

S&P Global Czechia Manufacturing PMI[®]

Output rises for the first time in over three years in June

June 2025

Sharpest increase in production since February 2022

Renewed expansion in new orders boosts business confidence

Output charges fall despite further rise in input costs

Operating conditions in the Czech manufacturing sector improved for the first time in over three years during June, according to the latest PMI[®] data from S&P Global.

The overall upturn stemmed from a return to growth in output and new orders, with the former rising at the steepest rate since February 2022. Demand conditions improved domestically, but new export orders continued to decline amid competitive challenges and waning customer interest in key markets. Nonetheless, firms were buoyed by greater new order inflows, as business confidence ticked up to the highest since early-2022. Meanwhile, employment fell further amid cost-saving efforts, but backlogs of work rose again.

At the same time, shortages of some items among suppliers drove input costs up, but at a historically muted pace. Output charges fell, however, as firms sought to drive new sales and sought to remain competitive.

At 50.2 in June, the seasonally adjusted S&P Global Czechia Manufacturing Purchasing Managers' Index[™] (PMI) was up from 48.0 in May, and signalled the first improvement in the health of the sector since May 2022. Overall growth was only slight, however.

Output levels at Czech manufacturers increased for the first time in just over three years in June. Although modest, the pace of expansion was the strongest since February 2022. An improvement in client demand and a renewed rise in new orders reportedly underpinned growth, according to panellists.

Although only fractionally, new orders rose for the second time in the last three months halfway through the year. Goods producers noted that despite stronger domestic client demand subdued international sales weighed on the upturn, with new export orders dropping again amid greater competition in international markets.

The rate of expansion in new orders was historically muted, but the upturn still spurred an improvement in confidence among manufacturers regarding the outlook for output over the coming year. The degree of optimism was the highest

S&P Global Czechia Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 12-20 June 2025.

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

Comment

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

"Czech manufacturers signalled a more positive end to the second quarter of 2025. Output and new orders returned to growth, as overall operating conditions improved for the first time in over three years.

"Nonetheless, goods producers remained in retrenchment mode with regards to employment and input buying. Cost-saving efforts and previously subdued client demand led to continued reductions in each, despite another rise in backlogs of work.

"On the price front, input costs rose at a slower pace that was also muted in the context of the series history. Intense competition internationally led to a drop in selling prices, however, as firms sought to boost new export orders. We currently expect consumer price inflation (CPI) to stand at 2.4% in 2025."

since February 2022 and was above the long-run series average. Hopes of a continued rebound in client demand, and some reports of investment in new technology and marketing initiatives drove positive sentiment, according to surveyed companies.

Nevertheless, Czech manufacturing firms reduced their workforce numbers again in June. Employment has fallen in each of the last 33 months, but the latest decrease was the weakest in this period of job shedding. Panellists stated that previous declines in new orders led to a fall in staffing, with others mentioning cost-saving efforts.

Concurrently, backlogs of work increased for the third month running in June. The rate of growth eased to only a marginal pace, however.

Meanwhile, although rising at a historically muted pace, input costs continued to increase at Czech goods producers midway through the year. Material shortages at vendors and higher prices for items including timber and foodstuff were commonly mentioned by survey respondents as driving the uptick. The rate of inflation eased from that seen in May.

Output charges, however, decreased for the first time in four months. The pace of decline in selling prices was only marginal, but was the fastest since last November. Intense competitive pressures reportedly placed strain on companies' pricing power, according to panellists.

At the same time, firms remained cautious in their purchasing activity. Input buying fell further and at the fastest pace for three months in June. Firms highlighted sufficient stocks to supplement production.

Moreover, pre-production inventories were utilised and fell again at the end of the second quarter. Supplier performance was broadly unchanged on the month, meanwhile. In a bid to accommodate greater anticipated new order inflows, firms raised their current holdings of finished items for the third month running.

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.

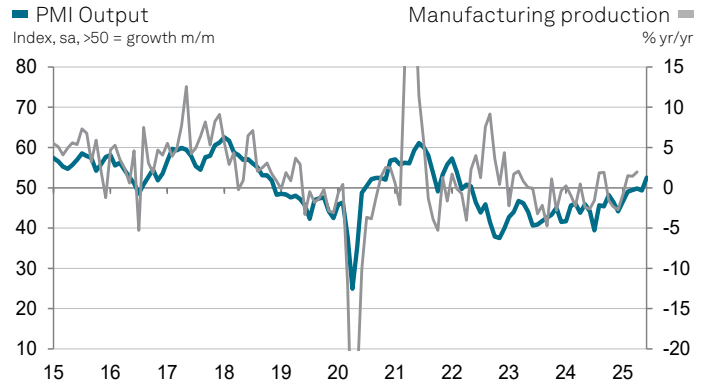
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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PMI by S&P Global

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