

## Poland's PMI falls in April

In April, the PMI declined to 52.4 from 52.7 a month prior. The structure of the data reveals that industry may be suffering significantly more than the benign decline in PMI suggests, as the fall in new orders and delivery times has accelerated



Source: Shutterstock

The weaker PMI reading primarily reflected a further deterioration in new orders (at the fastest rate since November 2020), both domestic and external. Companies surveyed reported a decline in demand particularly from other EU countries, suggesting secondary effects of the war in Ukraine. Western companies are exporting less to the east and, in turn, are limiting their orders for components from Poland. Long term expectations of companies remained relatively poor (although somewhat better compared to March). Respondents underlined the risks related to the war, prices and supply chain disruptions.

Delivery times worsened again (although not as much as in March). Usually, this indicates that companies face overwhelming demand (hence increases in the headline PMI). Currently, however, this suggests that the war, related sanctions and stricter Covid restrictions in China are causing supply chain disruptions. Companies are responding by increasing their stocks (for the thirteenth month in a row). Current activity indicators were somewhat better compared to March – companies reported a slight improvement in production and higher employment. The PMI survey

suggests that the impact of the war on exporters will be significant. In tandem with higher pieces of imported resources, this suggests a high risk of further deterioration in net trade.

The survey also confirmed that price pressures remain very high. Companies reported higher costs of fuel and metals. Companies are able to pass these on to their customers though. According to the PMI, prices of finished goods rose for the twentieth consecutive month, reaching a new record. This suggests that the CPI will remain high even after annual price increases (of fuel, for example) fade. Companies are passing past rising costs onto consumers, suggesting high core inflation.

## Author

### Piotr Poplawski

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.