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## UNICREDIT BANK AUSTRIA MANUFACTURING PMI®

### Downturn in Austrian manufacturing sector slows in May as COVID-19 lockdowns begin to ease

#### KEY FINDINGS

PMI remains in contraction territory but ticks up from April's record low

Declines in output, new orders and employment ease

Output prices fall the most in 11 years

Data were collected 12-21 May 2020.

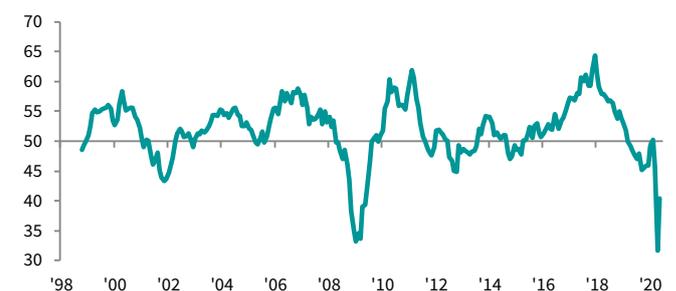
The downturn in Austria's manufacturing sector brought on by the coronavirus disease 2019 (COVID-19) pandemic showed signs of slowing in May amid the easing of virus containment measures. Following record contractions in April, latest PMI® data showed slower, but still marked falls in both output and new orders, alongside a softer decline in employment. Signs of easing supply chain pressures meanwhile coincided with steeper reductions in both input costs and output prices across the sector.

The headline UniCredit Bank Austria Manufacturing PMI – an indicator of overall business conditions calculated from measures of output, new orders, employment, stocks of purchases and supplier delivery times – ticked up from an all-time low of 31.6 in April to 40.4 in May. Nevertheless, by remaining well below the 50.0 neutral threshold and at its second-lowest level since early-2009, the PMI pointed to a marked decline in business conditions.

Output across Austria's manufacturing sector was reported to be down for the third month in a row in May, as surveyed firms commented on a lack of incoming new work and restrictions on production due to the COVID-19 outbreak. That said, with the reopening of operations at a number of companies, the rate of decline in output eased from April's record.

It was a similar picture for new orders, which continued to fall amid reports of client closures and general hesitancy among customers, albeit at a noticeably slower rate than the unprecedented pace seen in April. The decline in export sales

Manufacturing PMI  
sa, >50 = improvement since previous month



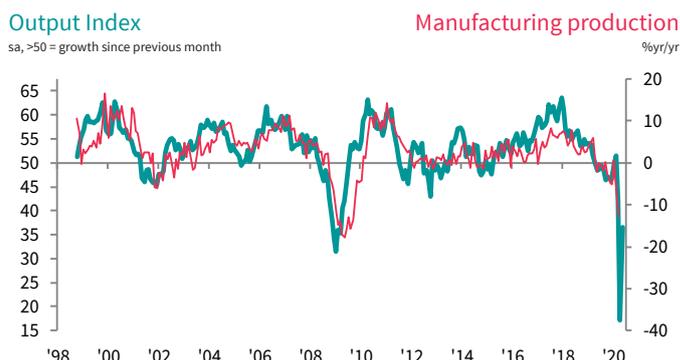
Sources: Bank Austria, IHS Markit.

in May was slightly faster than the drop in overall new orders. Job losses continued to mount across the manufacturing sector during May, with latest data signalling a third successive monthly decline in employment. The rate of staff cuts eased since April, but it was still the second-fastest seen in over a decade.

Notably, May data showed a second straight record rise in stocks of finished goods at Austrian manufacturers, with the rate of accumulation accelerating well beyond even that seen in April. Pre-production inventories meanwhile crept higher for the third month in a row despite a further marked (albeit slower) cutback in purchasing activity.

On the supply side, efforts to contain the spread of COVID-19 continued to affect transportation and the availability of certain goods. That said, the incidence of delivery delays on inputs was down markedly compared to April. The decline in prices paid for raw materials and semi-manufactured goods meanwhile accelerated to the quickest since July 2012, with anecdotal evidence highlighting the influence of low oil prices. At the same time, output charges fell to the greatest extent for 11 years.

Lastly, May's survey showed only a modest improvement in manufacturers' expectations towards output over the next 12 months from a record low in April. Sentiment remained firmly in negative territory, reflecting concerns over potential long-lasting effects from the pandemic on demand.



Sources: Bank Austria, IHS Markit, Eurostat.

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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.

May data were collected 12-21 May 2020.

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.  
[ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html)

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