

## HSBC Poland Manufacturing PMI®

Polish manufacturing new orders fell in June

### Summary

HSBC PMI® survey data for June, compiled by Markit, signalled a further overall improvement in manufacturing business conditions in Poland. This was despite a marginal fall in the volume of incoming new work received. Output and employment continued to expand, while inflationary pressures eased further from January's record.

The headline HSBC Poland Manufacturing PMI – a composite single-figure indicator of manufacturing performance – moved down for the third month running in June, registering 51.2. That was the lowest since January 2010, and contrasted with strong improvements signalled at the end of last year.

Production continued to rise, marking the twenty-third successive month of growth. However, the rate of expansion slowed further, to the weakest since October 2009. Moreover, data suggested that the pace of output growth would ease closer to stagnation in Q3, as new orders fell for the first time since September 2009. New export business registered the fastest rate of decline since June 2009.

Despite the overall fall in new business, manufacturers continued to expand their workforces. The current eleven-month run of job creation is the second-longest in the survey history. Moreover, the rate of workforce growth remained faster than the series average. But the fall in new orders did relieve pressure on capacity, as backlogs declined.

Input cost inflation slowed for the fifth month running since reaching a survey-record high in January. The latest increase in average input prices was the weakest since March 2010. That said, the rate of inflation remained greater than the long-run survey average. Firms reported higher prices for oil-related products and other raw materials during the month.

June data signalled a weaker rise in prices charged for Polish manufactured goods. The rate of inflation was the slowest since last November.

Purchasing growth by manufacturers was maintained for the seventeenth successive month in June. Suppliers' delivery times lengthened further, but to the weakest extent since November 2009. Meanwhile, manufacturers' stocks of purchases were unchanged compared with May.

### Comment

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

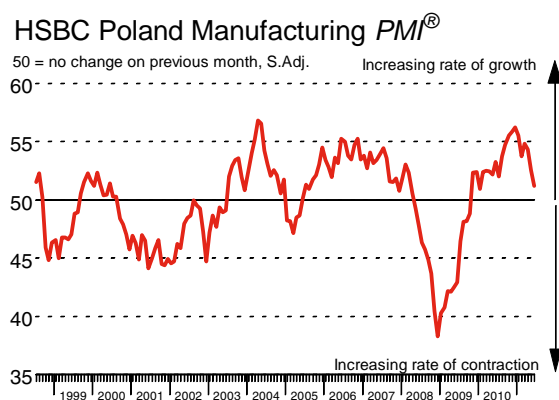
*"The headline PMI index slowed to 51.2 in June. Even though the result marked the twentieth month of consecutive expansion, manufacturing activity lost pace for the third month in a row. Output growth, new orders and new export orders all moderated when compared to a month ago, with the new orders and new export orders indices falling below the 50.0 mark for the first time since September 2009.*

*Both the input and the output price index eased from their May levels, with the input index retreating to its lowest level since March 2010. After a marked deceleration in May, the stocks of finished goods index rose slightly, but remained below 50.0. On the positive side, despite the slower pace of improvement in manufacturing conditions, the employment index signalled job creation for the eleventh consecutive month."*

### Key points

- Decline in new business for first time since September 2009.
- Input price inflation eased to fifteen-month low.
- Employment and output growth maintained.

### Historical Overview



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### Notes to Editors:

The HSBC Poland Manufacturing *PMI* 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).

### HSBC:

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### About PMIs:

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for 32 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. To learn more go to [www.markit.com/economics](http://www.markit.com/economics).

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