# **HSBC Purchasing Managers' Index® Press Release**

Embargoed until: 09:00 (Warsaw), 4 November 2013

# HSBC Poland Manufacturing PMI®

## Survey-record increase in new export orders

#### **Summary**

A survey-record increase in new export business was the highlight of October's survey of Polish manufacturers. This supported further strong growth of both total new orders and output. Manufacturers accommodated higher workloads through increasing employment at a solid rate and raising input volumes, and backlogs continued to fall as a result.

The headline HSBC Poland Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. The PMI remained above the nochange mark of 50.0 for the fourth month running in October, indicating an ongoing upturn in business conditions. Moreover, the headline figure rose for the sixth month in a row to 53.4, the highest since April 2011. The upward movement in the PMI reflected stronger growth of new orders, which in turn reflected a surge in new export business. The other components of the PMI all exerted positive contributions except for stocks of purchases.

New export orders rose for the fifth month running in October, the longest sequence of growth in nearly two-and-a-half years. Moreover, the rate of expansion accelerated sharply to the fastest indicated since the survey began in June 1998. The rate of growth of total – domestic and export – new orders also accelerated since September, and was the second-fastest in two-and-a-half years.

Manufacturing output in Poland rose for the fourth month running in October, and at an historically strong rate. To support rising workloads, firms expanded workforces for the third month in a row. The rate of job creation eased since September, but was solid nonetheless and contributed to a further decline in outstanding business.

The volume of inputs held in stock by manufacturers declined for the nineteenth month in a row in October, and at a faster pace than one month previously. This, combined with the sharp rise in new orders, led to a further increase in new inputs purchased. The rate of growth remained strong, and this led to a further lengthening of suppliers' delivery times.

Survey data indicated a faster rate of input price inflation in October. The rate of inflation hit a 16-month high, as firms reported higher prices for paper and rising tax burdens in particular. Meanwhile, manufacturers cut their prices for the eleventh month running, mainly citing competitive pressures.

#### Comment

Commenting on the Poland Manufacturing PMI<sup>®</sup> survey, Agata Urbanska-Giner, Economist, Central & Eastern Europe at HSBC, said:

"The PMI index has improved little in October compared to the previous month but it continued to show improving business conditions in manufacturing for the fourth month in a row and remains at the highest level since early 2011. The highlight in October survey was a surge in new export orders while output and employment indices inched lower. For the fourth month in a row rising input prices were matched by falling output prices. What is more in October input prices rose faster than a month earlier while output prices fell more sharply than a month earlier. This still points to weak demand and highlights how vulnerable growth recovery still is at this stage. And that is exactly in line with the recent comments from several MPC members who highlighted disappointment with the pace of recovery and lack of inflationary pressures."

#### **Key points**

- New business from export markets expands at fastest rate in 15-year survey history
- Output growth remains strong
- Input price inflation at 16-month high

#### **Historical Overview**

## HSBC Poland Manufacturing PMI®



Sources: Markit, HSBC.







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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 industry contribution to Polish GDP. 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.

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