

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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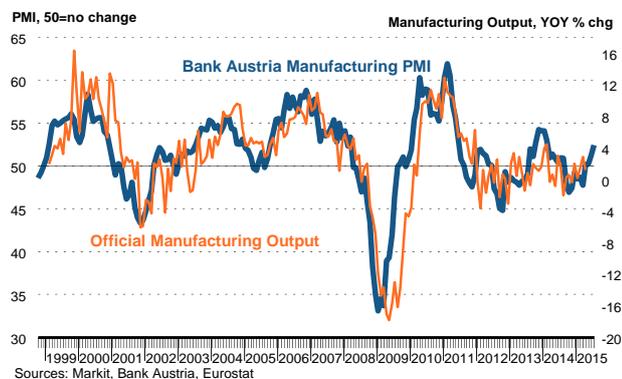
### Bank Austria Manufacturing PMI<sup>®</sup>

#### Solid start to third quarter for Austrian manufacturers as PMI hits 17-month high

##### Key points:

- Output and new orders increase at strongest rates since February 2014
- Employment returns to growth, ending ten-month period of job shedding
- Input cost inflation strongest in nearly a year

##### Historical overview:



##### Summary:

Austrian manufacturers started the third quarter on a solid footing, with output and new orders rising at rates not seen for almost one-and-a-half years. Moreover, backlogs of work accumulated further, which in turn encouraged companies to raise employment levels for the first time in 11 months.

The seasonally adjusted Bank Austria Manufacturing PMI<sup>®</sup> – a composite indicator designed to provide a single-figure snapshot of manufacturing performance – rose from June's 51.2 to 52.4 in July, thereby signalling the most marked improvement in manufacturers' operating conditions since February 2014.

July data signalled a second successive monthly rise in new business placed with Austrian manufacturers, with companies commenting on

improved market conditions. The rise in total new business was broad-based, as new export orders also rose during the month. The pace of expansion slowed since June, but remained nevertheless above the long-run series average.

In response to increased order intakes, companies scaled up their production levels further in July. The rate of output growth was the strongest since February 2014, with producers of investment goods reporting a particularly marked rise in output.

With output and new orders rising further, Austrian manufacturers were encouraged to take on additional workers in July. Moreover, employment levels rose for the first time since last August. That said, the rate of job creation was only marginal overall.

Meanwhile, companies struggled to process large inflows of new business, resulting in a further rise in work outstanding. The rate of backlog accumulation was the strongest in 16 months.

On the price front, firms signalled the sharpest rise in input costs in nearly a year amid reports of rising raw material prices and unfavourable exchange rates. Despite input costs rising at an accelerated pace, companies reduced their selling prices further. The rate at which factory gate prices fell was, however, only fractional overall.

July data signalled the first rise in pre-production inventories in 20 months. However, the rate of increase was only marginal overall. Meanwhile, buying activity was broadly unchanged on the month. Concurrently, manufacturers noted a further decline in stocks of finished goods, but the rate of reduction slowed since the previous month.

Finally, vendor performance in the sector deteriorated further. The rate at which average lead times lengthened was little-changed since June.

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The Bank Austria Manufacturing *PMI*<sup>®</sup> is based on data compiled from monthly replies to questionnaires sent to purchasing executives in 300 industrial companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on industry contribution to GDP.

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.

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 Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

The 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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