

S&P Global Czechia Manufacturing PMI[®]

Manufacturing sector conditions decline at sharpest rate for five months in December

Sharper drop in output amid continued fall in new orders

Cost pressures soften further

Contraction in employment gathers pace despite stronger confidence in the outlook

Czech manufacturers signalled a faster decline in the health of the sector in December, according to the latest PMI[®] data from S&P Global. A sharper contraction in output and continued drop in new orders drove the overall downturn.

Subdued customer demand weighed further on new orders and new export sales, as firms cut their workforce numbers at a steeper rate in response to lower production requirements. Despite greater confidence in the outlook, companies reduced their input buying and stock levels further.

Meanwhile, cost pressures eased for the second month in a row and were only marginal overall. Although firms continued to lower their output charges, the rate of decline slowed.

At 44.8, the seasonally adjusted S&P Global Czech Republic Manufacturing Purchasing Managers' Index[™] (PMI) fell in December from 46.0 in November. The latest data indicated a sharp deterioration in operating conditions at manufacturing firms, with the downturn the quickest since July.

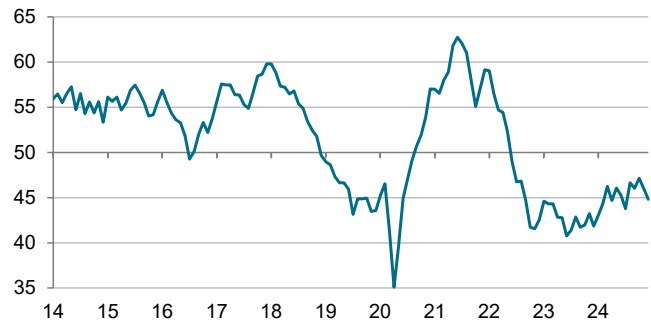
Contributing to the faster overall decline in the Czech manufacturing sector was a steeper decrease in production at the end of the year. The pace of contraction quickened to the sharpest in five months and was marked overall. Weak client confidence in the economic outlook, lower new orders and challenging demand conditions in the automotive sector weighed on output levels.

Czech goods producers also recorded a drop in new orders during December, as muted demand from customers in key industries and export markets dampened total new sales. Although the pace of decrease softened, it was marked overall.

New export orders also fell at a slower pace, but one that was still solid amid weak demand from existing export customers, especially those in Germany.

On the price front, input costs rose for an eleventh month running in December. Higher prices for foodstuff and transportation were reportedly the main drivers of inflation, according to panellists. Nonetheless, the pace of increase softened for the second month running to the slowest since May and was only marginal.

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



Data compiled 05-13 December 2024.

Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"December data signalled a further decline in the health of the Czech manufacturing sector, as the year ended on a sombre note. A faster drop in output and continued sharp contraction in new sales weighed on the goods-producing industry, as stocks and employment were cut at steeper rates."

"Supply chain difficulties also remained, as what few material were in demand were delivered later due to shortages at vendors."

"Nonetheless, generally subdued demand conditions restricted cost pressures. The rate of input price inflation was only slight, making strain on margins less severe as companies reduced output charges only fractionally."

"Looking forward, however, manufacturers were more optimistic in the outlook for output over the next year as hopes of a rebound in demand in 2025 strengthened."

Easing cost pressures led firms to reduce their selling prices for a third successive month at the end of the year. Panellists noted that the fall in output charges also stemmed from negotiations with customers in a bid to boost sales. The decrease in output prices slowed and was only fractional, however.

Despite output expectations at Czech manufacturers improving and being the strongest since September, firms cut their workforce numbers to a greater degree as cost saving was prioritised. Employment fell at the second-sharpest rate in over a year (behind September 2024) amid redundancies.

Meanwhile, Czech goods producers recorded the fastest drop in backlogs of work since January amid burgeoning spare capacity.

At the same time, manufacturers continued to lower their input buying in the final month of the year. Reduced production requirements and the use of stocks to supplement output drove the decline, according to panellists. Although easing, the pace of contraction was marked overall.

Destocking was also extended into December, as both pre- and post-production inventories fell further. Moreover, rates of decline quickened in each case, with holdings of finished goods dropping at the quickest pace since November 2016, and stocks of purchases falling at the steepest rate in 2024.

Despite reduced demand for inputs, Czech goods producers recorded another monthly deterioration in supplier performance in December. That said, the extent of delays moderated to the least marked since July.

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.

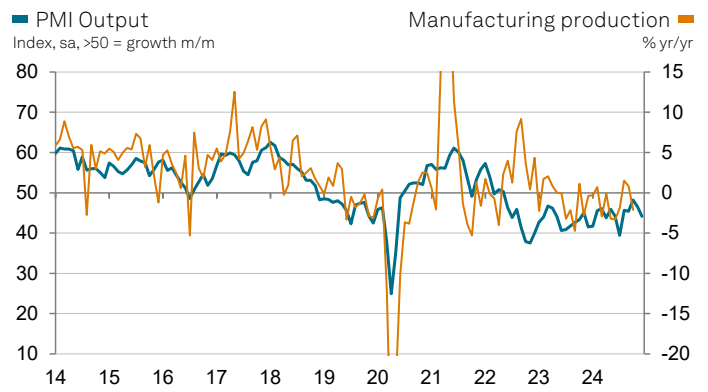
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi



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

Contact

Sian Jones
Principal Economist
S&P Global Market Intelligence
T: +44-1491-461-017
sian.jones@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

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