

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



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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.

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