

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time), 30 May 2014**

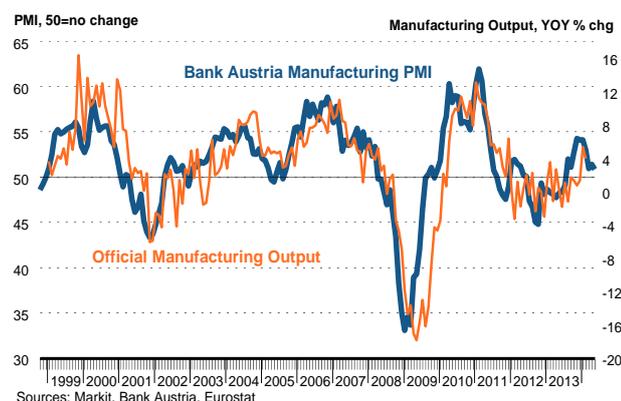
### Bank Austria Manufacturing PMI<sup>®</sup>

#### New order volumes stagnate in May

##### Key points:

- Challenging business environment weighs on new contract wins
- Excess output leads to rise in inventory
- Little change in employment recorded

##### Historical overview:



##### Summary:

Operating conditions in Austria's manufacturing sector continued to improve during May but only marginally as new orders stagnated and output grew modestly. Employment was little changed amid reports that recruitment activity had been curtailed by higher capacity utilisation and plant restructuring.

The seasonally adjusted Bank Austria Manufacturing PMI<sup>®</sup> – a composite indicator designed to provide a single-figure snapshot of manufacturing performance – recorded a level of 50.9 in May. Down from April's 51.4, the PMI indicated a net improvement of operating conditions for the tenth month in a row, but only a marginal rate of growth that was the slowest in this period.

May's survey indicated that new orders were little changed compared to the previous month. The

broad stagnation signalled the worst performance for 13 months amid reports of slower market demand and a more challenging business environment when compared to earlier in the year.

That said, overall weakness in total new orders appeared to emanate from the domestic market as new export orders rose modestly. New product ranges and increased marketing activities supported export sales in May.

Although total new work was little changed in May, production levels continued to rise. Growth was solid, though down on the previous month, and was primarily used to either build stock or keep on top of overall workloads. Backlogs of work were fractionally lower for a second successive month as a result, while inventories of post-production goods increased for the first time since last November. Some panellists reported that unexpectedly slow sales growth in May had left them with excess inventory, although others noted delays in the shipment of orders or they had deliberately raised inventories in anticipation of increased orders.

Purchasing activity continued to increase in May, the second successive month that growth has been registered. Modest growth reflected higher production requirements and hopes for sales wins over the coming months. Stocks of pre-production goods were, however, fractionally down in the latest survey period.

Meanwhile, average lead times for the delivery of inputs continued to lengthen during May. There were reports that vendors were facing stock shortages and suppliers' delivery times have now lengthened for 10 months in succession.

There was some anecdotal evidence that vendors were taking advantage of the recovery to raise their charges, but with reports of lower prices for copper and steel, total input costs were down for a third month in May. Manufacturers' own prices were slightly down for a third successive month.

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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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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for 32 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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