

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) December 28th 2017

UniCredit Bank Austria Manufacturing PMI[®]

Austrian manufacturing PMI surges to record high in December

Key findings:

- Headline PMI leaps to 64.3, highest ever recorded
- Six other indicators at unprecedented levels
- Strongest input price inflation since April 2011

Data collected from December 5-14

December PMI[®] data from Unicredit Bank Austria signalled the strongest performance of the Austrian manufacturing sector since the survey began in October 1998. Growth of output, new orders, purchasing, employment and backlogs were all the fastest registered to date. Input price inflation accelerated to an 80-month record, although output prices rose more slowly than in November. Finally, manufacturers exhibited record sentiment looking ahead to expected output growth in 2018.

The headline UniCredit Bank Austria Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose strongly in December to 64.3, from 61.9 in November. The latest figure was the highest in the survey history by some margin, signalling a rapid improvement in business conditions. At 33 months, the current sequence of positive PMI readings was also a survey record. Three of the five components of the PMI were at record highs during the month – output, new orders and employment, while suppliers' delivery times lengthened by a near-record amount.

Austrian manufacturers reported stronger intakes of new work in December than in any other period since the survey began over 19 years ago. The

UniCredit Bank Austria Manufacturing PMI



Sources: Unicredit Bank Austria, IHS Markit, Eurostat.

latest data signalled surging demand from both domestic and export markets, with the latter expanding at a rate that matched the survey record set in February 2011.

Production also increased at a record pace in November, driven by the intermediate and investment goods sectors. Despite this boost to output, backlogs of work increased at the fastest rate since the series began in September 2002.

Higher backlogs partly reflected delays and shortages in the supply chain. With the volume of inputs ordered by manufacturers increasing at a record pace during the month, suppliers' delivery times lengthened by more than in any other period except August. To address capacity constraints, Austrian manufacturers raised employment at a survey-record pace in December.

Input cost inflation accelerated to the strongest since April 2011 in December, linked to higher oil and raw material prices. Output charges also rose strongly, albeit at a slower rate than in November. Subsequently, the gap between the input and output price indices was the largest observed since February 2011, suggesting pressure on margins.

Looking ahead to 2018, Austrian manufacturers were the most optimistic regarding expected growth since the output expectations data were first collected in July 2012. This confidence was linked to strong expected demand from both domestic and export markets.

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Note to Editors:

The UniCredit Bank Austria Manufacturing *PMI*[®] is based on data compiled from monthly replies to questionnaires sent to purchasing executives in 300 industrial companies. The panel is stratified by GDP and company workforce size.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. All data are seasonally adjusted.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

The UniCredit Bank Austria Manufacturing *PMI* is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction. The *PMI* is designed to show a convenient single-figure summary of the health of the manufacturing sector.

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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 www.markit.com/product/pmi.

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