News Release
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S&P Global Czechia Manufacturing PMI®

Renewed drop in new orders drives overall decline in manufacturing health in September

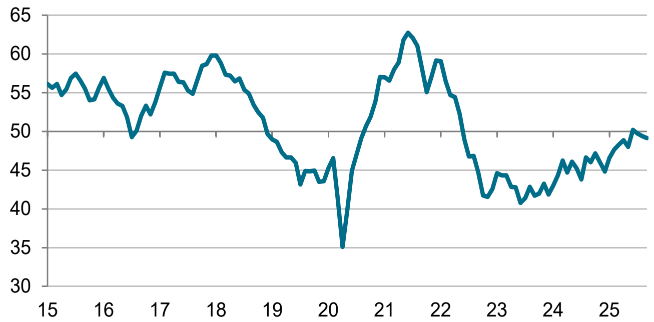
September 2025

New sales decrease for first time in four months

Job cuts slow as backlogs rise

Cost burdens increase at slowest pace in 2025 so far

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



Data were collected 11-22 September 2025.
Source: S&P Global PMI. ©2025 S&P Global.

The Czech manufacturing sector remained in decline as the third quarter came to a close, with a fresh fall in new orders contributing to the overall downturn.

The headline PMI® indicated a further drop in the health of the manufacturing sector, with output and new sales down in September. Although decreasing at a softer pace, employment and input buying contracted again as subdued demand conditions led to reduced expenditure at companies. That said, pressure on capacity was reflected in a renewed rise in backlogs of work. At the same time, business confidence picked up to a three-month high, following hopes of a rebound in customer demand.

Meanwhile, inflationary pressures stayed muted overall. Pressure from international competition and weak demand sparked another round of cuts to selling prices. Strain on margins was limited by the slowest rise in input costs since December 2024, however.

The seasonally adjusted S&P Global Czechia Manufacturing Purchasing Managers' Index™ (PMI) posted at 49.2 in September, down slightly from 49.4 in August. The latest data signalled the fastest decline in operating conditions since May, albeit one that was only marginal overall. The health of the sector deteriorated for the third month running.

Czech goods producers registered a drop in new orders during September, the first fall since May. The decrease in new business was moderate overall, with firms continuing to highlight subdued international and domestic demand conditions, alongside challenges from competition.

The decrease in total new sales was in part driven by a faster decline in new export orders. The contraction was the quickest in four months, as panellists reported that demand conditions in key export markets in Europe remained difficult.

Consequently, companies recorded a second successive monthly decline in output at the end of the third quarter. That said, the pace of the downturn was only fractional overall.

Comment

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

"Czech manufacturers continued to see the performance of the sector deteriorate in September, as a renewed contraction in new orders dampened the overall picture. Firms remained in retrenchment mode as well, as employment and input buying were cut further.

"Inflationary pressures remained a reprieve for manufacturers, as cost burdens rose at the slowest pace so far this year. Challenges laid down by intense competition both internationally and domestically weighed on pricing power at goods producers, however, as selling prices ticked down further.

"According to the latest forecasts from S&P Global Market Intelligence, consumer prices (as measured by CPI) are set to rise by 2.5% in 2025. Although slightly above the Czech National Bank's target, we do not foresee any further changes to the policy rate in 2025."

PMI® by S&P Global

In line with reduced new orders, Czech manufacturers lowered their workforce numbers again in September. The drop reflected the non-replacement of voluntary leavers, the non-renewal of fixed-term contracts and organisational restructuring, according to panellists.

The pace of job shedding softened, however, in part due to a fresh increase in backlogs of work. The rise in work-in-hand was modest overall and the quickest since February 2022. Some respondents also linked the rise to efforts to rebuild safety stocks.

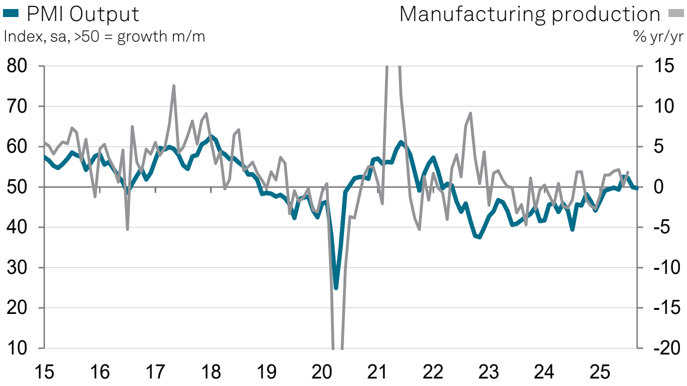
Contractions in both stocks of finished goods and purchases slowed in September. Alongside attempts to build safety stocks, some firms noted that excess items and inputs were moved to storage amid weak client demand.

Despite lower purchasing activity, transportation issues and international tariff policies hampered supplier delivery times. Vendor performance continued to deteriorate, albeit to a lesser extent than that seen in August.

At the same time, muted demand for inputs dampened cost pressures again during September. Where an increase was reported, however, this was linked to greater foodstuff and energy costs. The rate of input price inflation eased to the slowest in 2025 so far and was only marginal.

Amid reports of intense competition from international markets and hesitancy among customers, Czech goods producers cut their selling prices at the end of the third quarter. The reduction was the least marked in the current four-month sequence of decline, but little-changed from that seen in August.

Finally, manufacturers were more confident of a rise in production over the coming year during September. The degree of optimism was the strongest for three months and above the series average. Anecdotal evidence pinned positive expectations on hopes of a notable pick-up in client demand, greater investment in new product ranges and expansion into new markets.



Sources: S&P Global PMI, CZSO via S&P Global Market Intelligence. ©2025 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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