

Embargoed until 1000 CEST (0800 UTC) 29 August 2022

UniCredit Bank Austria Manufacturing PMI®

PMI slips into contraction territory amid faster falls in output and new orders

Key findings

PMI posts first sub-50 reading since June 2020

Manufacturers grow more pessimistic about the outlook

Price pressures remain elevated but continue to ease

Austrian's manufacturing sector moved into contraction territory for the first time in over two years in August, amid deepening declines in both output and new orders, latest PMI® survey data showed. Weaker demand acted to slow the rate of factory job creation, whilst also leading to a sustained rapid build-up of stocks of finished goods.

Strong inflationary pressures remained a key hindrance to the sector's performance. However, amid an easing of supply-side constraints, rates of increase in both input costs and factory gate charges retreated further from their recent highs. Nevertheless, there was increased pessimism among manufacturers towards the outlook, with expectations falling to their lowest since May 2020.

The seasonally adjusted UniCredit Bank Austria Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure gauge of performance – registered 48.8 in August, down from 51.7 in July and its first time in sub-50 contraction territory since June 2020.

Production levels across Austria's manufacturing sector showed a notable downturn midway through the third quarter, with the rate of decline re-accelerating to the quickest since May 2020. The result reflected a continued weakening of demand for goods, which panellists attributed to uncertainty among customers and a continued erosion of purchasing power from higher prices. August saw new orders fall for the fourth month running, and at a sharp and accelerated rate that was again much quicker than that of output. The decline was the steepest for over two years and driven partly by a marked loss of new business from abroad.

As well as recording a steep drop in backlogs of work as inflows of new business declined, Austrian manufacturers noted a further increase in stocks of finished goods during the month. The rate of accumulation eased slightly since July, but was still one of the quickest on record (since 1998).

UniCredit Bank Austria Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 12-23 August 2022.

Pre-production inventories likewise continued to build up rapidly during the month. This was despite manufacturers having scaled back their purchasing activity for the second month in a row, and to a much greater extent than in July.

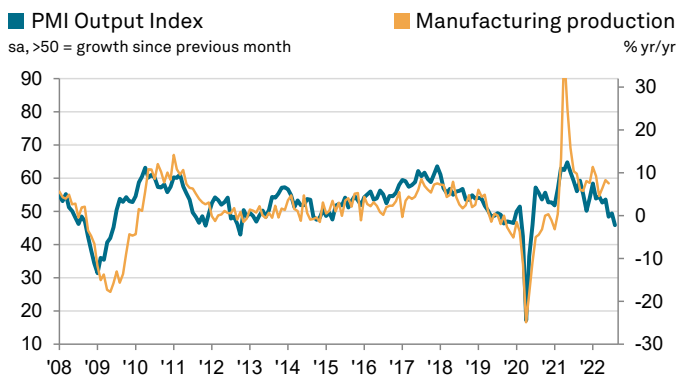
In line with weaker demand for inputs, the incidence of delays in the receipt of purchases receded to its lowest since October 2020. Where longer lead times were recorded, a number of firms commented on a continued dearth of electronic components.

August saw the rate of input cost inflation faced by Austrian manufacturers ticked down for the fourth month in a row to its lowest since January 2021, with surveyed firms commenting on the influence of lower metals prices. Still, buoyed by the soaring cost of energy, it remained well in excess of its historical series average.

It was a similar picture for factory gate charges. Here, the rate of inflation moderated to a 16-month low, though it was still quicker than at any time in the series history prior to May 2021.

Looking ahead, Austrian manufacturers were increasingly pessimistic about their prospects over the next 12 months. Expectations were the lowest since the first wave of COVID-19, with almost twice as many firms anticipating a fall in output as those predicting a rise. Surveyed businesses reported particular concerns around higher energy costs and a general economic slowdown.

Higher factory employment was a bright spot in August. However, with capacity pressures easing and firms downbeat about the outlook, the rate of job creation slowed to a 19-month low.



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.