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Unicredit Bank Austria Manufacturing PMI®

PMI at new record high in June amid continued surge in new orders

Key findings

Austrian goods producers report unprecedented growth in order book volumes

... but output rises at slower rate amid widespread supply disruption

Rates of input cost and output price inflation tick up to fresh record highs

Data were collected 11-23 June

Austrian manufacturers reported another record performance in June, driven by an ongoing surge in new orders as demand continued to recover from the effects of the COVID-19 pandemic. Production levels were raised further, although the pace of output growth eased amid constraints from supply shortages.

Lengthening input lead-times and sharply rising backlogs of work underscored a general imbalance between supply and demand, which in turn helped push up rates of inflation of both input costs and output prices to new record highs at the end of the second quarter.

June saw 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 – climb from 66.4 in May to 67.0, its third survey-record high in as many months.

Central to the uptick in the headline index was a further acceleration in the rate of new order growth to a fresh record high. Surveyed firms commented on stronger demand both domestically and from abroad, linked in part to the easing of lockdown measures and a recovery in investment spending. At the same time, there were a number of reports of customers placing additional orders due to concerns around future supply.

The rate of output growth remained elevated by historical standards but eased from May's record high to a four-month low. Several surveyed businesses highlighted that production volumes had been constrained by a lack of availability of materials and components.

The number of manufacturers registering longer lead-times on inputs stayed closed to May's record high in June. The items most commonly reported as in short supply included electronics, plastics and steel.

Austria Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

The shortfall in output levels relative to new orders was reflected in a marked rise in backlogs of work – the sharpest recorded in the series history (data on outstanding orders were first collected in October 2002). Stocks of finished goods meanwhile fell sharply and for the twelfth month in a row.

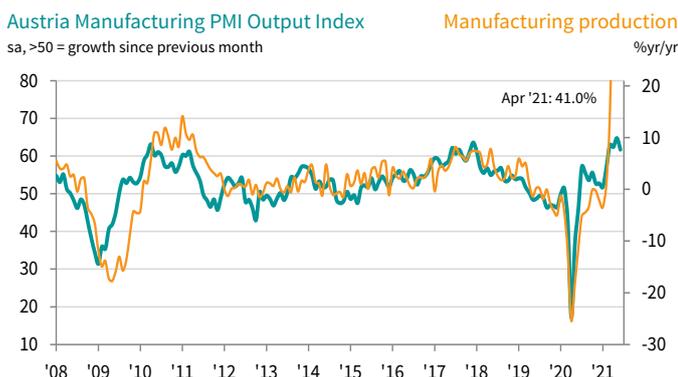
By contrast, holdings of materials and components at manufacturers rose for the third time in the past four months in June, with the rate of accumulation accelerating to the fastest since December 2017. A number of manufacturers reported deliberate attempts to boost input safety stocks due to longer wait times on purchases. Goods producers' buying levels were up sharply in June, rising at a rate close to May's record high.

The rate of inflation in average input prices quickened (albeit only slightly) to a new all-time high in June. Aluminium, steel, plastic and timber were among the items most commonly reported as up in price, while higher transportation costs were also widely cited.

June also saw average factory gate charges rise at a record rate, albeit one that was still notably slower than that of input costs.

Although some manufacturers saw supply issues and acute inflationary pressures as threats to future activity, overall expectations remained strongly positive by historical standards, and even improved slightly since May. There were widespread hopes of a sustained recovery in demand over the next 12 months, and an eventual easing of supply chain disruption.

Strong optimism towards the outlook, combined with efforts to expand capacity to meet demand, led to a steep rise in factory employment during June. The rate of job creation was the second-fastest in the survey history, behind that recorded in December 2017.



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

June data were collected 11-23 June 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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