

Czech industry attempts to break the curse but holidays blur the picture

Czech industrial output rose 1.5% in August from a year earlier (when adjusted for the number of working days) and new orders jumped more than 10%. This is good news for the recovery despite a significant effect from the holiday shift in car manufacturing

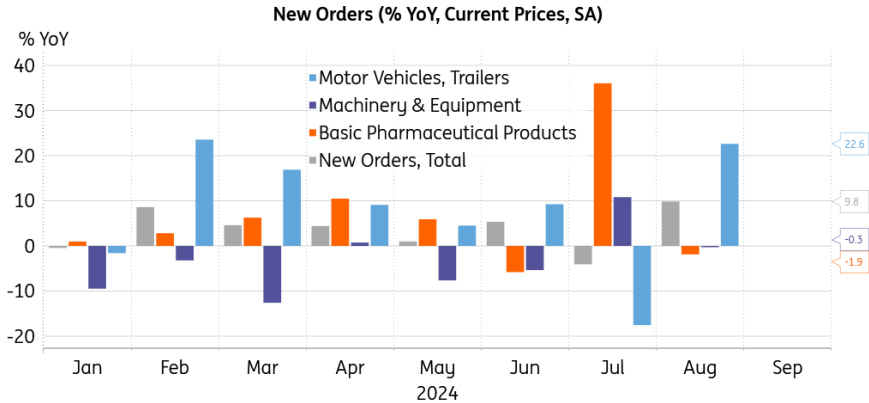


Bleak foreign demand, structural issues in the European automotive sector, and challenges to the German economic model were the main issues reported in the Czech PMI survey

Output and new orders driven by the car industry

Czech industrial production adjusted for the number of working days rose by 1.5% year-on-year in real terms in August, adding 1.8% month-on-month. Output in August and July was affected by the production of motor vehicles and the shift of full-time holidays in the largest enterprises in this sector. Industrial output in automotive added 14.4% in August from the previous year after a 16.2% drop recorded in the previous month. The value of new orders rose by 10.6% YoY. New orders from abroad increased by 13.2% YoY, while domestic new orders increased by 6.0%. The value of new orders was 9.4% higher than in the preceding month.

New orders in automotive affected by holidays in July and August

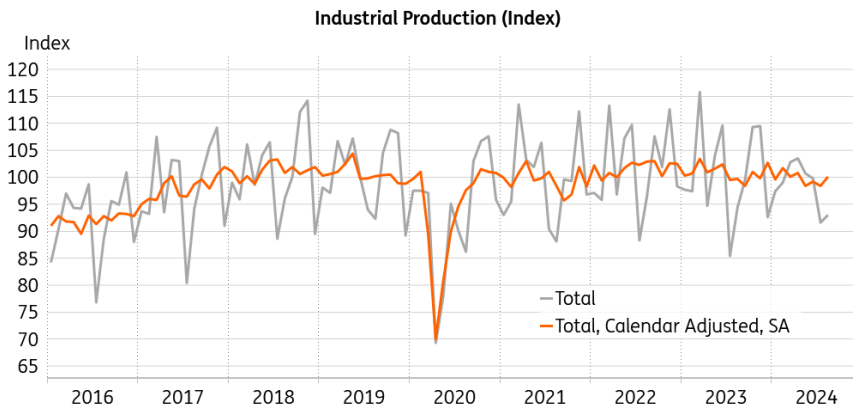


Source: CZSO, Macrobond

The average number of registered employees in industry decreased by 1.9% YoY in August. The average gross monthly nominal wage added 4.4% YoY in August, after strong growth of 9.1% in the previous month. The annual figures have been rather volatile in recent months, while the wage growth from January to August averaged 7.2%. The resurgence in both industrial production and new orders, when adjusted for the number of working days, is a promising sign for the economic rebound, which is expected to carry on in the second half of the year.

Construction output was down 1.6% in August from the previous month yet increased 0.4% on an annual basis. Engineering construction fared better, adding 5.3% from the preceding year, while civil engineering shed 2.3% YoY. The average nominal wage growth softened to 6.3% YoY in August from 9.9% recorded earlier.

Industrial output breaks the decline



Source: CZSO, Macrobond

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