

# IHS Markit Czech Republic Manufacturing PMI®

## PMI slips to 11-month low in October as production and new orders decline

### Key findings

Manufacturing output falls for first time since June 2020 amid supply shortages

New orders drop as firms struggle to secure vital inputs

Inflationary pressures heat up once again

Data were collected 12-21 October 2021.

The slowdown seen in the Czech manufacturing sector continued at the start of the fourth quarter, latest PMI® data showed, as fresh declines in output and new orders weighed on overall growth. Supply-side issues were a major hindrance to goods production, according to panel members, with delayed input deliveries and shortages of key materials at suppliers disrupting production schedules and client demand.

Inflationary pressures also persisted in October, with both input costs and output prices rising at accelerated rates.

The headline seasonally adjusted IHS Markit Czech Republic Manufacturing PMI® dipped for a fourth month in succession during October to 55.1, from 58.0 in September. The headline index has shed over 7 points since hitting a survey high in June as slowdowns in the two principal components – new orders and output – have weighed on growth in the sector. Overall, the Manufacturing PMI posted its lowest reading since last November.

Latest survey data signalled the first reduction in Czech manufacturing output since June 2020. Among the firms that scaled back production, shortages of key inputs were mentioned as a factor, as well as softer demand conditions. Panel member reports suggest these issues were particularly acute in the automotive sector.

New orders placed with Czech goods producers also fell in October, and for the first time in just over a year. Due to difficulties in acquiring materials, some businesses shut their production lines down, which resulted in client demand dropping. Slowing market conditions in the automotive

*continued...*

Czech Republic Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Joe Hayes, Senior Economist at IHS Markit, said:

*"The slowdown seen in the Czech manufacturing sector in recent months gathered further pace in October as the intense global supply chain issues weighed heavily on production schedules. These problems are now also impacting the demand-side of the economy, as seen by the first reduction in Czech manufacturing orders since August 2020.*

*"According to firms, there were instances of factory shutdowns as businesses were unable to secure the necessary components for production. This had a knock-on effect on sales, as clients had to postpone or cancel orders. Unsurprisingly, these problems were particularly acute for the automotive sector.*

*"Another consequence of supply shortages was rising prices. Rates of output charge and input cost inflation picked up in October, having eased since reaching unprecedented levels earlier in the summer.*

*"Overall, it's clear that momentum in the Czech manufacturing sector is waning."*

sector was also reported to have driven lower new business intakes. These factors also contributed to a marginal reduction in new export orders during October.

As a result of lower new work intakes, input purchasing increased to a weaker extent in October. Anecdotal evidence suggested that some firms trimmed their purchasing activity due to poor sales performances, intense competition for materials and longer lead times.

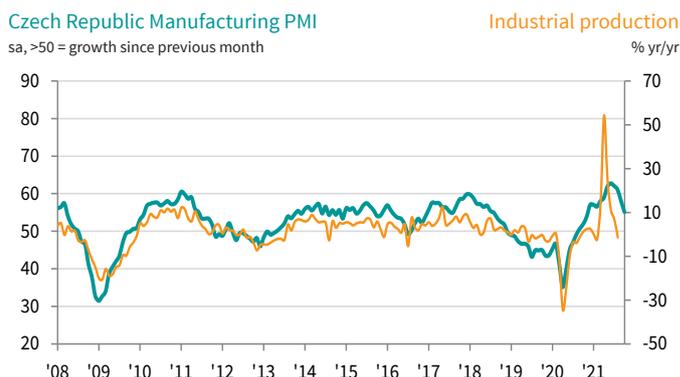
Supplier delivery times continued to lengthen to a substantial degree during October. According to firms, strong global demand for raw materials and components exacerbated issues relating to supply chains, such as shortages at vendors and low container and transport availability.

Nevertheless, despite input lead times lengthening markedly, and purchasing activity growth slowing, lower production and demand enabled firms to build up their stocks of purchases.

Meanwhile, employment levels increased, as has been the case since October 2020. Workforce numbers were reportedly expanded in line with expectations of stronger production growth. That said, the increase in staffing levels slowed to a nine-month low.

Capacity pressures built further, with backlogs of work rising at an accelerated pace in October. According to firms, longer lead times on inputs meant many goods were left unfinished due to missing components.

Another side effect of supply shortages was rising prices, as both input costs and output charges rose at accelerated rates in October. Although rates of inflation remained below the survey records seen during the summer, they were still severe.



Sources: IHS Markit, CSO.

## Contact

Joe Hayes  
Senior Economist  
IHS Markit  
T: +44-1344-328-099  
[joseph.hayes@ihsmarkit.com](mailto:joseph.hayes@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### Survey methodology

The IHS Markit Czech Republic Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 300 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

October data were collected 12-21 October 2021.

Survey data were first collected June 2001.

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please contact [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).

### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)