

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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UniCredit Bank Austria Manufacturing PMI[®]

Austrian manufacturing growth remains sharp in January

Key findings:

- PMI falls to 61.3 from December's record high of 64.3...
- ...but still at fourth-highest level in survey history
- Record increase in purchasing activity by manufacturers

Data collected from January 12-24

January PMI[®] data from Unicredit Bank Austria signalled an ongoing strong performance of the Austrian manufacturing sector at the start of 2018. The overall pace of growth slowed from December's survey record, but was still one of the best ever recorded since the survey began in October 1998. Growth of output, new orders, exports and employment all remained elevated, while purchasing activity increased at the fastest rate on record. Input price inflation eased only slightly from December's 80-month record, while output prices rose at the second-fastest rate in over six-and-a-half years.

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 fell to a three-month low of 61.3 in January, from December's all-time high of 64.3. The latest figure was still the fourth-highest level on record, however, and signalled a rapid improvement in business conditions. At 34 months, the current sequence of positive PMI readings is also a survey record.

UniCredit Bank Austria Manufacturing PMI



Sources: Unicredit Bank Austria, IHS Markit, Eurostat.

Inflows of new work at Austrian manufacturers continued to increase markedly in January. The rate of growth slowed from December's survey record, but was still one of the strongest registered over the survey history. A similar trend was evident for new export business, with reports of strong European demand.

Production also increased at a slower but strong overall pace in January, again driven by the intermediate and investment goods sectors. Backlogs of work increased at one of the fastest rates since the series began in September 2002, despite the fourth-sharpest rise in employment on record.

Supply chains remained under intense pressure at the start of 2018. Delivery times for inputs ordered lengthened to the third-greatest extent in the survey history. This reflected marked demand, as the volume of purchasing activity rose at the fastest rate on record.

Prices paid by Austrian manufacturers for production inputs continued to rise sharply in January. The rate of inflation was the second-highest since May 2011 and well above the long-

run survey trend, linked to raw materials in general and metals and oil in particular. Subsequently, output prices also rose at the second-fastest pace since May 2011.

Output expectations slipped slightly in January compared with one month earlier, but remained strongly positive overall. Firms linked sentiment to the improving domestic, eurozone and global economies.

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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 <https://ihsmarkit.com/products/pmi.html>.

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