

Czech industry surprised on the upside in April

Industrial production increased by 3.3% year-on-year in April, a marked acceleration compared to the stagnation seen in March. This is the fastest pace of industrial growth since October last year



Automotive behind positive industrial growth

Industrial growth accelerated in April mainly because of car production, which added 5% YoY, after declining by 1% in annual terms in the first quarter. The manufacturing industry itself accelerated by 3.1% in April, which is significantly above this year's average growth of 0.8%.

New orders surged

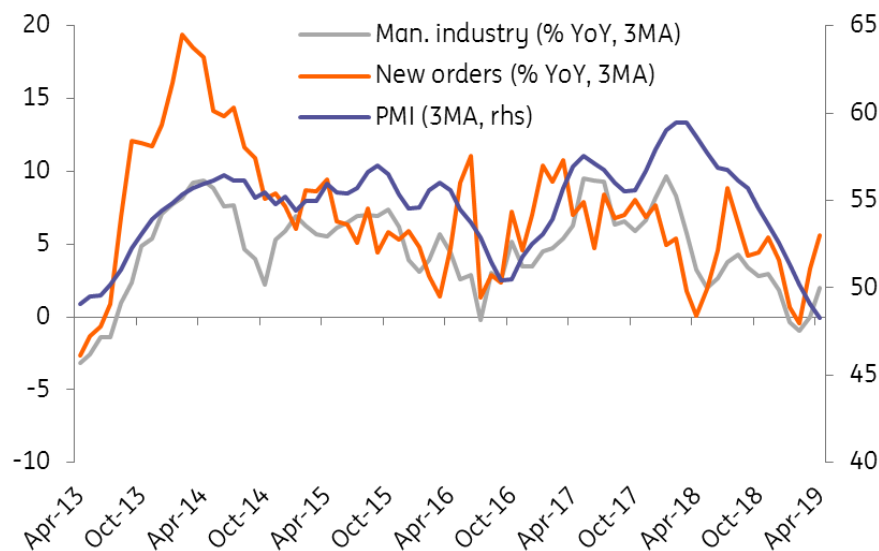
New orders-both domestic and foreign- were also surprisingly strong, increasing by 9% YoY. This is also the fastest pace since October last year. The most significant growth in new orders was driven by the motor vehicle industry (contributing 5.5 percentage points, with growth of 15% YoY).

Hard data better than forward looking indicators suggested

As such, today's industrial figures surprised on the upside and the beginning of the second quarter has started significantly better than what leading indicators had suggested. New orders have also

surged, with an average rate of almost 5% this year. However, despite favourable April figures, the situation abroad remains uncertain, especially for industry, which is affected by trade wars. Also, the numbers coming from our most important business partner continue to be mixed. April's new orders from Germany's industry picked up slightly (0.3%) from a month-on-month perspective, rising for the second consecutive month, but they remain 5% lower year-on-year.

Industrial production



Source: CZSO, IHS Markit, ING

Global uncertainty remains in place

Overall, while the April figures are favourable, business surveys raise questions about whether this performance is sustainable. Uncertainty about the global economy remains high in the face of escalating trade conflict, which will have an impact on domestic industry. Domestic industrial production grew more than 3% last year. For this year, we expect a slowdown to 1.5%.