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Unicredit Bank Austria Manufacturing PMI®

Manufacturing growth accelerates to four-month high in January

Key findings

Faster increases in output and new orders

Further tentative signs of supply chain bottlenecks easing

Expectations improve amid a further slowdown in cost inflation

Data were collected 12-24 January

Austria's manufacturing sector regained some growth momentum at the start of 2022, with latest PMI® data showing faster increases in output, new orders and employment in January. The upturn coincided with signs of a further easing of supply chain bottlenecks, which in turn contributed to softer cost pressures across the sector. Goods producers were more optimistic about the outlook, halting a recent decline in expectations.

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 – climbed to 61.5 in January. This was up from 58.7 in December and the highest reading since last September.

Production rose strongly and to the greatest extent for four months in January, with the rate of growth accelerating sharply and recovering further from November's 17-month low. Anecdotal evidence indicated an easing of supply-chain constraints on output, alongside a boost from stronger demand.

The rate of new order growth in January was strong by historical standards and the quickest for five months. Principal to this was a steep and accelerated increase in new export orders – the fastest seen since last June. There were some reports of clients placing additional orders in anticipation of future price increases.

Supply chains remained stretched in January. Around 46% of firms reported longer lead times on inputs, linked to a lack of availability of material and parts, staff shortages at suppliers, and pressure on transportation capacity. That said, the incidence of delays eased slightly to the lowest for a year.

January saw the rate of input price inflation faced by Austrian manufacturers moderate for the third month in a row to the weakest since last March. This was reflected in a slower rise in factory gate

Austria Manufacturing PMI

sa, >50 = improvement since previous month



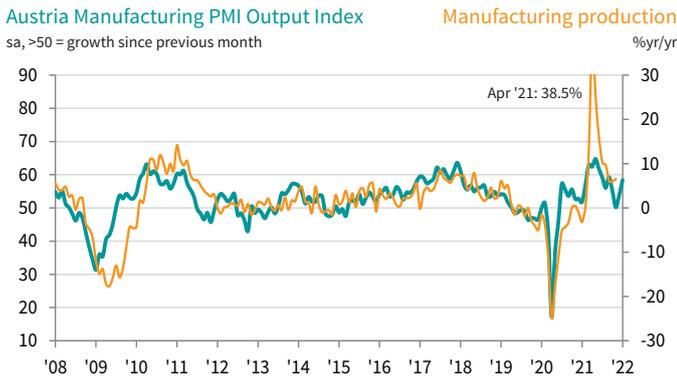
Source: IHS Markit.

charges, the least marked for eight months, although rates of inflation in both input costs and output prices remained elevated by historical standards.

Higher production requirements, combined with efforts by some firms to build up safety stocks, led to a rise in purchasing activity among manufacturers in January. The rate of growth was sharp and the quickest for five months. Pre-production inventories held by goods producers rose markedly again, albeit with the rate of accumulation easing further from November's record high.

Turning to employment, latest data showed a strong rise in manufacturing workforce numbers in January, with the pace of job creation accelerating for the first time in three months. Firms that took on additional staff reported efforts to expand capacity and tackle rising backlogs of work, which showed the steepest increase since last October.

Firms' willingness to hire new staff tallied with their positive growth projections for the year ahead. After decreasing in each of the previous four months, down to a 16-month low in December, the degree of optimism towards future output rebounded to the highest since last September. Manufacturers were hopeful of an upturn in demand and an improvement in the supply-side situation as 2022 progresses.



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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

January data were collected 12-24 January 2022.

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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