

News Release

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UniCredit Bank Austria Manufacturing PMI®

Manufacturing sector ends a difficult year with a sharp and accelerated drop in output

Key findings

December sees faster declines in output and new orders

Another marked round of job losses signalled

Expectations weaken as firms anticipate a challenging 2025

Latest PMI® data showed a marked deterioration in manufacturing business conditions across Austria in December, bringing to an end another difficult year for the sector. Rates of decline in both output and new orders reaccelerated after having slowed midway through the final quarter of the year, while there was another notable drop in factory employment. Moreover, the outlook for 2025 was bleak, with slightly more firms expecting a fall in output over the next 12 months than those anticipating a rise.

On the price front, December saw further decreases in both input costs and average factory gate charges, amid a backdrop of weak demand and strong competitive pressures. The respective rates of decline did however ease from the month before.

The seasonally adjusted UniCredit Bank Austria Manufacturing Purchasing Managers' Index™ (PMI®) – a single-figure gauge of business conditions calculated from measures of new orders, output, employment, supplier's delivery times and stocks of purchases – ticked down from November's six-month high of 44.5 to 43.3 in December. This was slightly below the 2024 average (43.5) and indicated a sustained downturn in the health of the country's goods-producing sector.

After having lifted the headline PMI higher in November, the index's two weightiest components – namely output and new orders – were the main drivers of its renewed decline. Production volumes fell sharply and at a much quicker rate than the month before, with underlying data pointing to notable downturns in each of the main industrial groupings.

Output was generally scaled back in line with new orders, which likewise registered a sharp and accelerated rate of contraction at the end of the fourth quarter. Reports from surveyed firms highlighted a range of factors weighing on demand, including a lack of appetite for investment, delayed decision-making and customer insolvencies. Panellists also commented on competitive disadvantages arising from relatively high costs, particularly wages, which, alongside a drop in customer spending in key markets such as Germany, contributed to a further marked decline in new work received from abroad. The

UniCredit Bank Austria Manufacturing PMI

sa, >50 = growth since previous month



Sources: Bank Austria, S&P Global PMI.

Data were collected 5-16 December 2024.

rate of contraction in export sales was however the weakest for four months.

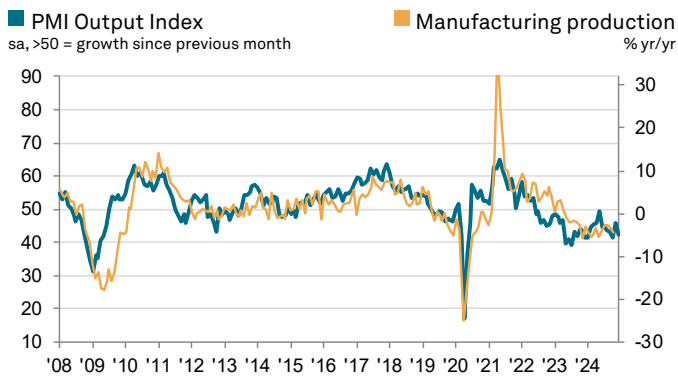
Austrian manufacturers once again reported a sharp drop in backlogged orders and, as such, looked to scale down their staffing capacity. December's decrease in employment, although slightly softer than that seen in November, was marked overall and one of the sharpest in the current 20-month sequence of job losses.

Weaker customer demand and lower production requirements also led goods producers to reduce stock levels further during the final month of 2024. The rates of depletion of both pre- and post-production inventories were slower than those seen in November, however. The decline in manufacturers' purchasing activity also eased somewhat, although it remained sharp by historical standards.

Average lead times on inputs quickened only marginally in December. Whereas a number of surveyed businesses cited better product availability as a result of low demand, others reported delays due to reduced staffing capacity at suppliers.

A buyers' market meant there was further downward pressure on purchase prices, as a number of firms reported negotiating better terms with suppliers. That said, the rate at which input costs decreased was only modest and the slowest in the current three-month sequence of decline, amid reports of some suppliers trying to pass on higher wages. Average factory gate prices continued to fall at a more solid pace, although they too exhibited a softer rate of decline than in November.

Lastly, December's survey indicated a deterioration in business expectations across the Austrian manufacturing sector. Although the decrease in confidence was only slight, it was significant in that it meant sentiment towards future output was back in pessimism territory.



Sources: Bank Austria, S&P Global PMI, Eurostat via S&P Global Market Intelligence.

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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@spglobal.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.

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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.

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