

## News Release

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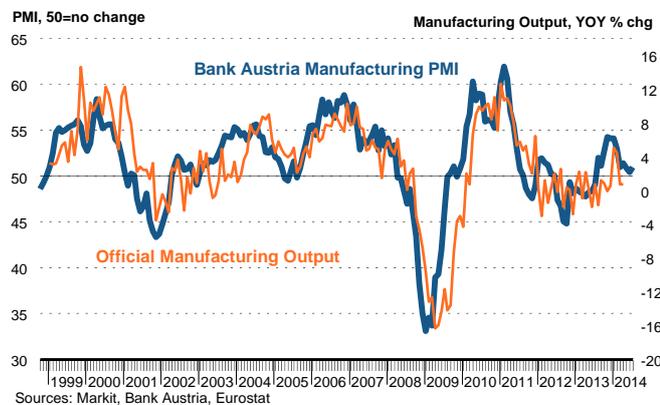
### Bank Austria Manufacturing PMI<sup>®</sup>

#### Production growth hits five-month high despite marginal fall in new work

##### Key points:

- Headline PMI rises to 50.9 as output growth accelerates
- New export orders rise despite drop in overall new business
- Employment declines at steepest rate in 2014 so far

##### Historical overview:



##### Summary:

Austrian manufacturers reported a slight improvement in operating conditions at the start of the third quarter, with production growth accelerating since the previous month. New business from foreign clients increased, though total new orders continued to decline. Meanwhile, companies remained reluctant to take on additional staff, resulting in further job cuts.

July data signalled a continuation of the economic upturn in Austria's manufacturing sector, with the seasonally adjusted Bank Austria Manufacturing PMI<sup>®</sup> – a composite indicator designed to provide a single-figure snapshot of manufacturing performance – rising slightly from 50.4 to 50.9. Operating conditions have now improved for 12 consecutive months, but the rate of growth

remained markedly weaker than seen at the beginning of the year.

The primary upward contribution to the headline index came from a solid rise in output, with the pace of expansion the quickest since February. Some panellists linked higher production levels to increased export demand.

Indeed, new export business rose in July, having declined slightly in June. Surveyed companies mentioned Asian markets, the UK and the US as sources of export growth. While new business from abroad rose, total new orders continued to decline in July. However, the rate of contraction was only marginal overall. Sector data suggested that a rise in new orders at investment goods producers was more than offset by declines at both consumer and intermediate goods manufacturers.

Austrian manufacturers were reluctant to take on additional workers in July, in part reflecting lower order intakes and an attempt to cut costs. The rate of job losses was the quickest in 2014 so far. Meanwhile, backlogs of work were depleted at the sharpest rate since April 2013.

Input prices continued to increase in July, with the rate of cost inflation the steepest in five months. Panellists attributed higher input prices to a shortage of some raw materials (including chemicals). Despite the rise in input costs, companies lowered their selling prices, partly attributed to increased competition. The rate at which charges fell was, however, only marginal.

In line with higher production requirements, companies raised their purchasing activity in July. The pace of expansion was modest overall. However, stocks of purchases fell for an eighth successive month, as companies deliberately reduced their stock in order to save costs.

Finally, suppliers' delivery times lengthened further in July, and stocks of finished goods were accumulated marginally.

**For further information, please contact:****Markit**

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**Notes to Editors:**

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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