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Unicredit Bank Austria Manufacturing PMI®

Austrian manufacturing sector continues to boom as PMI hits new high in May

Key findings

Rates of output and new order growth unprecedented in survey's 22-year history

Capacity constraints lead to faster rate of job creation

Sharpest ever rise in costs amid widespread supply bottlenecks

Data were collected 11-21 May

The upturn in Austria's manufacturing sector continued to gain momentum in May, according to latest PMI® data, with goods producers registering record increases in both output and new orders during the month. The survey meanwhile showed greater urgency among manufacturers to boost capacity as the pace of job creation in the sector hit a three-year high.

Supply-side conditions continued to worsen, however, as severe material shortages and transport issues saw input lead-times lengthen to the greatest extent in over two decades of data collection, and pushed cost inflation to a survey high. Firms' expectations towards future output remained positive but slipped to a four-month low.

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 – ticked up from a prior survey-high of 64.7 in April to 66.4 in May.

The improvement in the sector's performance continued to be led by rising inflows of new orders, with sales from abroad rising particularly sharply in May. In both cases, the rate of growth was a survey-record high (since October 1998). Reports from surveyed firms highlighted stronger demand linked to recovering investment spending and the easing of lockdown restrictions. However, there were also several mentions of clients placing additional orders to raise their stocks amid concerns over longer lead times.

Austrian manufacturers ramped up production in line with higher demand, with May data pointing to the sharpest expansion in output in the series history. That said, the rate of growth continued to trail behind that of new orders, leading to a record increase in backlogs for the second successive month. Difficulties sourcing materials

Austria Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

also meant that firms often used stocks of finished goods to meet demand, with post-production inventories falling to the greatest extent since February 2010.

Increasing efforts by manufacturers to expand capacity were reflected in a pick-up in the rate of job creation to the quickest since May 2018. Higher employment has been recorded in every survey throughout 2021 so far, following a decline in each of the prior ten months.

Latest data also showed a faster rise in goods producers' purchasing activity, growth of which reached a new survey peak. Stocks of purchases meanwhile rose slightly as firms looked to create a buffer against supply disruption.

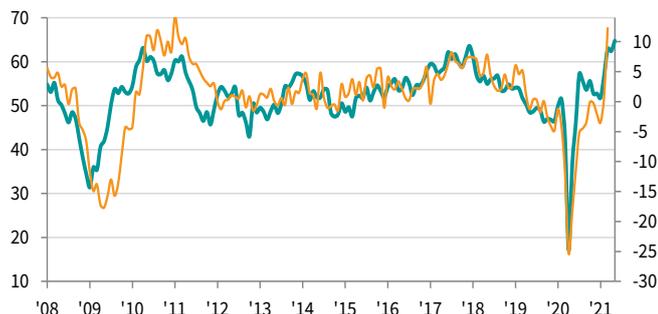
Reports of delivery delays continued to rise during May, reaching a new series-record high for the fourth month in a row. As well as highlighting an imbalance in supply and demand across a range of materials and components, many surveyed businesses also cited logistics issues such as a lack of available freight capacity.

Severe shortages of inputs in turn led to a sharp increase in average purchase prices, with the rate of inflation accelerating well beyond the previous high set in April. Items widely reported as up in price included aluminium, plastic, steel and timber, while higher transport costs were also commonly cited.

Accordingly, May saw a record increase in average prices charged by Austrian manufacturers. Still, the proportion of companies that raised their output prices was roughly half that which recorded an increase in costs.

Finally, business confidence eased further from the near-record high seen in March, down to its lowest since January. Firms were generally positive about the year-ahead outlook, though some did raise concerns about ongoing supply issues.

Austria Manufacturing PMI Output Index **Manufacturing production**
 sa, >50 = growth since previous month %yr/yr



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

May data were collected 11-21 May 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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