

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

### March PMI dips to six-month low, but still signals steep manufacturing growth

#### Key findings:

- PMI slips to lowest since September 2017
- Output growth remains sharp despite easing
- Upturn in new orders softens to seven-month low

Data collected March 12-21

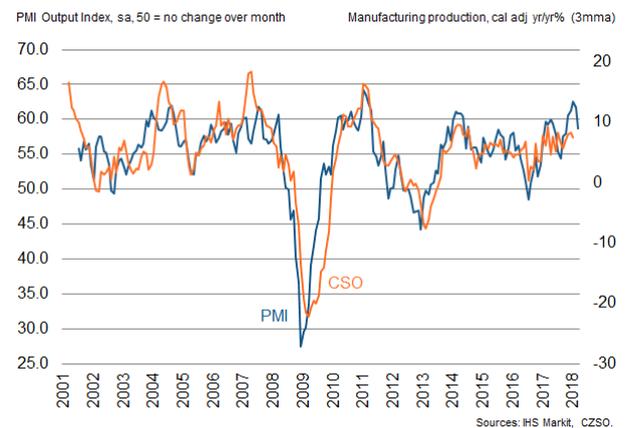
The latest PMI<sup>®</sup> survey data from IHS Markit indicated a steep expansion across the Czech manufacturing sector in March. Overall growth was supported by sharp increases in both output and new orders, despite the rates of expansion easing to five- and seven-month lows respectively. In contrast, new export orders increased at a faster pace. Meanwhile, input cost inflation accelerated to the quickest since last November and growth in selling prices remained steep. Business confidence also rose and was the second-highest since January 2017.

The headline IHS Markit Czech Republic Manufacturing PMI<sup>®</sup> is a composite single-figure measure 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 in the sector.

At 57.3, down from 58.8 in February, the latest PMI reading indicated a sharp improvement in operating conditions across the Czech manufacturing sector, albeit the slowest since last September. Moreover, the first quarterly average for 2018 was only down slightly from that seen at the end of 2017.

In line with greater global demand, output levels at Czech goods producers increased further in March. Although the rate of growth softened slightly to a

#### Czech Republic Manufacturing PMI



five-month low, it remained sharp overall. Moreover, the quarterly average was the strongest since the first quarter of 2011.

Similarly, the latest expansion in new orders was steep, but the slowest in seven months. The upturn was attributed to increased client demand, especially from those in the construction and automotive industries. Furthermore, growth in new business from abroad accelerated and was strong overall.

On the price front, cost burdens faced by Czech manufacturing firms continued to rise at a marked pace in March, driven by greater raw material prices. Moreover, the pace of inflation accelerated to a four-month high. Meanwhile, supplier delivery times lengthened further, with performance deteriorating to the greatest extent since October 2017.

March survey data signalled a steep rise in factory gate charges. The rate of inflation was the second-

fastest since April 2011 (behind February's multi-year peak). Higher raw material prices reportedly drove the latest increase in output charges.

Amid ongoing labour shortages, employment growth eased to a six-month low in March. Although job creation was strong overall, some firms were unable to find suitable candidates to fill all available positions. In line with greater client demand and strains on capacity, the level of outstanding business increased at the fastest pace since last December.

Expectations towards the year-ahead outlook for output increased to the second-highest since January 2017 in March.

## Comment

Commenting on the Czech Republic Manufacturing PMI survey data, Sian Jones, Economist at IHS Markit and author of the report, said:

*"March survey data signalled a sharp, but slightly softer expansion across the Czech manufacturing sector. Although growth rates of output and new orders eased to five- and seven-month lows respectively, upturns in each remained steep overall. Panellists were also largely optimistic in regard to the year-ahead outlook, with over half of survey respondents expecting a rise in output."*

*"Increases in the level of new orders and outstanding business reportedly stemmed from greater client demand; however, ongoing labour shortages continued to place further strain on operating capacities."*

*"IHS Markit currently forecasts year-on-year industrial production growth of 4.2% in the first quarter of 2018, and 4.0% for 2018 as a whole."*

-Ends-

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**Note to Editors:**

The Czech Republic Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit. 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 GDP and workforce size.

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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.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.

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**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. To learn more go to [www.ihsmarkit.com/products/pmi](http://www.ihsmarkit.com/products/pmi).

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