

Embargoed until 1000 CET (0900 UTC) 27 November 2019

## UNICREDIT BANK AUSTRIA MANUFACTURING PMI®

### Austrian manufacturing sector remains in contraction in November

#### KEY FINDINGS

Further solid falls in output and new orders

Sustained cuts to workforce numbers and output prices

Output expectations edge into positive territory

Austria's manufacturing sector remained firmly in contraction in November, with latest PMI® data showing further solid decreases in output, new orders and employment. Factory gate prices also fell, dropping for the fifth straight month, as firms reported strong competition for new work and a sustained decline in underlying input costs. Encouragingly, however, expectations towards output in a year's time edged into positive territory – albeit only just – for the first time in five months.

The headline UniCredit Bank Austria Manufacturing PMI – a single-figure snapshot of overall business conditions, calculated from indicators of output, new orders, employment, suppliers' delivery times and stocks of purchases – registered 46.0 in November, up from 45.5 in October and its highest reading for three months. However, despite the slight uptick, which reflected slower falls in employment and stocks of purchases as well as smaller improvement in supplier delivery times, the headline PMI remained at one of its lowest levels over the past seven years and well below its position one year ago.

A further solid decrease in output in November extended the current sequence of contraction to seven months. The pace of decline was slightly quicker than in October, as faster falls in the production of both intermediate and investment goods offset a stronger rise in consumer goods output.

Similar to overall production, the total level of new orders received by Austrian manufacturers fell at a solid and slightly accelerated rate in November. When explaining the latest

Manufacturing PMI  
sa, >50 = improvement since previous month



Sources: Bank Austria, IHS Markit.

decrease, surveyed firms commented on client hesitancy, weakness in the automotive sector and a general economic slowdown as some of the main factors. Export sales were down markedly on the month, albeit with the rate of decline easing to the weakest since August.

The sustained reductions in output and new orders saw employment in the manufacturing sector fall for a fifth straight month. Though easing from October, when it reached the fastest for almost ten years, the rate of job cuts remained solid by historical standards. The fall in workforce numbers was consistent with signs of excess capacity, with goods producers noting a further steep drop in backlogs of work in November.

Manufacturers also scaled back their purchasing activity during the month, in some cases reflecting efforts to run down stocks. The drop in demand for inputs contributed to a further (albeit weaker) improvement in vendor lead times and a reduction in average purchase prices, the sixth in as many months. These cost savings were passed on in the form of lower output prices, which fell at a moderate rate that was slightly quicker than in October.

Lastly, November saw an improvement in business confidence towards output over the next 12 months. After being in negative territory since July, expectations turned slightly positive, though remained subdued by historical standards.



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### Methodology

The Bank Austria Manufacturing PMI® is compiled by IHS Markit 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.

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.

November 2019 data were collected 12-22 November 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto: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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

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### 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 IHS Markit, 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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