News Release
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S&P Global Czechia Manufacturing PMI®

Fresh contraction in Czech manufacturing sector performance in January

January 2026

Stronger rise in output, but new orders fall

Input price inflation strongest in three years

Employment contracts despite pick-up in business confidence

The Czech manufacturing sector dipped back into decline in January, amid a fresh fall in new orders, lower employment and a faster drop in pre-production inventories.

The downturn contrasted with slight growth at the end of 2025, but was only marginal amid a stronger rise in output at goods producers. Weak demand conditions drove the latest fall in new orders, with subsequent cost-cutting initiatives triggering falls in input buying and employment. Nonetheless, business confidence improved and rose to the highest level since June 2025.

At the same time, inflationary pressures strengthened amid hikes in supplier and raw material prices. A sharper uptick in costs was reportedly passed through to customers via greater selling charges.

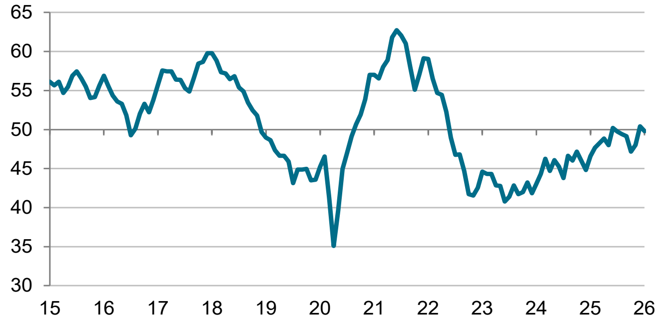
The seasonally adjusted S&P Global Czechia Manufacturing Purchasing Managers' Index™ (PMI®) posted at 49.8 in the opening month of 2026, down from 50.4 in December to signal a slight contraction in the health of the Czech manufacturing sector. The downturn was the sixth in the last seven months.

Driving the decline in the headline figure was a renewed decrease in new orders during January. The contraction in new sales was modest and followed a marginal rise at the end of 2025. The downturn in new business was often linked to weak demand conditions, especially in key export markets. Moreover, new export sales dropped for the first time in three months amid subdued demand from Germany and tough international competition.

Nevertheless, previous expansions in new orders and efforts to work through backlogs spurred a faster rise in output at the start of the year. The moderate rise in production levels was only fractionally slower than the series average and the sharpest since February 2022.

Meanwhile, the rate of input price inflation accelerated for the third month running in January, reaching the sharpest pace in three years. Higher supplier and raw material costs, alongside mentions of certification fees relating to new carbon emission regulations, reportedly drove the latest increase in operating

S&P Global Czechia Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 12-22 January 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

Siân Jones, Principal Economist at S&P Global Market Intelligence, said:

"January PMI data signalled a less stable footing for the Czech manufacturing sector. Although output levels rose at a stronger pace, declines in new orders, employment and input buying belied the demand environment. That said, business confidence picked up notably as firms foresee brighter progress through 2026.

"Elsewhere, costs rose markedly and at a much sharper pace, in part due to certifications relating to new carbon emission regulations. Despite concerns regarding pressure from foreign competition, firms felt compelled to raise their selling prices at the quickest rate in almost three years in order to pass through greater costs. Nonetheless, this spike may prove temporary as the latest forecast from S&P Global Market Intelligence anticipates cooling inflationary pressures as 2026 progresses, with consumer price inflation set to move below the Czech National Bank's target of 2%."

expenses, according to panellists.

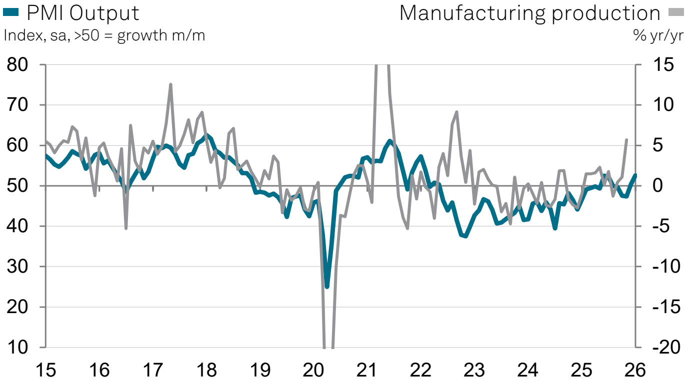
Consequently, firms sought to pass through greater costs to their customers via a hike in selling prices in January. The rate of charge inflation was solid and the steepest since February 2023.

In line with a reduction in new orders, Czech manufacturers lowered their workforce numbers at the start of 2026. Job shedding followed a marginal expansion in employment in December 2025, and was reportedly driven by cost-cutting initiatives.

Despite a sharper rise in output, firms were unable to reduce their backlogs of work during January. The level of work-in-hand grew for the first time in three months, and at the quickest rate since last September.

Cost-cutting efforts were also evident in a faster fall in purchasing activity in January. Firms commonly stated that input buying fell amid the use of stocks to supplement production, and lower new order inflows. Moreover, both pre- and post-production inventories decreased. Stock optimisation was more apparent for raw materials, as the rate of decline in stocks of finished goods eased following only a few reports of uncollected orders being moved to storage.

January data signalled far more optimism among Czech manufacturers towards the outlook for output in the coming year, nevertheless. The degree of confidence was historically elevated and the strongest since June 2025 amid hopes of stronger demand conditions, especially in key export markets, and planned investment in new technology.



Sources: S&P Global PMI, CZSO via S&P Global Market Intelligence. ©2026 S&P Global.

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Methodology

The S&P Global Czechia Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 300 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in June 2001.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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