

Poland: Strong manufacturing activity ahead

PMI figures support our call for 5%YoY GDP growth in 4Q17, as Markit comments suggest strong present assessment



Source: Shutterstock

54.2 PMI index in December

Better than expected

PMI index for manufacturing accelerated from 53.4pt to 54.2pt, close to market expectations. Markit comments indicate solid present assessment and orders portfolio. Forecasts for months ahead call for manufacturing production moderation, but the majority of businesses expect further improvement in production in 2018. Finally, increasing number of companies complain about problems with supply chain – index measuring delivery times achieved a seven-year maximum.

The underlying picture supports our call for average 8%YoY industrial production growth in 4Q17

and moderation afterwards with seasonally adjusted readings still exceeding 6%YoY.

On inflationary side companies are further reporting increasing input and output prices but with slowing pace of acceleration. Furthermore, input costs are determined mainly by prices of steel, coal & other commodities.

Finally, the comment does not indicate that companies complain about rising wage pressures. We expect PPI to slow down to 2.1%YoY in November and close to 0%YoY in December.