

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time), August 28<sup>th</sup> 2015**

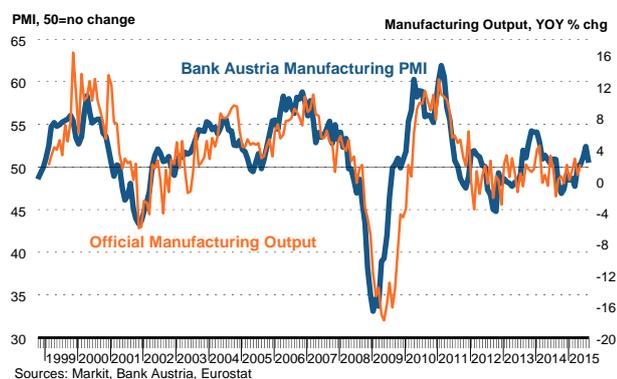
### Bank Austria Manufacturing PMI<sup>®</sup>

#### PMI signals marginal improvement in operating conditions

##### Key points:

- Headline PMI drops from July's 17-month high of 52.4 to 50.5
- Intermediate goods producers report declines in output and new orders
- Renewed fall in employment

##### Historical overview:



##### Summary:

August data signalled a further improvement in manufacturers' operating conditions in Austria. However, output and new orders increased at weaker rates, while employment declined. Companies lowered their purchasing activity, which in turn led to a decline in pre-production inventories. Meanwhile, input costs rose marginally and output charges were little-changed since the previous month.

Operating conditions at Austrian manufacturing companies improved at a slower pace in August. This was highlighted by the seasonally adjusted Bank Austria Manufacturing PMI<sup>®</sup> – a composite indicator designed to provide a single-figure snapshot of manufacturing performance – falling from July's 17-month high of 52.4 to 50.5. The PMI has now held above the neutral 50.0 threshold for five months running.

Latest survey data signalled slower production growth at Austrian manufacturing companies. While output rose for the fifth month running, the latest pace of expansion was the slowest in this sequence. New business placed with Austrian manufacturing firms also continued to increase in August. Mirroring the trend for output, however, the rate of growth eased since July. Sector data suggested that producers of intermediate goods reported declines in both output and new orders.

Meanwhile, foreign demand for Austrian manufacturing products fell in August, following a four-month period of growth.

Austrian manufacturers reduced their workforce numbers in August, following a marginal increase in July. Some panellists linked job shedding to relatively subdued demand. Meanwhile, backlogs of work fell for the first time in three months, signalling spare capacity in the sector.

Input costs continued to increase during August amid reports of exchange rate factors. However, the rate of inflation was only marginal overall. While some companies passed higher input prices on to their clients, others reduced their charges as competitive pressures continued to build. Overall, average charges were largely unchanged since July.

Companies lowered their purchasing activity for the thirteenth month in a row in August. The rate of reduction accelerated since July, but remained slight overall. Some panellists linked lower input buying to raw material shortages. Moreover, lower purchasing activity resulted in a renewed decline in pre-production inventory holdings.

Stocks of finished goods were also reduced during August, with the rate of decline accelerating slightly since one month previously.

Finally, suppliers' delivery times lengthened for the twenty-fifth month running in August, albeit at the least marked rate in three months.

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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 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.

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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**About PMI**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for over 30 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/economics](http://www.markit.com/economics).

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