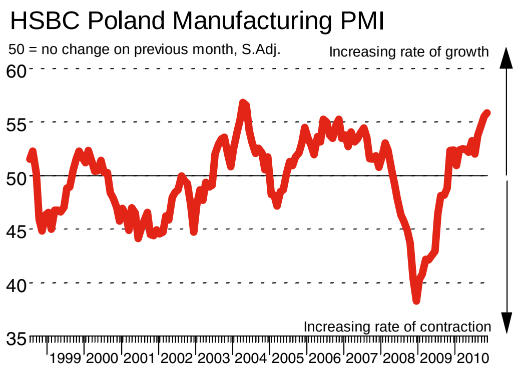
Commenting on the Poland Manufacturing PMI survey, Dr Murat Ulgen, HSBC Chief Economist, Central & Eastern Europe and sub-Saharan Africa, said:

"The composite PMI index came in at a healthy 55.9 in November as manufacturing conditions in Poland improved for the thirteenth consecutive month. Output and new orders indexes both rose at a faster pace than last month, while the new export orders index slowed only marginally. Despite showing some recent volatility, new orders and new export orders remain on a firm expansionary trend. Poland is considerably exposed to Germany through the trade channel, and this country's outperformance (amidst turmoil in peripheral Europe) bodes well for Poland. Employment conditions continued to improve in November, but at a lower pace than last month. The employment index has remained in expansionary territory for the past four months. After rising at a much faster pace than output prices in October, input prices retreated partially in November. Output prices also rose at a slower pace this month. The input/output price ratio rose to a 91-month high of 1.28 in October, and retreated to 1.24 in November. A sustained moderation in this indicator would point to limited inflation pass through eventually, while the opposite could be an early warning sign for brewing price pressures."

Key points

- PMI rose further to 55.9, third-highest in survey history.
- New order growth quickened for fourth successive month, to 79-month high.
- Employment growth maintained.

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.

HSBC:

Headquartered in London, HSBC is one of the largest banking and financial services organisations in the world. Its international network comprises some 8,000 offices in 88 countries and territories in Europe; Hong Kong; Rest of Asia-Pacific; the Middle East; North America and Latin America. With assets of US$2,418 billion at 30 June 2010, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

About Markit:

Markit is a leading, global financial information services company with over 1,900 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see www.markit.com.

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.