

## HSBC Poland Manufacturing PMI™

Polish manufacturing sector saw further solid improvement in April

### Summary

April's HSBC survey data, compiled by Markit, signalled a further strong improvement in manufacturing business conditions in Poland. The headline HSBC Poland Manufacturing PMI™, a composite single-figure indicator of manufacturing performance, tracking changes in new orders, output, employment, suppliers' delivery times and stocks of purchases, fell slightly in April to 54.4, from 54.8. Any figure greater than 50.0 represents an overall improvement in business conditions. The latest reading was marginally weaker than the average for the first quarter of 2011, but nevertheless comfortably above the long-run average of 50.0.

New order growth eased in April, but was only slightly weaker than the strong trend achieved over 2011 so far. The current sequence of continuous expansion now stretches to nineteen months. Firms reported a broad-based improvement in new order intakes across both domestic and export markets.

Output growth was unchanged from March's sharp pace. A combination of new orders and efforts to cut backlogs resulted in the latest strong rise in production. Overall, the level of outstanding business in the manufacturing sector declined for the first time in seven months, partly reflecting reports of investment in new capacity.

Polish manufacturers expanded their workforces in April. This brought the current sequence of job creation to nine months.

Purchasing activity by Polish manufacturers rose in April, albeit at a slightly weaker rate. Correspondingly, suppliers' delivery times continued to lengthen, but to the smallest extent in over a year.

Average input prices continued to rise rapidly in April, reflecting growing demand for a wide range of inputs such as metals, chemicals, foodstuffs, fuel and paper. The rate of input cost inflation in the latest period was the fifth-fastest over the survey history, but slowed further from January's record.

In response to further sharp increases in their costs, manufacturers raised their output prices in April. The rate of charge inflation eased to a three-month low, but was still one of the sharpest indicated by the survey to date.

### Comment

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

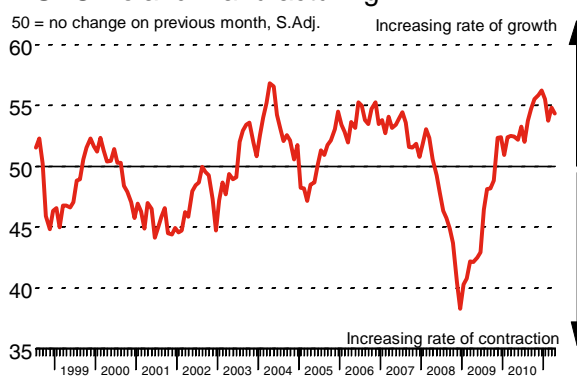
*"The headline PMI index slowed to 54.4 in April, but remained in expansionary territory for the eighteenth consecutive month. Output, new orders and new export orders all expanded as well, but at marginally slower rates. Suppliers' delivery times continued to lengthen in April. Firms stated that the delays were a result of raw material shortages, which is in line with the sustained high level of the input price index. Input price inflation fell from the series high of January, but still remain elevated. Output price inflation eased slightly from March levels but remained above the long term average. Despite the recent strength in economic activity indicators and rising price pressures, there seems to be a lack of consensus in the National Bank of Poland's Monetary Policy Committee. Some rate setters believe that interest rate hikes are an unsuitable tool for containing cost-side price pressures, while others argue that tighter monetary policy would help in managing pass-through effects and anchoring inflation expectations. Core inflation and inflation expectations are both on an upwards trend, which argues for continued policy tightening. That the ECB has recently become more hawkish also supports this view."*

### Key points

- Output growth remained strong despite softer gain in new orders.
- Pressure on suppliers eased slightly.
- Input price inflation slowed for third month running, but remained sharp.

### Historical Overview

#### HSBC Poland Manufacturing PMI



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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 Markit:

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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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