

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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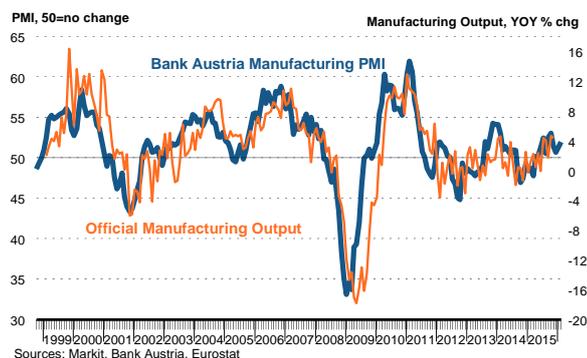
Bank Austria Manufacturing PMI®

Manufacturing PMI rises further as production growth hits 25-month high

Key points:

- Headline PMI rises from January's 51.2 to four-month high of 51.9
- Output and new orders rise at sharper rates...
- ...but employment sees only negligible gain

Historical overview:



Summary:

The upturn in Austria's manufacturing sector accelerated in February, with output and new business rising at sharper rates. Although backlogs of work, new export orders and purchasing activity all returned to growth, the latest rise in employment was only fractional and the weakest in six months.

Meanwhile, companies were able to raise their selling prices for the first time in 20 months, despite input costs falling sharply. Stock levels were reduced and delivery times lengthened.

February data signalled ongoing growth in Austria's goods-producing sector. This was highlighted by the seasonally adjusted Bank Austria Manufacturing PMI® – a composite indicator designed to provide a single-figure snapshot of manufacturing performance – remaining above the 50.0 no change mark. At 51.9, up from January's 51.2, the rate of growth signalled was the sharpest in four months.

The main drivers behind the stronger headline PMI were improvements in both output and new orders, with the respective rates of growth accelerating since January. Production rose at the fastest pace in just over two years, while new order growth reached a three-month high. The rise in demand was partly driven by increased new export business, which rose for the first time in three months.

Sector data meanwhile suggested that investment goods producers performed particularly well during February, while overall growth was relatively weak in both the consumer and intermediate goods subsectors.

Further expansions of output and new orders meanwhile encouraged firms to raise their buying activity during February. Nevertheless, inventories were further reduced in line with stock policies.

The latest survey results showed that companies took a more cautious approach with regards to hiring. Although employment growth was maintained for a sixth month running, the rate of job creation signalled was the weakest in this sequence and negligible overall.

Meanwhile, backlogs of work rose for the first time since last November as some manufacturers struggled to keep up with increasing workloads.

The low oil price continued to exert downward pressure on input prices in February, resulting in a further drop in overall costs. The rate of deflation was the sharpest since last October.

Despite input costs falling for a sixth month running, some companies were able to raise their selling prices, which they partly attributed to the passing on of higher staff costs. The rate of charge inflation was only marginal, however.

As has been the case since August 2013, suppliers' delivery times in Austria's manufacturing sector lengthened during February.

For further information, please contact:

Markit

Oliver Kolodseike, Economist

Telephone +44-1491-461-003

Email: oliver.kolodseike@markit.com

Joanna Vickers, Corporate Communications

Telephone +44207 260 2234

Email: joanna.vickers@markit.com

Notes 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@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[®] (*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/economics.

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