

## HSBC Poland Manufacturing PMI®

Polish manufacturing output rises at faster rate

### Summary

HSBC PMI® survey data for July, compiled by Markit, signalled a strengthening business climate in Poland's manufacturing sector at the start of the third quarter. Output rose at a faster rate as new orders recovered, while employment growth remained relatively solid and inflationary pressures eased.

The HSBC Poland Manufacturing PMI is a composite single-figure indicator of manufacturing performance, tracking changes in new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 represents an overall improvement in business conditions. Having fallen five times in the first six months of 2011, The PMI moved higher in July, signalling a stronger overall improvement in business conditions. The latest figure of 52.9 was the highest since April, and above the pre-downturn average of 50.3 (June 1998 to April 2008).

July data signalled a resumption in growth of new business following June's marginal decline. New orders have risen 21 times in the past 22 months. That said, the latest expansion was slightly weaker than the trend over this period. The volume of new export orders fell for the second month running, albeit at only a marginal pace.

Rising levels of new work supported an overall increase in production in July. Output has expanded every month for the past two years, and the latest rate was the fastest since April. Manufacturers also recorded a second successive monthly decline in backlogs – the first back-to-back fall in a year.

Manufacturing employment rose for the twelfth month in a row in July. The rate of job creation was marginally weaker than in June, but still strong in the context of historic survey data.

Average input prices continued to rise strongly in July. The rate of input cost inflation eased for the sixth month running, however, to the weakest since March 2010. Firms' output prices also increased at a slower pace, reflecting competitive pressures.

Purchasing activity was broadly flat in July, registering almost no growth compared with June. Suppliers' delivery times continued to lengthen, however, and at a faster rate.

### Comment

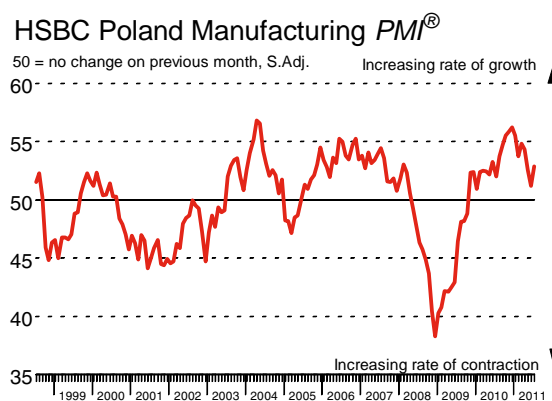
Commenting on the Poland Manufacturing PMI survey, Dr Murat Ulgen, HSBC Chief Economist, Central & Eastern Europe and sub-Saharan Africa, said:

*"After four months of deceleration, the PMI index gained pace in July, reaching 52.9. growth of output and new orders both accelerated when compared to June, though the new export orders index remained below the 50.0 mark for the second month in a row. Survey participants pointed to rising competitive pressures as a reason for the weakness in new export orders but did not refer to worsening demand, as they did in June. The employment index slowed marginally to 52.0, but remained comfortably above the series' average of 47.0. Price pressures continued to ease in July. The input price index slowed for the sixth consecutive month, and the output price index for the fourth. Even though the output price index remains in inflationary territory, July's figure points to the slowest rate of inflation since November 2010. Recent weakness in many countries' PMI results raised questions about a more prolonged soft patch in the global recovery. Even though it would be premature to deem the recovery back on track after a single month of data, strength in the forward-looking indexes such as employment and new orders are reasons for optimism in case of Poland."*

### Key points

- Current sequence of production growth extended to two years
- Rise in new orders
- Input price inflation eases to 16-month low

### Historical Overview



## For further information, please contact:

### HSBC

Dr Murat Ulgen HSBC Chief Economist,  
Central & Eastern Europe and sub-Saharan Africa  
Telephone +90-212-376-4619  
Email [muratulgen@hsbc.com.tr](mailto:muratulgen@hsbc.com.tr)

Magdalena Ujda, Communications Manager, HSBC Bank Polska SA  
Telephone +48-22-354-0644  
Email [magdalena.ujda@hsbc.com](mailto:magdalena.ujda@hsbc.com)

### Markit

Trevor Balchin, Senior Economist  
Telephone +44-1491-461-065  
Email [trevor.balchin@markit.com](mailto:trevor.balchin@markit.com)

Rachel Harling, Associate, Corporate Communications  
Telephone +44-207-064-6283  
Email [rachel.harling@markit.com](mailto:rachel.harling@markit.com)

### 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:

HSBC is one of the largest banking and financial services organisations in the world, with a market capitalisation of US\$180bn at 31 December 2010. We are headquartered in London. As 'The world's local bank', we combine the largest global emerging markets banking business and a uniquely cosmopolitan customer base with an extensive international network and substantial financial strength. HSBC operates through long-established businesses and has an international network of some 7,500 offices in 87 countries and territories in six geographical regions; Europe, Hong Kong, Rest of Asia-Pacific, the Middle East, North America and Latin America.

### About Markit:

Markit is a leading, global financial information services company with over 2,200 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](http://www.markit.com).

### 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).

**The intellectual property rights to the Poland Manufacturing *PMI* provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*<sup>®</sup> and *PMI*<sup>®</sup> are registered trade marks of Markit Economics Limited, HSBC use the above marks under licence. Markit and the Markit logo are registered trade marks of Markit Group Limited.**