

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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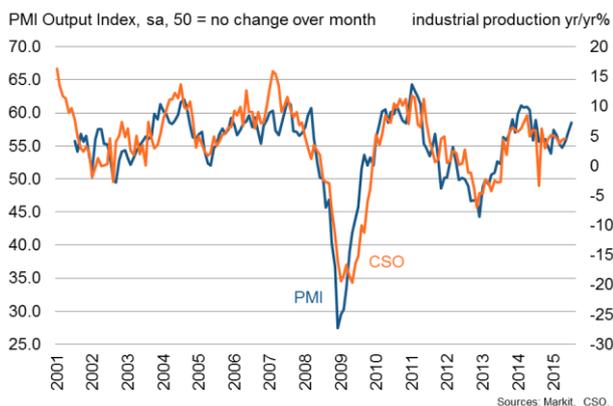
## Markit Czech Republic Manufacturing PMI<sup>®</sup>

### PMI rises to 51-month high in July

#### Key points:

- Stronger increases in output and new orders
- Employment growth remains at near-record pace
- Inflationary pressures subside

#### Historical overview:



#### Summary:

The business climate in the Czech manufacturing sector continued to strengthen in July, according to the latest *PMI*<sup>®</sup> survey data from Markit. Output and new orders both grew at faster rates, linked to a broad-based improvement in export demand from both inside and outside Europe. Moreover, another strong round of job creation and purchasing activity suggested that manufacturers remained confident with regard to the outlook. The rate of input cost inflation slowed since June, leading to only a fractional increase in manufacturers' prices.

The headline Markit Czech Republic Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI remained above 50.0 for the twenty-seventh consecutive month in July, indicating a further improvement in overall business conditions at Czech manufacturers. Moreover, the index rose for the third month running from 56.9 in June to 57.5, signalling the strongest rate of improvement since April 2011. In comparison, the PMI has averaged 52.8 since its inception in June 2001.

Manufacturing new orders in the Czech Republic rose for the twenty-sixth successive month in July, and at the fastest rate since May 2014. Growth was supported by demand from both domestic and export markets. Firms reported export growth from both EU and non-EU markets, including Germany, Poland, Ukraine and Russia.

Goods production rose at the fastest rate in a year in July, and the rate of expansion has now strengthened for three consecutive months. The current sequence of growth in output now stretches to 28 months, the longest registered by the survey in over seven years. Similarly, backlogs of work rose for the twenty-sixth month in a row, the longest period of growth in over seven-and-a-half years.

Manufacturers responded to improving demand by raising purchasing activity at the strongest rate since May 2014. Input inventories continued to rise solidly as a result. Meanwhile, the pace of workforce growth in the manufacturing sector eased from June's record high, but remained among the sharpest registered by the survey to date.

Input prices rose for the fifth straight month in July, linked to higher metals and plastics prices. That said, the rate of inflation slowed from June's 16-month peak. This led to only a marginal rise in manufacturing output prices during the latest period.

**Comment:**

Commenting on the Czech Republic Manufacturing PMI survey data, Trevor Balchin, senior economist at Markit and author of the report, said:

*“The Czech manufacturing sector started the second half of the year in a strong position, with new order growth accelerating further to the fastest since May 2014. As a result, output growth hit the highest in a year and job creation remained close to survey-record levels. Firms also benefitted from a slower rise in input prices during the month, although their own pricing power remained limited.”*

-Ends-

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**Notes to Editors:**

The Czech Republic Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 300 companies based in the Czech manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

The Manufacturing *Purchasing Managers' Index*® (*PMI*®) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The *Purchasing Managers' Index*® (*PMI*®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

**About Markit**

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**About PMI**

*Purchasing Managers' Index*® (*PMI*®) surveys are now available for over 30 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. To learn more go to [www.markit.com/economics](http://www.markit.com/economics).

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