

## Czech Republic industry decline continues in October

Industrial production fell by 3% YoY, but adjusting for working days, the fall was just 0.4%. Year-to-date, the domestic industry just stagnates after 3% growth in 2018



Source: Shutterstock

Czech industrial production fell by 3% year on year in October, compared with 4.6% year on year growth in September. However, the YoY dynamics were affected by the different number of working days. September had two more working days while October had one less. After the adjustment, industry fell by just 0.4% YoY in October after the 0.9% fall in September.

The average growth rate of the domestic industry reached 0.3% this year after 3% in 2018 and 6.5% in 2017.

**-3% YoY**

## October industrial production

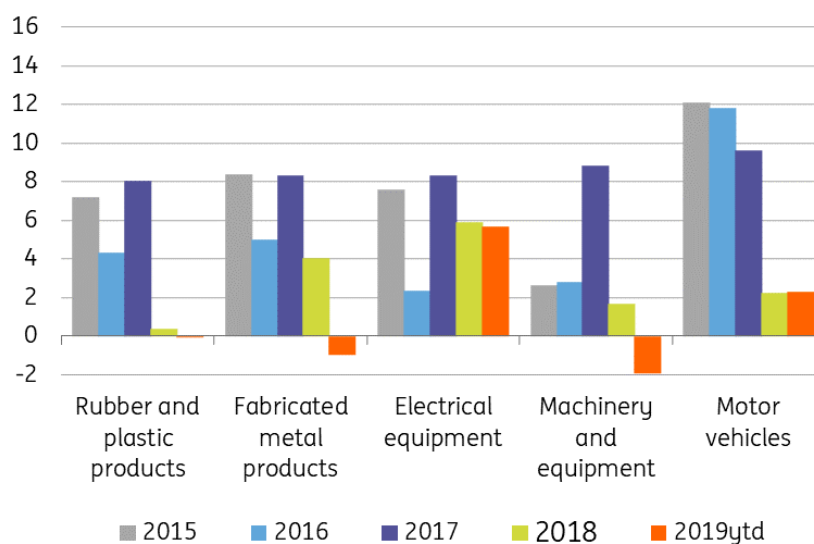
-0.4% YoY after adjusting for number of working days

As expected

### Car production growth maintains 2018 pace

The different number of working days influenced year-on-year dynamics in individual segments, while the production of motor vehicles grew by 10.9% YoY in September, it decreased by 3% in October. However, working days adjusted figures were around +3% YoY in both months. This year's average growth in this most important segment of the domestic industry is 2.3%, the same as in 2018 so far. Car segment together with electrical equipment and pharmacy are the three segments keeping industry out of the recession this year.

### Manufacturing segment production (% YoY)



Source: CZSO, ING

### Outlook remains uncertain due to foreign developments

In the context of German industry and the local automotive sector, where production is falling in double-digit figures this year, Czech industrial figures look solid. Moreover, German industrial production disappointed in October by intensifying its YoY fall from 4.5% to 5.3%.

The October figures thus indicated that the German industry is not bottoming out as was expected a few weeks ago, which tends to bring uncertainty for the Czech industry, where November manufacturing PMI fell to 43.5 points, among the weakest figures in a decade. At the same time, the development of new orders doesn't look too promising, as new orders started to weaken again in the last few months, and foreign orders fell by 7% YoY in October. Czech industry will thus continue to stagnate at best in the forthcoming period.

