

## Poland's PMI undershoots on supply shortages

The main index declined to 56pts, undershooting the consensus (56.5pts.). Companies report slower growth in production and are facing supply shortages. Given strong demand, this is resulting in a further rise in the backlog of orders and is keeping upward pressure on prices



Source: Shutterstock

GUS surveys also showed that the share of companies facing component shortages is at record high, while fewer indicate insufficient demand. Meanwhile, Markit reports strong demand, both internally and externally, while export orders in particular look strong. This is resulting in a further rise in order backlogs, which have now expanded for 11 straight months - currently at a pace close to the record in June. Companies were also forced to further reduce inventories.

This confirms that Polish producers face increasing supply chain disruptions, as seen in other European countries. It has forced them to largely limit planned employment, although this is still reported to rise. The output price index was lower compared to the previous reading, but still the fourth highest in the PMI survey's history. Input price growth slowed as well (subindex was the lowest in six months), but is still high historically.

Companies' expectations worsened somewhat but they still anticipate double-digit production growth on the back of a post-pandemic recovery.

The overall picture points to CPI remaining elevated. The mix of strong demand and insufficient production suggests rising costs to be passed onto the final consumer. Still, given uncertainty over the fourth wave of the pandemic, we expect the MPC to start the tightening cycle with a 15bps hike in November. So far, four members openly support a hike: Jerzy Kropiwnicki, Łukasz Hardt, Eugeniusz Gatnar and Kamil Zubelewicz.

## 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>.