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Unicredit Bank Austria Manufacturing PMI®

Output picks up in December as supply constraints show further signs of easing

Key findings

Production and new orders increase after broadly stagnating in November

Lowest incidence of supply delays since January

Input cost inflation remains elevated but ticks down to nine-month low

Data were collected 06-16 December

Austria's manufacturers enjoyed a slightly better month in December, recording stronger rises in both output and new orders after growth had eased to near-stagnation in November, latest PMI® data showed. Supply chain bottlenecks continued to help drive up costs and in turn factory gate prices, but the survey data indicated a reduction in the incidence of delays alongside a slight easing of inflationary pressures.

The headline UniCredit Bank Austria Manufacturing PMI® – a single-figure gauge of performance calculated from measures of output, new orders, employment, stocks of inputs, and supplier delivery times – registered 58.7 in December. This was up slightly from November's ten-month low of 58.1.

The uptick in the headline index was partly driven by a faster increase in output. The rate of production growth recorded in December was solid by pre-pandemic standards, although it was still among the slowest seen since the recovery from the initial shutdowns began last summer.

The upturn in output was mirrored by a similar trend in new orders, which included a slightly faster rise in new export business. It also coincided with a reduction in the number of manufacturers reporting longer lead times on inputs to the lowest since January. That said, the incidence of delays remained greater than any time in the series history prior to this year, with businesses still widely commenting on a lack of availability of materials and components as well as transportation issues.

Imbalances across supply chains, alongside increased energy costs, drove a further sharp rise in manufacturing input prices in December. However, in line with the easing of supply delays, the rate of input cost inflation ticked down to a nine-month low. It was a similar picture for output prices, the rate of inflation of which

Austria Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

remained elevated by historical standards but eased to the slowest since August.

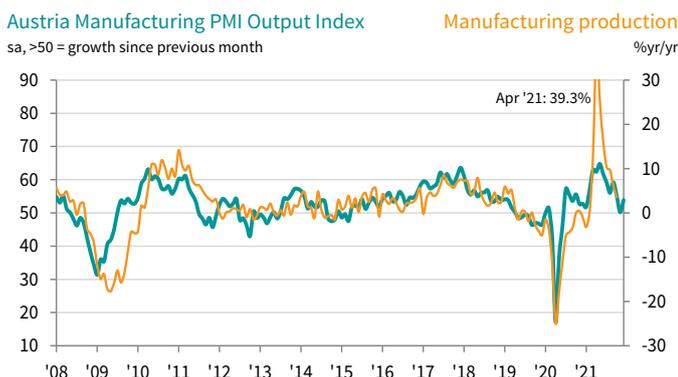
Austrian manufacturers once again recorded a marked rise in purchasing activity as they looked to build up stocks of inputs amid fears of shortages. Pre-production inventories increased sharply and for eighth month in a row in December, with the rate of growth staying close to November's record high.

December also saw a rise in stocks of finished goods held by Austrian manufacturers. It was the third in as many months and attributed in some cases to customers postponing orders. That said, the rate of accumulation was only modest and the weakest in the current sequence.

The upturn in factory employment levels – observed since the start of the year – extended into December. Firms that took on additional staff often commented on efforts to expand operating capacity. The rate of job creation remained well in excess of the long-run average but eased for the second month running to the weakest since April.

Backlogs of work at manufacturers also rose at a slower rate in December. While some businesses continued to have difficulty keeping up with demand due to input shortages and staffing constraints, the rate of accumulation of order books slowed to the weakest for 11 months in line with fewer supply delays and the continued expansion in factory workforce numbers.

Lastly, December's survey indicated a deterioration in manufacturers' expectations towards future output. Although firms on balance still expected a rise in production over the next 12 months, the overall degree of optimism sank to its lowest since August 2020. Concerns about rising prices weighed on confidence, anecdotal evidence showed.



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

December data were collected 6-16 December 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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