

News Release

Embargoed until 1000 CEST (0800 UTC) 28 June 2022

Unicredit Bank Austria Manufacturing PMI®

New orders fall sharply in June, as business expectations turn pessimistic

Key findings

Downturn in new orders gathers pace

Production falls, with firms downbeat about the outlook

Price gauges remain elevated but slip further from recent highs

Demand conditions faced by Austrian manufacturers weakened further in June, latest PMI® showed, with new orders across the sector showing a sharp and accelerated decline. Production levels fell as a result, albeit at a slower rate than new orders as firms were able to deplete backlogs of work. Looking ahead, output expectations turned negative for the first time since the initial COVID outbreak two years ago.

Higher prices were a headwind to demand, with firms continuing to hike output charges under pressure from sharply rising costs. That said, rates of inflation cooled for the second month in a row, coinciding with the alleviation of some supply chain pressures.

The seasonally adjusted UniCredit Bank Austria Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure gauge of performance – registered 51.2 in June. This was down sharply from 56.6 in May and the lowest reading for almost two years.

The headline PMI was kept above the 50.0 threshold by its employment, stocks of purchases and supplier delivery times components, and masked sub-50 readings for both new orders and output.

New orders fell particularly sharply in June, with the decline having quickened notably since May. As well as customers being put off by high prices, heightened economic uncertainty also led to increased hesitancy among clients, according to anecdotal evidence.

New export orders fell for the second month in a row at the end of the second quarter. Although quickening to the fastest since June 2020, the rate of contraction was slower than that of overall new work.

June meanwhile saw production levels across Austria's manufacturing sector slip into contraction for the first time in two years. Whilst material shortages remained a constraining factor for some businesses, others reported scaling back production in line with weakening demand. The overall decline in output was only modest, however, and much slower than

Unicredit Bank Austria Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 13-23 June 2022.

that of new orders.

As such, there was both a decline in backlogs of work – the first for two years – and a faster build-up of stocks of finished goods across the sector. The rate of accumulation of post-production inventories was among the quickest in the series history.

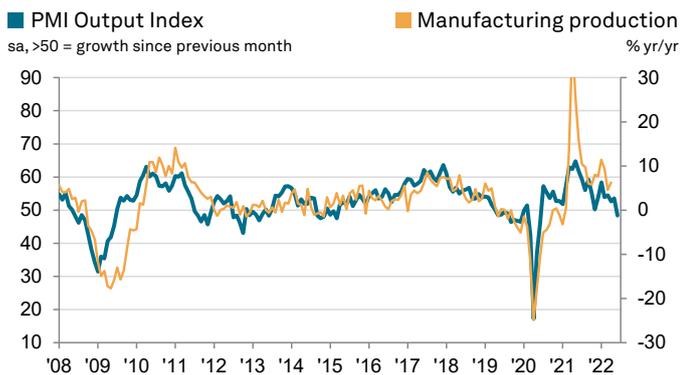
Austrian manufacturers also reported a sustained strong build-up of stocks of purchases as they looked to mitigate against supply delays. This was reflected in a further rise in buying levels, albeit one that was the slowest since January 2021.

Supply delays were once again widely reported during June, with shortages of materials and components being compounded by transportation issues. That said, the deterioration in supplier performance was the least marked for a year-and-a-half.

At the same time, goods producers faced a slower rise in input prices in June. Although still historically elevated, reflecting pressure from raw material and energy prices, the rate of cost inflation eased to its second-lowest in the past 16 months. Similarly, the rate of increase in output prices fell further from April's record high to a four-month low, but remained sharp overall.

Austrian manufacturers were pessimistic about the year-ahead outlook for output in June, the first time this has been the case since the first wave of the COVID pandemic two years ago. Surveyed firms reported worries about a combination of rising prices and slowing demand.

Finally, there was a further rise in factory employment in June. The rate of job creation was robust but eased to a 16-month low.



Contact

Stefan Bruckbauer
Bank Austria
T: +43 (0) 50505-41951
stefan.bruckbauer@unicreditgroup.at

Phil Smith
Economics Associate Director
S&P Global Market Intelligence
T: +44-1491-461-009
phil.smith@spglobal.com

Bibiane Sibera
OPWZ
T: +43-1-533-86-36-56
opwz.com/forum-einkauf/

Joanna Vickers
Corporate Communications
S&P Global
T: +44-207-260-2234
joanna.vickers@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The Unicredit Bank Austria 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 October 1998.

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@ihsmarkit.com.

About PMI

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.

ihsmarkit.com/products/pmi.html.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About Unicredit Bank Austria

Our customers' success is one of our primary concerns. For this reason we are pleased to prepare the Purchasing Managers' Index on a monthly basis jointly with S&P Global, thereby enhancing the quality of our information on the Austrian economy. Because having access to accurate information at the right time is decisive for business decisions, especially in an increasingly harsher competitive environment.

The high level of expertise of UniCredit Bank Austria's employees in complex issues concerning finance, financial investments and investment projects is one of the reasons why UniCredit Bank Austria is a leading commercial bank. Our employees take advantage of the information lead. We use this acquired knowledge for the business success of our customers.

OPWZ

The OPWZ is a leading partner of business, administration, health care and NGOs for the training and advanced qualification of their employees and management.

In cooperation with experts from economy and science, the OPWZ is setting standards in education that meet international requirements and national needs.

With its experience of more than 60 years and over half a million graduates the OPWZ is the knowledge motor of productivity and economic efficiency in Austria, enhancing the competitive capacity of corporations and organizations. www.opwz.com/forum-einkauf/

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.