

## Czech Republic: Weaker industry in January

Czech industry grew by 0.9% year-on-year in January, slowing from the 2.5% growth rate seen in the previous two months. Car production broadly stagnated after a strong December amid troubles in supply chain deliveries. Looking at the revised data, industrial production declined by 7.2% in 2020, slightly less than previous data suggested



Source: Pixabay

### Weaker January after strong 4Q20

Industrial activity slowed down in January, posting a year-on-year (YoY) growth rate of 0.9%, after growing by around 2.5% YoY in previous months (data after revision, previously around 0.5% YoY, Chart 1). These numbers are adjusted for the different number of working days (two more in January '21 compared to January '20) but looking at the actual unadjusted figures, industry fell by 4.4% YoY after 8% growth in December. Calendar effects also play an important role in the YoY dynamics in car production, which fell just slightly by 0.3% YoY in January after 16% growth in December, while excluding calendar effects, the year-on-year decline was 8% (after 25% growth in December).

0.9%

January industry (YoY WDA)

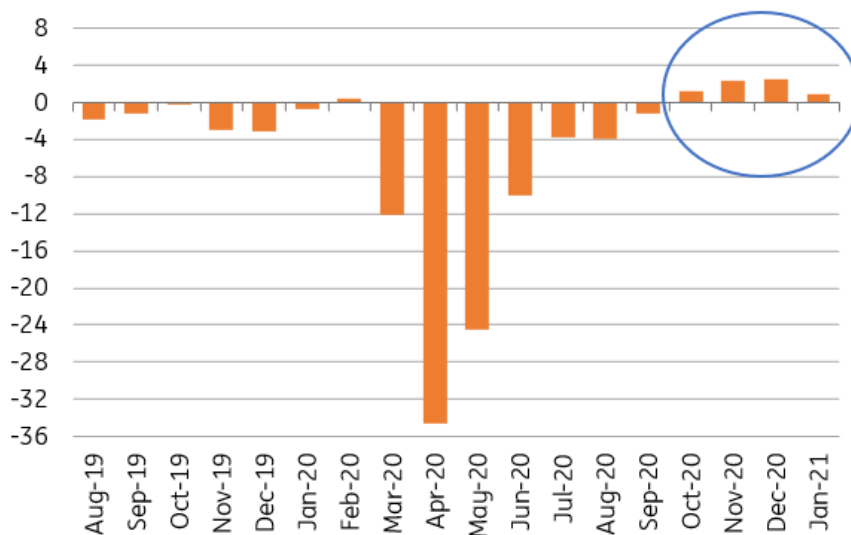
-0.4 MoM SWDA

As expected

### Weak domestic new orders

New orders fell by 4.6% YoY in January. While they increased by 5.5% from foreign clients, domestic orders fell by 24% YoY. Since January this year, the Czech Statistical Office has started to publish new orders after adjusting for the effects of working days. But companies will see the unadjusted numbers in their order books. And these were significantly weaker in January, as total new orders fell by 9% YoY, foreign orders grew by just 1% and domestic orders fell strongly, by 28% YoY.

### Industrial production (% YoY WDA)



Source: CZSO, ING