

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0930 (CEST) / 0730 (UTC) September 1 2017

IHS Markit Czech Republic Manufacturing PMI[®]

Manufacturing PMI dips to eight-month low in August

Key findings:

- Slower growth of output, new orders and employment
- Delivery delays worst since February 2011
- Input price inflation ticks up to three-month high

Data collected August 11-22

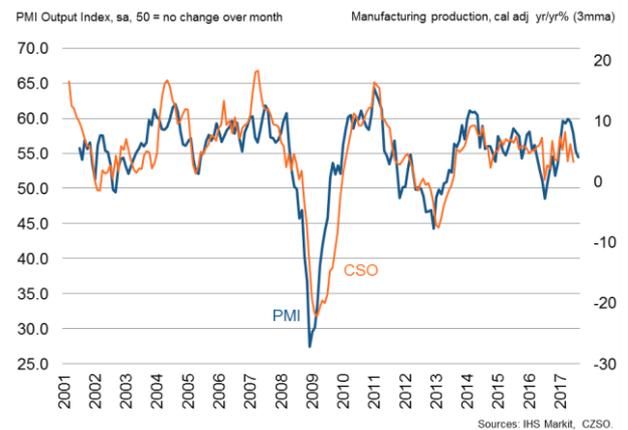
The Czech manufacturing economy showed a further loss of growth momentum mid-way through the third quarter, according to the latest PMI[®] survey data from IHS Markit. Expansion in output and new orders slowed for the fourth month running in August, and sector employment posted the weakest rise since last November. However, growth remained solid overall and demand for inputs continued to rise sharply, leading to greater pressure on supply chains and a corresponding pick-up in purchase price inflation.

The headline IHS Markit Czech Republic Manufacturing PMI 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.

August's PMI reading was 54.9, down from 55.3 in July and its lowest level in 2017 so far. Nevertheless, the index was indicative of a solid improvement in overall business conditions across the manufacturing economy, maintaining an upturn seen since August last year.

The lower PMI reading largely reflected a slower increase in new orders received by Czech manufacturers, the weakest seen since December last year, which in turn contributed to a further moderation in output growth. New export sales, on the other hand, rose at a faster rate, with

Czech Republic Manufacturing PMI



companies highlighting demand from Germany and the US.

Employment within the manufacturing economy meanwhile continued to rise as firms reported growing backlogs of work. The pace of job creation was at a nine-month low but still signalled a solid overall increase in sector workforce numbers.

Goods producers also reported a rise in their quantities of purchases in August, and in this case the rate of growth picked up to the fastest seen since May. This acted to place greater pressure on suppliers, whose average delivery times showed one of the greatest increases in the survey's 16-year history (second only to that seen in February 2011).

The rate of purchase price inflation facing Czech manufacturers meanwhile picked up for the first time in five months, to show a steep rise in input costs that was the fastest since May. Metals and plastic products were among the items reported as up in price.

Factory gate charges, in contrast, rose at a slower rate, with the pace of inflation easing for the sixth

month running to the slowest seen in 2017 so far.

Elsewhere, August's survey showed a slight rebound in manufacturers' confidence towards output in the year ahead, up from a seven-month low in July. Production levels are generally expected to rise in the next 12 months, with optimism linked to new export opportunities, planned investments and new technologies.

Comment

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

"After a strong first half of the year, the Czech manufacturing sector looks to have lost some momentum in the third quarter, according to PMI figures. Output and new orders remain in growth territory, but rates of expansion have now slowed for the fourth month in a row, down to the lowest in 2017 so far in August.

"And it's a similar picture for employment, which continues to rise at a solid pace, but more slowly than earlier in the year.

"The survey data meanwhile highlight intense pressure on supply chains, with delivery times showing the greatest increase in six-and-a-half years in August. This reflects a combination of capacity constraints among suppliers and growing demand for materials, which has in turn led to a sharp and accelerated rise in prices paid for purchases."

-Ends-

For further information, please contact:**IHS Markit**

Phil Smith, Principal Economist
Telephone +44-1491-461-009
Email phil.smith@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 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.

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](#).