

## Unicredit Bank Austria Manufacturing PMI®

### Manufacturing remains in a downturn, but price pressures fall amid easing supply constraints

#### Key findings

New orders remain deep in contraction territory

Slower fall in output as supply constraints continue to ease

Rates of input cost and output price inflation drop sharply

The Austrian manufacturing sector remained in a downturn in December, with new orders continuing to fall sharply and goods producers maintaining a pessimistic outlook towards future activity, latest PMI® data showed. There was some good news, however, in the form of a further easing of supply constraints, which not only supported output somewhat, but also contributed to notable drop in price pressures.

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 – came in at 47.3 in December. This was up slightly from the back-to-back readings of 46.6 in October and November, but still firmly below the neutral 50.0 threshold that separates growth from contraction.

The main drag on the index continued to come from the new orders component, which remained deep in contraction territory. New export orders continued to fall particularly sharply. Panel members commented on numerous headwinds to demand, including high prices, full warehouses among customers and a lack of appetite for investment. The rate of decline in new orders slowed slightly from the previous month, however, taking it further from October's recent record.

The downturn in output likewise eased in December. In fact, the rate of contraction was far weaker than that of new orders and only modest overall. Production levels were supported to some extent by an easing of supply constraints, with delays on the delivery of inputs dropping to the lowest since just before the start of the pandemic.

Manufacturers continued to make rapid inroads into their backlogs of work during December. They also reported a further increase in stocks of finished goods as sales once again disappointed. That said, the rate of growth in post-production inventories was only modest and the weakest in the current eight-month sequence of accumulation.

UniCredit Bank Austria Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 6-16 December 2022.

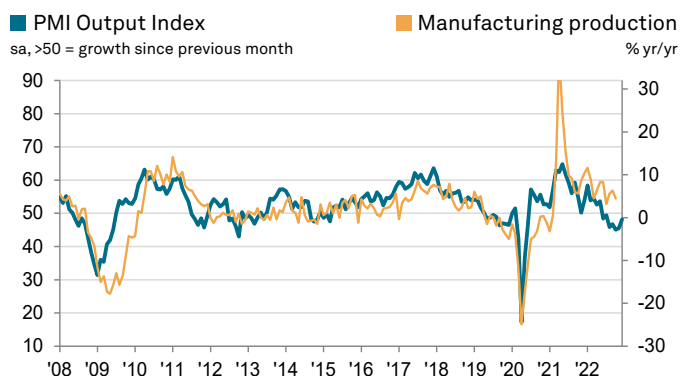
Stocks of purchases likewise rose only slightly during the month, recording their weakest increase since May 2021. Indeed, with supply issues easing, firms became less inclined to build up safety stocks. Manufacturers' purchasing of inputs fell sharply in December, marking a sixth straight monthly decline.

The sustained reduction in demand for materials (and associated alleviation of supply chain constraints) was reflected in a notable drop in price pressures at the end of the fourth quarter. The rate of manufacturing input cost inflation fell markedly for the third month in a row, taking it to its lowest since December 2020. It was still above its historical series average, however, due in large part to the influence of high energy costs.

The rate of factory gate charge inflation likewise fell markedly, recording its joint-largest monthly fall in the series history. It dropped to a 22-month low, though still remained elevated by historical standards.

Despite price pressures easing, manufacturers remained pessimistic about the outlook. After having recovered somewhat from the September-October lows in November, expectations edged down slightly in the latest survey period. Weak sentiment towards future activity reflected concerns about a broad economic slowdown, tightening financial conditions and high energy costs.

Lastly, factory employment continued to show a more robust trend than the other survey indicators, as firms continued to fill up vacancies. The rate of job creation was slightly faster than in November but below the average for the year as a whole.



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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](mailto: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](https://ihsmarkit.com/products/pmi.html).

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