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Unicredit Bank Austria Manufacturing PMI®

Austrian manufacturing PMI at record high in April

Key findings

Fastest rise in new orders in over two decades of data collection

Production growth falters slightly, leading to record increase in backlogs

Price pressures continue to build as supply problems worsen

Data were collected 12-23 April

The Austrian manufacturing sector was in boom territory in April, latest PMI® data showed, with goods producers reporting record growth in new orders as well as a further acceleration in the rate of job creation. Backlogs continued to rise, however, as a number of firms reported difficulty keeping up with demand amid growing reports of supply problems.

Shortages of raw materials, components and freight capacity, plus the effects of the Suez Canal blockage, led to record delivery delays on inputs for a third straight month and pushed the rate of purchase price inflation to a survey high.

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 fifth month in a row in April, ticking up from 63.4 in March to 64.7. This was its highest reading since data collection began in October 1998.

April saw record increases in both total new business and new export orders at Austrian manufacturers. Surveyed businesses commented on improving demand both domestically and across key international markets in Europe and Asia. Additionally, there were a number of reports of clients trying to boost their safety stocks amid concerns over supply and possible future price increases.

Higher new orders led goods producers to increase their output levels in April. The rate of production growth remained strong but eased slightly from March's 39-month high, with several companies noting difficulty sourcing inputs and supplier delivery delays.

With growth in new orders outstripping that of output, goods producers reported a record increase in backlogs of work for the second month running in April. Stocks of finished goods meanwhile fell at a faster rate as manufacturers used inventories to meet

Austria Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

demand.

The rate of job creation across the Austrian manufacturing sector continued to gain momentum during April, as firms showed increased efforts to expand capacity. Employment growth was the fastest since July 2018.

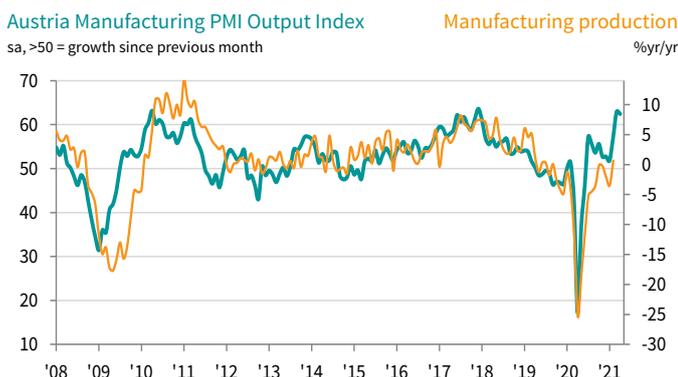
Goods producers' buying activity also rose sharply, expanding at a rate unsurpassed in over 22 years of data collection. In some cases, firms reported making advanced purchases of inputs amid concerns over future supply and rising prices.

More than three-quarters (77%) of Austrian manufacturers reported longer average lead times on inputs in April, a new record for the third survey in a row. Panel member reports highlighted an imbalance of supply and demand across a range of raw materials and components as well as transportation bottlenecks, with the Suez Canal blockage having exacerbated the situation.

Supply shortages and higher transport costs in turn led to a further steep rise in average prices paid for purchases, with the rate of inflation at a series-record high in April. The items most commonly reported as up in price included chemicals, electronics, energy, metals (particularly aluminium and steel), plastics and wood.

Supportive demand conditions allowed many manufacturers to pass on at least part of the burden of higher costs to clients. Average factory gate charges rose sharply and at the fastest rate since March 2011, albeit one that was notably slower than that of input costs.

Lastly, April's survey continued to show strong expectations among Austrian manufacturers for activity over the coming year. The degree of optimism dipped from March's 39-month high but was still among the strongest since this series began in 2012.



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

April data were collected 12-23 April 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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