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Unicredit Bank Austria Manufacturing PMI®

Austrian manufacturing sector sees a further loss of growth momentum in August

Key findings

Slowest rise in production for seven months amid supply-side constraints

Rates of input cost and output price inflation tick down from July's all-time peaks

Factory job creation at near-record high, supported by still-strong optimism

Data were collected 12-23 August

Growth of Austria's manufacturing sector showed a further loss of momentum in August, as goods producers continued to face supply-side disruption, latest PMI® data showed. Price pressures meanwhile remained elevated, albeit with the rates of both input cost and output price inflation easing from July's record highs.

Encouragingly, manufacturers maintained a strongly positive outlook for activity over the next 12 months, thereby helping to sustain a sharp upturn in factory employment.

At 61.8 in August, the headline UniCredit Bank Austria Manufacturing PMI® – a single-figure gauge of performance calculated from measures of output, new orders, employment, stocks of purchases and supplier delivery times – remained firmly above the crucial 50.0 no-change threshold. However, down from 63.9 in July and further below June's all-time peak, the latest reading signalled a sustained loss of momentum in the pace of growth and was the lowest since February.

Production levels rose in August at the slowest rate for seven months. While firms continued to link higher output to recovering levels of demand, the pace of growth was subdued by raw material and component shortages.

The rate of expansion in new orders continued to show greater resilience than that of output, but it too eased in August, down to the lowest for six months. This was in part driven by weaker growth in export sales, which showed the slowest rise since February.

With manufacturers struggling to keep pace with demand due to supply bottlenecks, August saw a further sharp build-up of backlogs of work. To try to plug the gap between new orders and production, goods producers continued to use up their stocks of finished goods, which fell for the fourteenth month in a row. That said, the rate of depletion was the slowest since March.

Austria Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

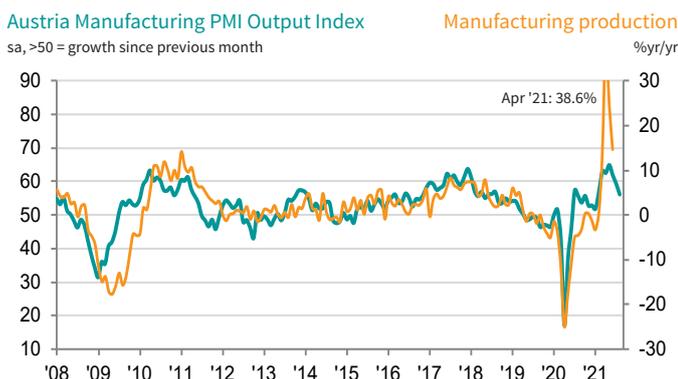
Reports of supplier delivery delays remained historically high in August. Around 58% of surveyed firms recorded longer input lead-times, down further from a peak of 80% midway through the second quarter but nevertheless higher than at any time in the series history prior to March this year.

Concerns about sourcing raw materials was one of the factors leading manufacturers to expand their purchasing activity in August, with the aim of increasing safety stocks of inputs. Pre-production inventories were up for the fourth month running, rising solidly again after a record increase in July. A number of firms also reported bringing forward purchases in anticipation of future price increases.

Average input costs continued to rise sharply during August, underpinned by widespread imbalances between supply and demand. Aluminium, electronic components, packaging, plastic, steel and timber were among the items most often reported as up in price. The rate of inflation dipped from July's record to a four-month low, though it was still faster than at any time in the series history prior to May.

It was a similar picture for factory output prices, the rate of inflation of which eased since the previous month but was still the second-fastest ever recorded by the survey (since 2002).

Despite worries over supply and higher prices, Austrian manufacturers reported strong optimism towards the outlook for activity over the coming year. Expectations even ticked up slightly since July. This confidence helped support another strong round of job creation across the sector, with the rate of employment growth picking up and registering just shy of June's record.



Sources: Bank Austria, IHS Markit, Eurostat.

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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

August data were collected 12-23 August 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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