

## Positive Czech industrial growth a surprise

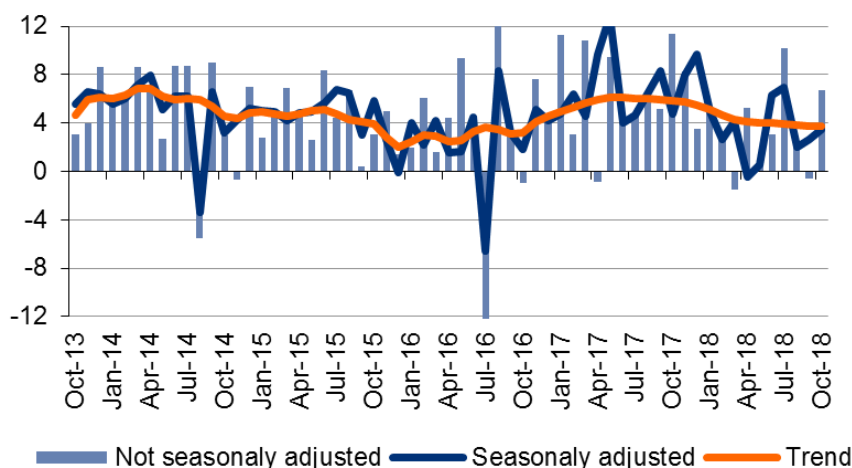
After somewhat weaker performance in recent months, industrial production grew by almost 7% YoY in October. New orders reached double digit growth, a surprising and positive figure that suggests that recent weakness could be related to one-offs.



### One day bias contributed to the second-strongest performance this year

Following its September decline, October industrial output grew by 6.7% YoY, its second-strongest performance this year. One extra working day also helped and, adjusting for that, industry grew by 3.3% YoY in October - in line with current average 2018 growth.

## Czech industrial production (% YoY)



Source: CZSO, ING Bank

### Automotive segment improved after recent weakness

Manufacturing grew by 7.7% YoY. This was supported by strong automobile production, up 8.8% year-on-year after falling in the previous two months. Adjusting for working day bias, manufacturing was up 3.9% YoY, also in line with the year-to-date average.

### New orders improved solidly

New orders were also a positive surprise. These rose by more than 12% in October, the most since March last year and the growth was apparent in both domestic and foreign orders. Overall growth of new orders in manufacturing is 4.5% this year and, though weaker than last year's 7.6%, still solid.

### Recent weakness could be related to one-offs

Although the latest industry confidence indicators were weaker and PMI deteriorated below 52 points in November, these figures were probably influenced by the slowdown in car production in Germany. This in turn is related to new emission standards and time-consuming approval processes, which hampered sales and production in many car manufacturers. This effect should only be temporary, also indicated by more positive October prints from domestic industrial output and new orders. With German industrial production growing by 1.6% YoY and a minor MoM pickup visible in new orders, the October industrial prints offer some room for optimism. That said, we still need to wait for more data in the months ahead.