

## Poland: Manufacturing sentiment stable

March manufacturing PMI remained stable despite deteriorating sentiment among key trading partners. The biggest risk for the industry remains the slowdown of the German economy



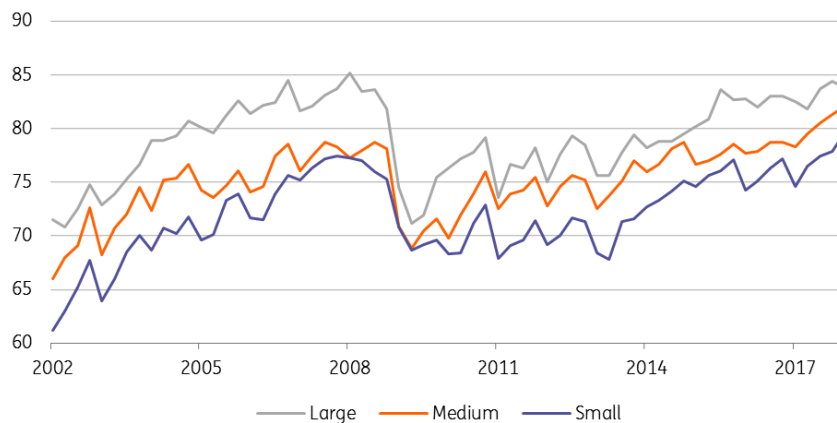
Source: Shutterstock

**53.7** PMI index  
Manufacturing sector  
Better than expected

In March, the PMI index for the manufacturing sector remained stable at 53.7pt, above the market consensus of 53 despite the negative slide in Western Europe, where both France and Germany reported a decline in the sentiment.

The data provider IHS Markit says the increase in the subcategories describing activity were small. Remarks on long-term indicators remain more upbeat with an improvement in the employment situation and the increase of the delivery time.

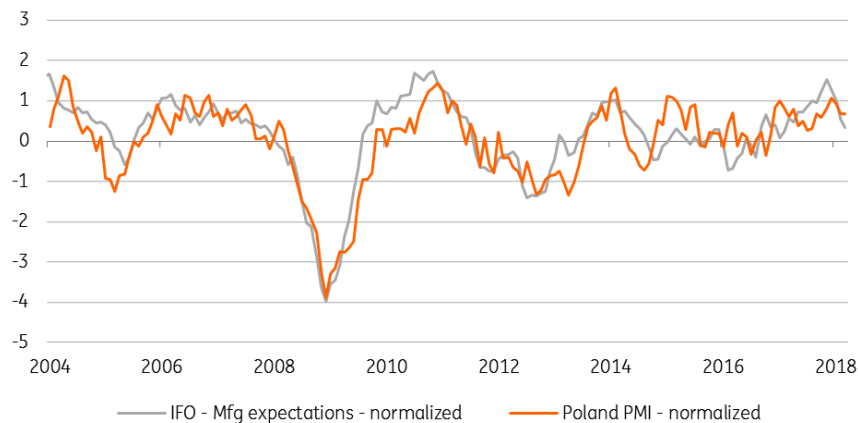
## Strong capacity utilisation (%) across all firm size sectors supports investments pick up



Source: GUS/Eurostat

## Biggest risk to Poland's industry is related to the slowdown of the German economy

In our assessment, the biggest risk for Polish industry is the slowdown in the German economy.



Source: Markit, IFO

Overall we expect a solid performance in the manufacturing sector in the first quarter averaging growth near 6% YoY and a moderation towards 3.5 - 4.5% YoY in the second half of 2017.

The manufacturing sector in Europe is dependent on Eurozone sentiment. We forecast a slowdown of euro area GDP from 2.7% YoY in 1Q17 to 2.1% YoY in the last quarter of 2018.