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Unicredit Bank Austria Manufacturing PMI®

Upturn in Austrian manufacturing sector gathers pace in March, while supply chain pressures intensify

Key findings

Output and new orders rise at fastest rates since December 2017

Pace of job creation accelerates amid growing capacity pressures

Record supply delays help push input cost inflation to highest in over a decade

Data were collected 12-24 March

Latest PMI® data showed the upturn in Austria's manufacturing sector gathering momentum at the end of the opening quarter, with near-record growth in new orders driving steep rises in both production levels and employment.

However, the survey also revealed increasing delays on the delivery of inputs as a result of widespread shortages of raw materials and components and a continued dearth of freight capacity. This in turn contributed to higher price pressures, with manufacturers recording decade-high rates of input cost and output price inflation.

The headline UniCredit Bank Austria Manufacturing PMI® – a single-figure measure of performance calculated from measures of output, new orders, employment, stocks of purchases and supplier delivery times – rose for the fourth month in a row in March, climbing from 58.3 in February to 63.4. This was the second-highest reading in over 22 years of data collection, behind December 2017's 64.3.

The upturn in the manufacturing sector's performance was led by a sharp and accelerated increase in inflows of new orders. Surveyed firms commented on higher demand due to recovering investment spending and the easing of lockdown restrictions. There were also several mentions of clients looking to build their inventories amid concerns over long lead times. Higher export orders were widely reported, with the German market highlighted as a key growth area.

Production levels were increased sharply in March, rising to the greatest extent for over three years and at one of the fastest rates in the series history. However, in many cases manufacturers were still unable to keep up with demand, which resulted in a record increase in backlogs of work and a further decline in stocks of finished goods.

Goods producers took action to increase operating capacity during March, raising employment levels for the third month in a row. Furthermore, the pace of job creation accelerated to the quickest

Austria Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

seen since July 2018.

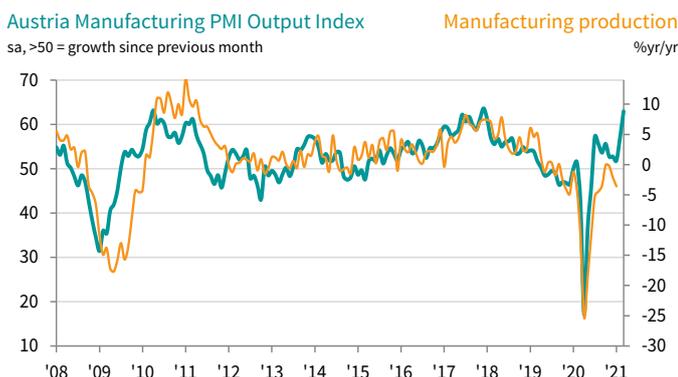
March also saw manufacturers ramp up their purchasing activity, growth of which reached a 38-month high. The increase partly reflected attempts by goods producers to boost their safety stocks of raw materials and other inputs, which rose for the first time in ten months amid increasing pressure on supply chains.

For the second survey running, there were record reports of delays in the delivery of inputs. Longer lead times were the result of growing pressure on supplier capacity, widespread shortages of raw materials and components, including metals and electronic parts, and continued issues around international shipping, anecdotal evidence showed.

Supply shortages and higher freight charges meanwhile put further upward pressure on purchase prices faced by Austrian manufacturers. The rate of cost inflation accelerated for the fifth month running to its second-highest in the series history.

Due to strong demand, goods producers were often able to pass on at least part of the burden of higher costs to customers. Average factory gate prices rose sharply and at the fastest rate since March 2011.

Despite the threats posed by supply-side constraints and rising prices, Austrian manufacturers remained strongly optimistic about the outlook for activity over the coming year. Moreover, expectations improved to the second-highest since this series began in July 2012.



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Survey methodology

The Unicredit 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.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Survey dates and history

March data were collected 12-24 March 2021.

Survey data were first collected October 1998.

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.

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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.

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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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