

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0930 (CET) / 0830 (UTC) February 1 2017

Markit Czech Republic Manufacturing PMI®

Czech manufacturing growth hits one-year high as outlook improves

Key findings:

- Manufacturing PMI rises to 12-month high of 55.7
- Strongest output expectations since January 2016
- Input price inflation hits three-year high

Data collected January 12-23

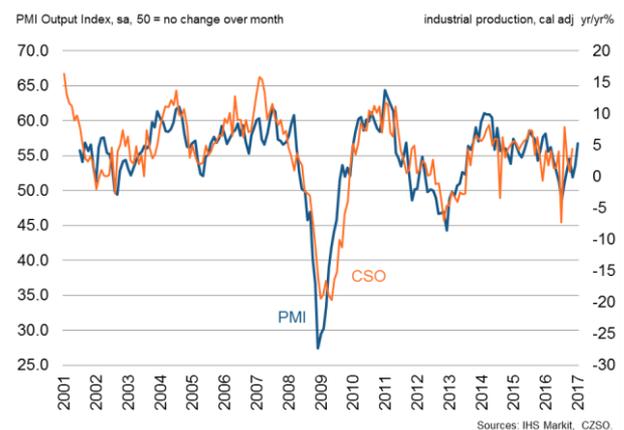
The Czech manufacturing sector started 2017 on a strong footing, according to the latest Markit *PMI*® survey data. Growth rates for output, new orders, exports, employment and purchasing all strengthened since December, and the 12-month outlook improved. The latest survey also highlighted an intensification of cost pressures in the goods-producing sector, leading firms to raise their own charges at the fastest rate in over three years.

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 neutrality for the sixth consecutive month in January, and rose to 55.7 from 53.8 in December. The latest figure signalled the strongest improvement in Czech manufacturing conditions since January 2016. Four out of five components boosted the headline figure in January, the exception being suppliers' delivery times.

Czech manufacturers reported a further rise in incoming new work in January. The current sequence of expansion now stretches to five months, and the latest growth was the fastest since

Markit Czech Republic Manufacturing PMI



February 2016. New export orders rose at the strongest rate for a year, with firms reporting demand from European markets and the USA.

Output growth hit a 12-month high in January, and was running at a sharper pace than the long-run survey average. Despite this, backlogs of work increased at the fastest rate since last May, and post-production inventories declined further.

Manufacturing employment in the Czech Republic continued to rise in January. The rate of job creation strengthened for the fifth successive month, to the fastest since January 2016. Firms reported the need to boost capacity.

Purchasing activity was also stepped up at the start of 2017, growing at the fastest rate for a year. Suppliers' delivery times lengthened markedly as a result, and input stocks at manufacturers rose for the second month running.

The latest survey data signalled growing inflationary pressures in the Czech goods-producing sector. Average input prices rose at the fastest rate since

January 2014, linked to higher prices for metals and oil-related items, and the weaker koruna-dollar exchange rate. This emboldened manufacturers to increase their own prices, which rose for the third month running and at the fastest rate since December 2013.

The January survey saw the first public release of a new question on manufacturing output expectations. Goods producers expected output to rise over the next 12 months, mainly linked to export demand. The overall strength of sentiment was the most marked since January 2016.

Comment

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

“The first release of PMI data for 2017 revealed a strong performance from Czech manufacturers. The PMI hit a 12-month high on the back of faster growth of output, new orders and employment. The manufacturing data follows on from better-than-expected retail sales figures for November. Overall, IHS Markit expects Czech economic growth (in real terms) to strengthen from 1.9% y-o-y in Q3 2016 to 2.6% by the first quarter of 2017. The latest survey also signalled that inflationary pressures in manufacturing hit a three-year high.”

-Ends-

For further information, please contact:

IHS Markit

Trevor Balchin, Senior Economist

Telephone +44-1491-461-065

Email trevor.balchin@ihsmarkit.com

Joanna Vickers, Corporate Communications

Telephone +44207-260-2234

Email joanna.vickers@ihsmarkit.com

Note to Editors:

The Czech Republic Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by 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.

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@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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

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/product/pmi.

The intellectual property rights to the Czech Republic Manufacturing *PMI*® 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.

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