

News Release

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Bank Austria Manufacturing PMI®

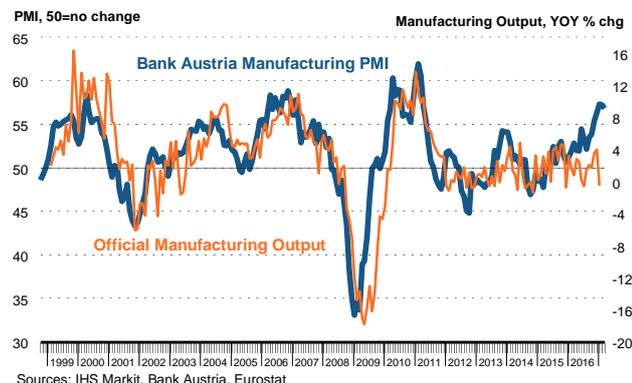
Austrian manufacturing growth remains strong in March

Key findings:

- Headline PMI at three-month low of 56.8
- Growth rates of output, new orders and exports slow but remain sharp
- Strongest rate of job creation since May 2011

Data collected from March 13-24

Bank Austria Manufacturing PMI



The Austrian manufacturing sector ended the first quarter of 2017 strongly, with ongoing sharp increases in new work, production and employment. That said, rates of growth for order books and output softened since February. On the other hand, job creation accelerated to the highest since May 2011. Concurrently, inflationary pressures intensified.

The Bank Austria Manufacturing PMI® – a composite indicator designed to provide a single-figure snapshot of manufacturing performance – posted 56.8 in March, down from 57.2 in February. Nevertheless, the first quarter saw the highest average growth rate since the start of 2011.

Output in the Austrian manufacturing industry rose for the twenty-fourth month running in March. The intermediate and investment goods sectors both

registered marked growth, whilst consumer goods saw a relatively mild rise. That said, all three monitored sub-sectors experienced softer growth in March.

Survey data and anecdotal evidence signalled ongoing strong demand as new orders saw a sharp, albeit slower, expansion in March. Following the trends seen for output and new orders, export growth also eased in the latest month.

In response to robust future confidence and steep output growth, firms took on more staff. Employment growth accelerated in March to the highest since May 2011. Some firms linked this to improving business conditions and a rise in backlogs of work.

Higher raw material costs led Austrian manufacturers to increase their output prices for the fifth month in a row. Commodity prices were often mentioned by companies as the main cause of increased input prices. The increase in cost burdens was widespread across the survey panel, with over 45% of respondents reporting higher costs. It was also broad-based across all three sub-sectors, with investment goods experiencing the highest inflation rate.

As has been the case since December 2014, post-production inventories declined during March. However, the rate of depletion eased to the slowest in this sequence and was slight overall.

There was a sharp increase in purchasing activity in March, despite the rate of growth easing from February's 71-month high. Firms reported that demand led to an expansion in buying activity and subsequently, inventories. This led to pressure on suppliers, with vendor performance deteriorating to the greatest extent since May 2011.

The 12-month outlook for production remained strongly positive in March, with evidence suggesting that expected growth in both domestic

and export markets would boost output over the next year. That said, optimism was at a four-month low.

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Note to Editors:

The 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.

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@ihsmarkit.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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Purchasing Managers' Index[®] (PMI[®]) 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/product/pmi.

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