

Poland's PMI lags improved production

The manufacturing PMI rose from 40.9 to 43 in September on less pessimistic new orders and current production. But approach the reading with caution – very poor past readings were not reflected in actual output and this recovery comes after the improvement in actual manufacturing results



Source: Shutterstock

New orders have improved since August when they hit a 27-month low. Still, the pace of the decline has remained strong. Export orders have continued to shrink as well, with surveyed companies linking this primarily to weaker demand from Germany. The decline in current production, meanwhile, slowed to its weakest level since May. Despite falling output, backlogs of work fell for a fourth consecutive month. In response to shrinking demand, companies once again reduced purchasing activity, drawing on accumulated inventories. Manufacturers also announced job cuts in response to the deteriorating economic environment, and at the fastest pace since May 2020.

We note the rebound in the input cost sub-index, which posted the strongest increase in three months. In response to rising costs, companies once again raised prices of finished goods strongly, albeit at the slowest pace since early 2021.

We approach the PMI survey results with caution. The index has recorded very strong declines in recent months, but these have not been reflected even roughly in the actual industrial production data. Therefore, in the case of the improvement indicated in the September report, we do not assume that this will have a clearly positive impact on hard data readings.

Indications of slower price increases in finished goods were visible in the PPI. However in the CPI - among other things, the large increase in the core component indicates another wave of price increases related to energy costs.

Author

Piotr Poplawski

Senior Economist, Poland

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>.