

Poland: Strong reopening effect in May PMI

The PMI in May accelerated to an all-time high of 57.2 points, beating the April 2004 record by 0.4ppt. All components made a positive contribution but new orders (+1.5ppt) and production (+1.3ppt) made the largest



New orders are growing at the fastest rate since January 2018, and in May this was largely driven by an increase in domestic orders, which grew faster than those for exports. Surveyed companies point to the biggest improvement this year in the outlook for output growth. Backlogs continue to be high. Manufacturers are also trying to increase production capacity, including through increased hiring. However, delivery times have extended to the longest level in the survey history, accompanied by the highest input price pressures ever, which companies have passed on to prices of finished goods.

As we expected, companies in Poland are taking advantage of opening economies around the world. Domestic demand is also picking up in May, and a stronger acceleration is still ahead of us. We see upside risk to our 4.8% GDP growth forecast for Poland in 2021. Next year, we expect growth at 5.5%. This will be supported by higher inflation at 4.0% in 2021 and 3.6% in 2022.