

S&P Global Czechia Manufacturing PMI[®]

New sales rise for the first time since February 2022

Renewed increase in new orders as contraction in output slows

Inflationary pressures ease

Backlogs of work accumulate but job shedding continues

The Czech manufacturing sector remained in decline in the opening month of the second quarter, according to the latest PMI[®] data from S&P Global, but the pace of contraction slowed again.

The downturn in operating conditions softened to the weakest since June 2022, amid a slower fall in output and a renewed rise in new orders. The fresh increase in new sales ended a more than three-year sequence of contraction, but was driven by the domestic market as new export orders decreased at a strong rate. Greater total new sales drove an accumulation of backlogs of work, the first since May 2022. Nonetheless, efforts to cut costs and optimise capacity led to another strong drop in employment.

At the same time, inflationary pressures eased, as both input costs and output charges rose at softer and historically muted rates.

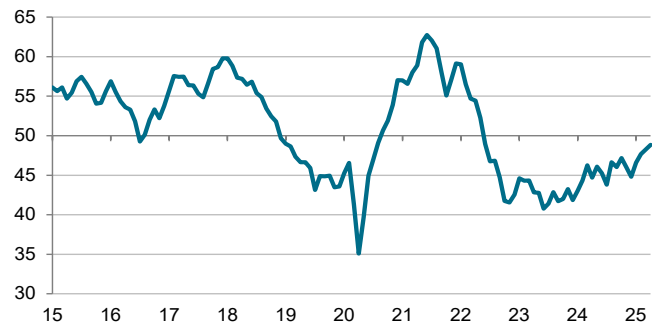
At 48.9 in April, the seasonally adjusted S&P Global Czechia Manufacturing Purchasing Managers' Index[™] (PMI) was up from 48.3 in March, and signalled the slowest decline in the health of the goods-producing sector since June 2022. The headline index rose for the fourth month running and indicated only a marginal deterioration in operating conditions.

The uptick in the index reading was largely supported by a return to growth in new orders during April. The expansion in new sales signalled an end to a 37-month sequence of decline, but was only marginal. Panellists noted that the rise in new business stemmed from stronger demand and new client wins.

That said, total new sales growth was dampened by a faster contraction in new export orders at the start of the second quarter. Challenging demand conditions in external markets and uncertainty regarding global trade policy weighed on customer decisions.

Czech manufacturers continued to record a decrease in output levels during April. However, the pace of contraction slowed to only a fractional rate. Moreover, the fall in production was the least marked in the current 35-month sequence of decline. Some companies stated that hesitancy among customers in placing large orders stymied output.

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



Data were collected 9-22 April 2025.

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

Comment

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

"The Czech manufacturing sector neared stabilisation as the second quarter began, with output falling only fractionally. The slower drop in production was driven by the first expansion in new orders since February 2022, as signs of demand improvements became evident. That said, external sales conditions worsened amid concerns regarding competitiveness and in the wake of heightened global trade uncertainty following the announcement of US tariffs.

"Firms sought to absorb strain on margins in a bid to improve competitiveness, with inflationary pressures softening on the month. Nonetheless, spending concerns remained top of manufacturers' minds as headcounts were chopped again and input buying continued to drop.

"Czech goods producers were upbeat regarding output growth in the next year, but optimism was dampened by worries that revived improvements in demand could be stunted by global trade uncertainty and fragility in the automotive sector. Our current forecast expects industrial production to rise by 0.7% on the year in 2025."

Difficulties in spurring new export orders were in part linked to uncompetitive pricing in the global marketplace. Panellists stated that higher costs were passed through to customers, but there was evidence of the extent of this being limited by efforts to drive new sales. As such, the rate of output change inflation slowed to only a marginal pace that was weaker than the series average.

Although input costs rose for the fifteenth month running in April, the pace of inflation softened from March's eight-month high, and was historically muted. Where an increase was reported, however, this was linked to greater fuel, utility and raw material prices.

Meanwhile, Czech manufacturers cut their workforce numbers again during April, and at a strong pace. Firms stated that the non-replacement of voluntary leavers underpinned the decline in headcounts.

Efforts to adapt to greater new orders and build safety stocks led to a renewed increase in backlogs in April. The accumulation of unfinished business was modest overall and the quickest for three years following a prolonged period of depletion.

Moreover, stocks of finished goods increased for the first time in six months during April. The rise was the sharpest since September 2022, albeit only moderate. In contrast, pre-production inventories fell at a steeper rate. A further fall in input buying and the use of stocks to fulfil new order requirements led to the solid depletion of input holdings.

The decrease in purchasing activity was only slight, while supplier delivery times improved again amid subdued input demand.

Finally, manufacturers remained optimistic of output growth over the coming year. Hopes of a continued rebound in demand conditions supported confidence. That said, expectations were at their least upbeat in four months amid concerns for global trade conditions following the announcement of US tariffs.

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.

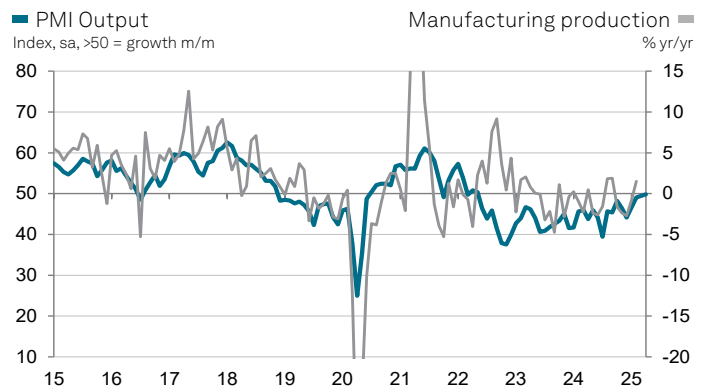
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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



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Contact

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

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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