

Unicredit Bank Austria Manufacturing PMI®

Austria Manufacturing PMI slips deeper into contraction territory in October

Key findings

Downturn in output quickens, led by sharp fall in new orders

Rates of input cost and output price inflation remain elevated

Employment remains a bright spot

The Austrian manufacturing sector fell into a deeper downturn at the start of the fourth quarter, according to latest PMI® survey data. The country's goods producers reported steeper cutbacks to output levels in October, as inflows of new orders contracted at a rate rarely seen in over two decades of data collection. Concerns about the economic outlook amid a backdrop of high inflation and uncertainty saw manufacturers' expectations for future activity fall to the lowest since the initial COVID-19 outbreak in early-2020.

Buoyed by high energy costs, rates of both input price and factory gate charge inflation remained historically elevated, albeit falling slightly since September as material shortages showed further signs of easing. Positively, factory employment remained resilient, with the pace of job creation even picking up slightly.

The seasonally adjusted UniCredit Bank Austria Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure gauge of performance calculated from measures of new orders, output, employment, supplier delivery times and stocks of purchases – pointed to a worsening of overall business conditions for a third straight month in October. Furthermore, dropping from September's 48.8 to 46.6, the index indicated an acceleration in the rate of contraction.

Indeed, October saw the steepest fall in production volumes since May 2020. Where a decrease in output was recorded, surveyed firms commented on lower demand and the influence of high price pressures, particularly in relation to energy. Inflows of new orders fell at one of the quickest rates in the series history stretching back to 1998, exceeded only by those seen during the depths of the global financial crisis and the initial COVID-19 shock. The fall in new orders was driven in part by a sharp and accelerated decline in international sales.

Manufacturers' expectations for output over the next 12 months meanwhile deteriorated (albeit only slightly compared to the situation a month earlier), to leave business confidence at its lowest level since April 2020. Alongside concerns about

UniCredit Bank Austria Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

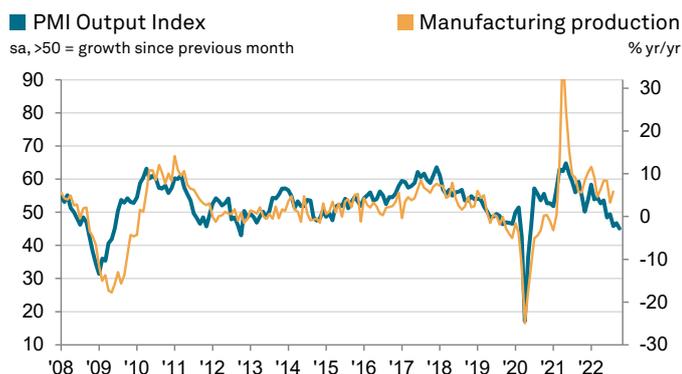
Data were collected 12-24 October 2022.

the outlook for demand, with an economic slowdown widely expected, firms voiced worries about high energy costs.

Input prices continued to rise steeply during October. The rate of inflation dipped slightly since September and was the second-lowest in the past 21 months, although it remained well above its historical series average. It was a similar story for the rate of increase in factory output charges, which ticked down but was still higher than at any time in the series history prior to the pandemic.

Helping to alleviate price pressures to a degree at the start of the fourth quarter was an easing of supply-chain bottlenecks. The incidence of delays in the receipt of inputs was the lowest since October 2020. This partly reflected weaker demand, with latest data showing a sharp and accelerated reduction in manufacturers' purchasing activity. Pre-production inventories nevertheless rose during the month, although the rate of accumulation remained well below the highs seen over the past year.

The loss of new business in October meanwhile contributed to a further (albeit slower) rise in stocks of finished goods, whilst also leading to a sharp and accelerated decline in backlogs. Yet, despite signs of easing capacity pressures, employment at manufacturers continued to rise during October as firms filled vacancies. Moreover, the rate of growth was the quickest since June.



Contact

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

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

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

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44-7967-447-030
sabrina.mayeen@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@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.

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.