

## 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

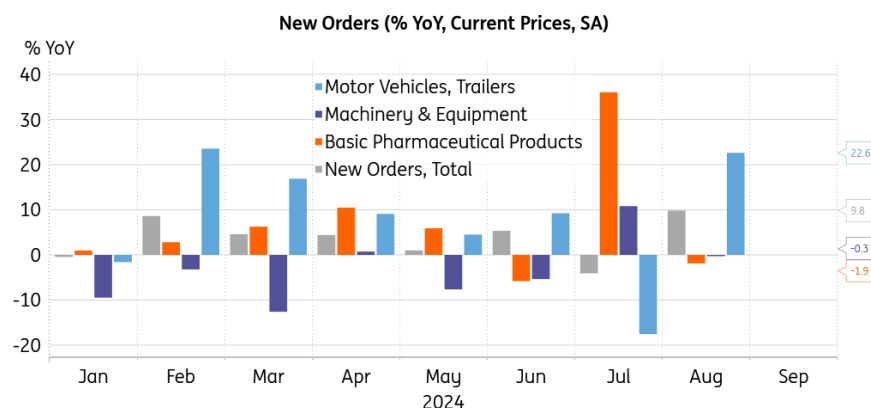


Confidence in Czech industry has come under pressure

### 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

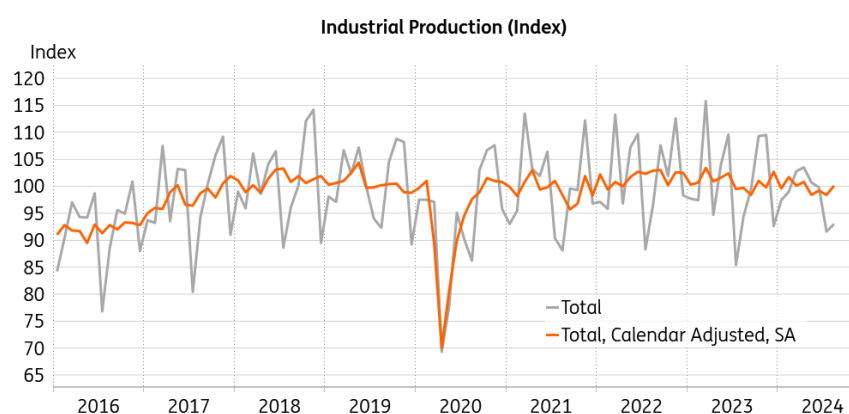


Source: CZSO, Macrobond

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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