

Embargoed until 1000 CEST (0800 UTC) 29 July 2019

UNICREDIT BANK AUSTRIA MANUFACTURING PMI®

Headline PMI slips further into contraction territory in July

KEY FINDINGS

PMI at 57-month low of 47.0

Output falls again amid sustained downturn in new orders

Employment and output prices down for first time since 2016

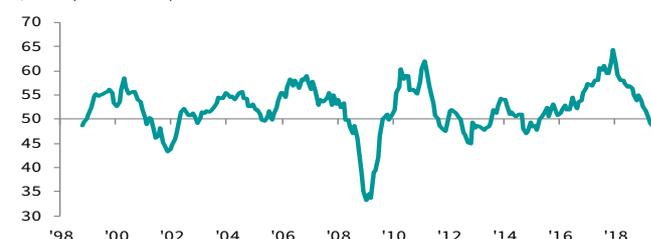
Austrian manufacturing conditions remained in decline at the start of the third quarter, with output falling again on the back of a seventh straight monthly decrease in new orders. Adjustments to lower demand meanwhile saw employment and producer prices fall for the first time since 2016.

The headline UniCredit Bank Austria Manufacturing PMI fell further into contraction territory in July, signalling a deepening downturn in overall business conditions across the goods-producing sector. At 47.0, down from 47.5 in June, the index was at its lowest since October 2014. All components (new orders, output, employment, suppliers' delivery times and stocks of purchases) contributed to it being below 50, with a solid decrease in employment – the largest since March 2015 – imparting the greatest negative directional influence.

The deteriorating performance of the manufacturing sector continued to stem from lower demand both domestically and abroad. New orders fell at a solid pace in July that was slightly slower than in June but broadly in line with the average over the second quarter as a whole. The rate of decline in export orders was notably slower than in June, when it recorded the steepest fall for over six-and-a-half years, though it was still solid overall.

The sustained downturn in order books led manufacturers to scale back production for the third straight month in July. However, the rate of decline eased to the weakest in this sequence and was noticeably slower than that of new

Manufacturing PMI
sa, >50 = improvement since previous month



Sources: Bank Austria, IHS Markit.

orders. A steep and accelerated fall in backlogs – the fastest since October 2012 – suggested that firms were increasingly relying on outstanding orders to support production.

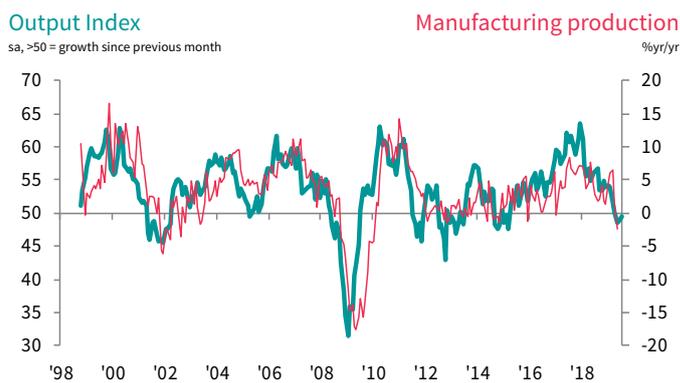
Broken down by main industrial groupings, data indicated that weakness was centred on the intermediate and capital goods sectors. Meanwhile, consumer goods producers continued to report growth.

Purchasing activity among manufacturers remained in decline in July. This reflected not only lower output requirements, but also a general preference for utilising existing stocks of inputs. Lower-than-expected sales nevertheless led to a slight rise in post-production inventories during the month.

Lower demand for inputs saw pressure on supply chains to Austrian manufacturers continue to ease. Lead times improved for the fifth month in a row and to the greatest extent since May 2009. The rate of decline of input prices meanwhile gathered pace and was the quickest in almost three-and-a-half years.

The combination of waning cost pressures and competition for new work led manufacturers to reduce output prices for the first time since October 2016 in July.

Finally, latest data showed a relapse in manufacturers' confidence towards future output. Sentiment was back in negative territory in July and the lowest overall since early-2015.



CONTACT

Bank Austria

Stefan Bruckbauer
T: +43 (0) 50505-41951
stefan.bruckbauer@unicreditgroup.at

OPWZ

Bibiane Sibera
T: +43 1 533 86 36-56
opwz.com/forum-einkauf/

IHS Markit

Phil Smith
Principal Economist
T: +44-1491-461-009
phil.smith@ihsmarkit.com

Joanna Vickers
Corporate Communications
T: +44-207-260-2234
joanna.vickers@ihsmarkit.com

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.

July 2019 data were collected 12-24 July 2019.

For further information on the PMI survey methodology, please contact 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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.