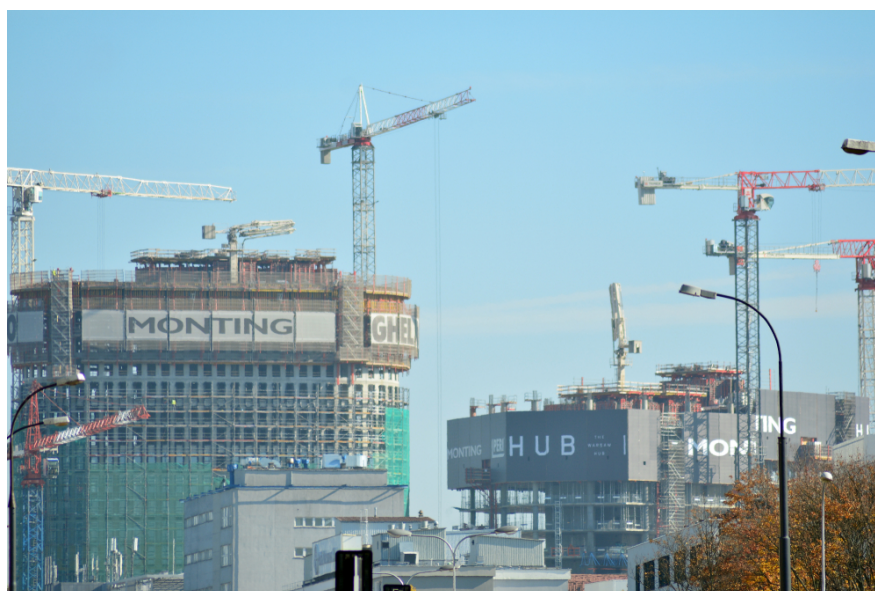


## Polish PMI shows resilience to global supply shocks

In October, the PMI rose to 53.8 from 53.4 a month prior. This is better than expected (53), as the consensus feared disruptions in the global supply chain. New orders and production accelerated, but at a slow pace. Companies continue to face mounting price pressures and pass on costs to final consumers



Construction of the 'Warsaw Hub', Poland

The data reveals that Polish industry remains relatively resilient to the ongoing supply chain disruptions. This, at least partially, stems from a more diversified manufacturing structure, much less dependent on automakers compared to central and eastern European peers. Strong internal demand is an important factor as well.

Companies reported a continued rise in production and orders. However, this only reflects internal demand, as export orders declined for the second month in a row. Manufacturers managed to increase the stock of finished goods for the first time in 10 months. Producers continued to report increasing delivery times, reflecting the ongoing supply chain disruptions, component shortages and cumbersome logistics.

This was reflected in increasing price pressures – input costs increased at the fastest pace in

three months, while costs of finished products rose at the fastest pace since June. Purchasing activity increased as well, suggesting companies have been trying to restock in advance.

A strong recovery in the ASEAN manufacturing PMI is an optimistic indicator as well. Improving output suggests supply chain disruptions should gradually fade, but this will most likely take several months.

The Polish PMI also confirms that price pressures will remain elevated. Companies still report rising costs and continue to pass them onto the final consumer. Therefore even as the impact of high energy costs on CPI fades, core inflation should remain elevated.

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