
Macroeconomic indicators - Czech industrial output fell in Nov

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Czech Statistical Office has announced that industrial production in the Czech Republic fell by 0.1% YoY in November 2009 after a 7.2% decrease in October. Building output in constant prices rose by 7.8% YoY in November against a 0.1% growth seen in October.

The annual decline in industrial production was most contributed to by the manufacture of machinery and equipment, other non metallic mineral products and electrical equipment. Industrial production grew most in the manufacture of motor vehicles, trailers and semi trailers, food products, beverages and tobacco and rubber and plastic products.

Mr Petr Kuzel president of Economic Chamber said that "The data confirm that the second half of last year was already more favourable for industrial and construction companies than the beginning of the year and that the situation is getting stabilised. We must remember, however, that in November 2008 industry sank drastically by nearly 18% and construction by 4% so the comparative base is low."

Mr Jan Vejmelek analyst at Komerční banka said that "The best result since September 2008 has been achieved almost exclusively thanks to the car scrapping subsidies abroad which helped the production of motor vehicles. The motor vehicle manufacturing sector, however, poses a risk for the coming months. Money for car scrapping subsidies abroad has been spent which, among other things, could be seen in weaker German figures for the last two months."

Mr Vejmelek expects Czech industrial production to have declined by 12.5% in real terms in the whole of 2009.

Mr Boris Dlouhý deputy CEO of Confederation of Industry said that industrial production stays at a two digit decline compared with 2008. The Confederation's surveys show that this year will not be much better. He added that "Development will depend in particular on the revival of economies of our main export markets, that is in particular in Germany and the whole EU. It is already evident that opinions on the crisis as a short-term fluctuation have proved to be wrong."

Mr Petr Smutný of PricewaterhouseCoopers said that "Czech industry has just gone through twelve months of deep decline and has probably found its bottom for a while. Now it remains to be seen where it will be heading next. I expect no surprise for 2010, but there is no reason for optimism. Cost cutting and looking for ways out of high debts will be of key importance for companies in the first half of the year or even longer."

(Sourced from Czech News Agency)

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