



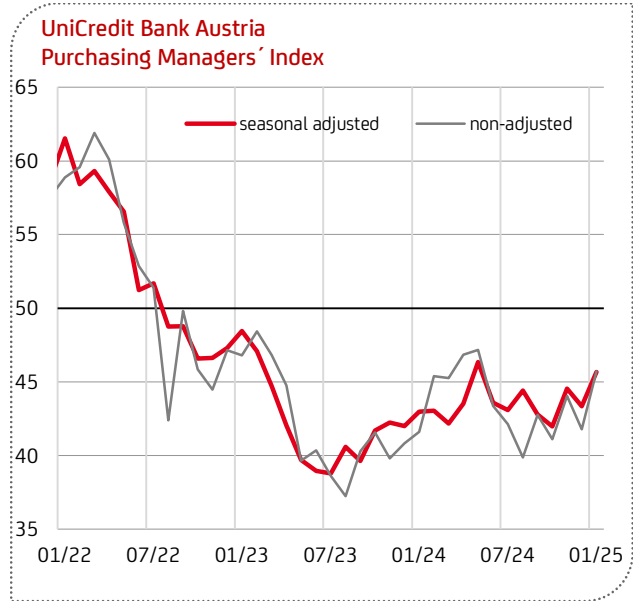
# Purchasing Managers' Index

## January 2025

# Overview

## SLIGHTLY MORE CONFIDENCE, RECESSION IN INDUSTRY WEAKENED

- The UniCredit Bank Austria Purchasing Managers' Index rose to 45.7 points in January, the highest value for six months
- The slowdown in the decline in new orders slowed the pace of output cuts
- The continued high level of staff reductions improved productivity in the industry at the start of the year
- Decline in costs was again lower than that in output prices: Average earnings situation deteriorated again
- Weak demand and low production requirements led to a further reduction in stocks of purchases and of finished goods
- Future output expectations for the year turned positive in January and reached their highest level in six months



Source: S&P Global, UniCredit Bank Austria

	UniCredit Bank Austria PMI	New orders	Output	Employment	Suppliers' delivery times	Stocks of purchases	Future output <sup>1)</sup>
Jan-25	<b>45.7</b>	46.8	46.6	41.3	50.8	43.3	52.6
<i>In comparison to previous month</i>	↗	↗	↗	↗	↗	↘	↗
<i>average since 2000</i>	↘	↘	↘	↘	↗	↘	↘

<sup>1)</sup> not in the overall index / business expectations 12 months

Source: S&P Global, UniCredit

# In details

## **THE UNICREDIT BANK AUSTRIA PURCHASING MANAGERS' INDEX INCREASED TO 45.7 POINTS IN JANUARY**

At the start of 2025, there was some light at the end of the tunnel for Austrian industry. The start of the new year gives rise to new hope for an improvement in the industrial economy in Austria. After a weak end to 2024, the UniCredit Bank Austria Purchasing Managers' Index rose to 45.7 points in January. The indicator thus climbed by 2.5 points compared to the previous month to its highest value since May last year. Domestic industry is still in a recession, but this has eased somewhat. The decline in production slowed significantly in January after the order situation also improved. However, sharply falling output prices were offset by only slowly declining costs, which tended to contribute to a deterioration in the earnings situation. In view of the high level of uncertainty, job cuts continued at a rapid pace, which contributed to an improvement in productivity.

The consistent improvement trend at international level at the start of the year was also encouraging for Austrian industry. In the US, the Purchasing Managers' Index for manufacturing rose slightly back into growth territory for the first time in six months and in the eurozone the indicator improved to 46.1 points, supported by an increase in the core markets. Even in Germany, the most important sales market for domestic industry, there were signs of a weakening of the recession with a smaller decline in production and an easing of the drop in new orders.

## **PRODUCTION AND NEW ORDER LOSSES DECREASED**

Both new business and production saw an increase in the index in January. "The decline in production slowed noticeably at the start of the year. At 46.6 points, the production index climbed to its highest level in eight months. The output cuts were slowed down by the smaller losses in new business. The new order indices each rose by four points but remained well below the growth threshold of 50 points. Both domestic orders and export demand continued to be characterized by a reluctance to invest in an uncertain environment and reduced competitiveness in the face of high unit labor cost dynamics.

## **ADJUSTMENT OF PERSONNEL CAPACITIES CONTINUES AT A RAPID PACE**

In view of the high level of economic uncertainty, domestic companies once again reduced their headcount at a rapid pace in January. Although the employment index rose to 41.3 points, it once again remained well below the production index, which is likely to indicate an improvement in productivity. However, since staffing levels were adjusted only hesitantly until the beginning of 2024 despite declining production in view of positive growth expectations in order to keep qualified workers in the company, there is still potential for improvement in terms of productivity. Since 2022, real gross value added per hour of employment in Austria's manufacturing industry has fallen by around 5 per cent.

The seasonally adjusted unemployment rate in the manufacturing industry in Austria was 4.1 per cent at the start

of 2025. In view of the ongoing recession, the upward trend in the unemployment rate in the domestic industry is expected to continue in the coming months. After an average of 3.8 per cent in 2024, the unemployment rate is likely to rise to up to 4.5 per cent in 2025. That would be the highest figure since the coronavirus year 2020. This means that despite higher momentum, the unemployment rate in the sector will remain significantly lower than in the economy as a whole at 7.2 per cent in 2025.

## **ONLY SLIGHT DECLINE IN INPUT PRICES, STRONGER DECLINE IN OUTPUT PRICES**

In the weak economic environment, domestic companies continued to face falling prices at the start of the year. In purchasing, however, the fourth consecutive decline in prices was only very slight. The corresponding index rose to 49.2 points.

Higher wages and the increased CO2 tax significantly curbed the fall in input prices. The only slight decrease in costs in January was once again offset by a stronger demand-driven reduction in output prices. As a result, the average earnings situation again tended to deteriorate compared to the previous month. Domestic industrial companies have been confronted with a deteriorating earnings situation for one and a half years.

## **COST-CONSCIOUS WAREHOUSE MANAGEMENT**

The slower decline in output and new business also reduced the pace at which manufacturers reduced their purchasing volumes in January. Cost-conscious inventory management is a top priority in the current economic situation. Domestic companies have once again reduced their stocks of finished goods and purchases. In view of the lower production restrictions, the reduction in stocks of purchases accelerated, while stocks of finished goods fell much more slowly than in the previous month. Both are signs of the high level of uncertainty in domestic industrial companies.

## **PESSIMISM HAS DECREASED AT THE BEGINNING OF THE YEAR**

The latest UniCredit Bank Austria Purchasing Manager Index cautiously points to a slowdown in the recession in Austrian industry at the start of 2025. The decline in production and the losses in new business have decreased, strengthening hopes that Austria's industry will be able to return to growth over the course of the year. However, the ratio between new orders and stocks of finished goods directly shows that, despite an improvement, there is still no need to expand production in order to fulfil current orders.

Pessimism in the domestic industry has decreased. Austrian companies' production expectations turned positive in January and promise at least moderate growth for the year as a whole. At 52.6 points, the future output index rose to its highest level in half a year. The first cautious signs of an economic recovery on a global level, supported by the easing of monetary policy and the normalisation of inflation, give hope for an end to the recession in domestic industry. However, expectations remain cautious in view of the protectionist measures taken by the new US government. In addition, the deteriorating price competitiveness of the domestic export industry is dampening the outlook.

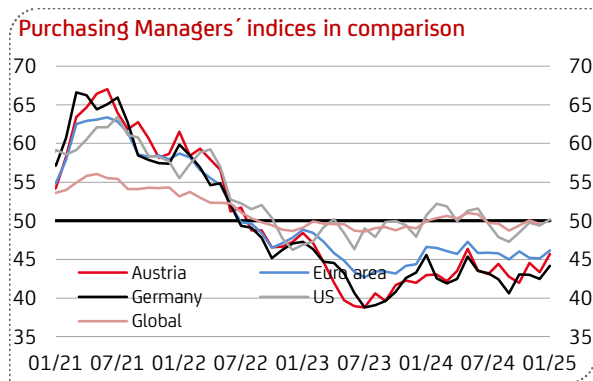
## UniCredit Bank Austria Purchasing Managers' Index and components

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Ø since 2000
<b>UniCredit Bank Austria Purchasing Managers' Index</b>	<b>43.0</b>	<b>42.2</b>	<b>43.5</b>	<b>46.3</b>	<b>43.6</b>	<b>43.1</b>	<b>44.4</b>	<b>42.8</b>	<b>42.0</b>	<b>44.5</b>	<b>43.3</b>	<b>45.7</b>	<b>51.5</b>
Output	44.4	45.3	45.7	49.2	44.5	45.2	43.8	43.2	41.4	46.1	42.4	46.6	52.3
New orders	41.2	40.5	43.5	47.1	44.7	41.7	44.5	41.5	40.6	45.5	42.8	46.8	50.5
Employment	42.6	42.3	43.2	46.1	41.6	40.9	41.1	39.0	40.7	39.4	40.4	41.3	50.8
Suppliers' delivery times (inverse)	54.1	58.5	58.2	57.1	56.8	54.2	52.6	51.2	51.5	50.3	50.5	50.8	45.0
Stocks of purchases	41.6	40.0	41.0	42.5	42.7	42.3	47.5	44.0	40.3	40.0	44.0	43.3	49.1
Stocks of finished goods <sup>1)</sup>	48.6	48.5	50.6	46.8	49.2	47.3	49.9	45.1	42.2	45.3	47.1	48.7	49.0
Backlog of work <sup>1)</sup>	38.1	39.6	41.0	42.9	41.8	41.2	43.0	38.3	38.2	42.7	41.3	44.7	50.3
New export orders <sup>1)</sup>	43.2	39.7	43.8	47.7	42.1	42.1	43.3	37.9	38.5	41.8	42.9	46.9	49.8
Quantity of purchases <sup>1)</sup>	40.3	42.0	40.0	43.1	40.0	40.1	40.2	35.8	39.0	38.8	40.3	44.6	50.4
Input prices <sup>1)</sup>	43.7	42.7	46.5	48.2	52.5	52.0	53.6	50.2	44.8	47.8	48.4	49.2	57.5
Output prices <sup>1)</sup>	48.6	46.1	47.1	47.0	48.3	48.2	48.6	44.5	47.3	44.9	46.3	47.6	52.2
New orders/Stocks of finished goods <sup>2)</sup>	0.85	0.84	0.86	1.01	0.91	0.88	0.89	0.92	0.96	1.01	0.91	0.96	1.04
Future output <sup>1)</sup>	54.2	56.4	55.5	56.3	57.8	55.2	50.7	47.9	46.3	50.1	49.6	52.6	54.8

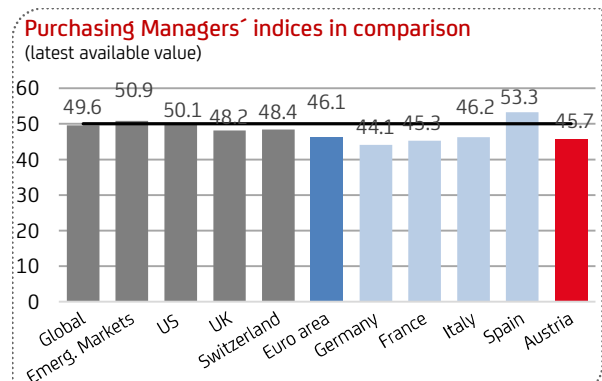
<sup>1)</sup> not in the overall index <sup>2)</sup> own calculation

Source: S&P Global, UniCredit

## Slowing down of the recession in European industry

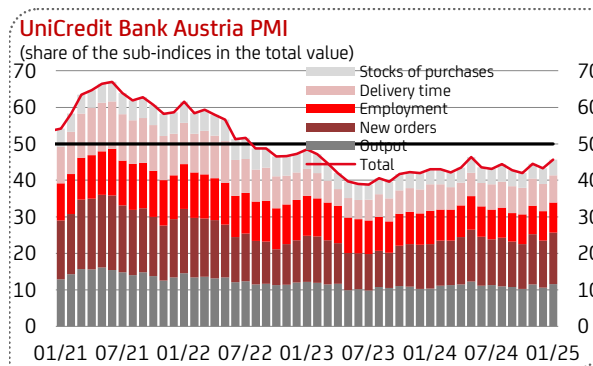


Industry in the euro area remained in recession at the beginning of 2025. The slight increase in the purchasing managers' index for the manufacturing industry suggests that the recession is slowing down.

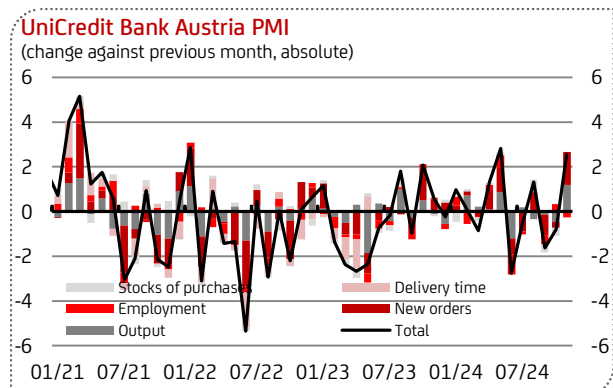


Industrial activity improved in all major markets. The purchasing managers' index also rose in the core markets of Germany and France.

## Recession in Austrian industry weakened

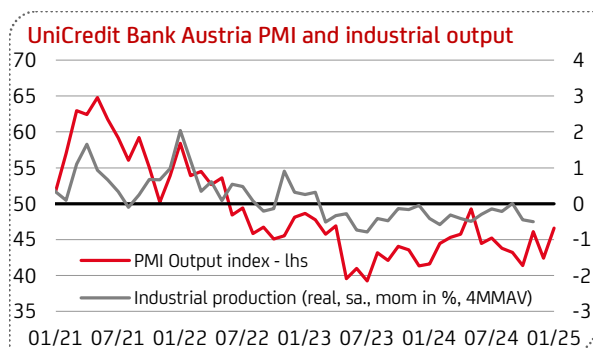


The UniCredit Bank Austria Purchasing Managers' Index rose to 45.7 points in January. This means that the indicator climbed by 2.5 points compared to the previous month to its highest value since May last year.

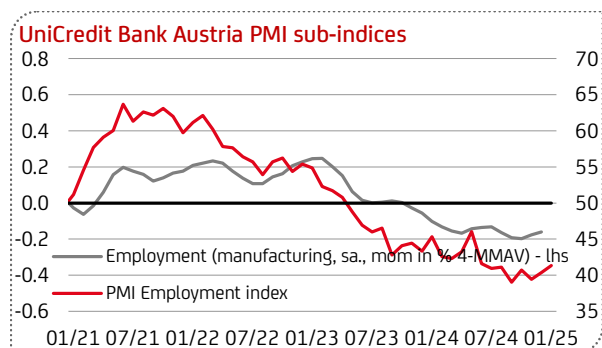


The rise in the UniCredit Bank Austria Purchasing Managers' Index at the beginning of the year was mainly due to the slowdown in the decline in production and the decline in new orders.

## Significant slowdown in production decline, but job cuts remain high



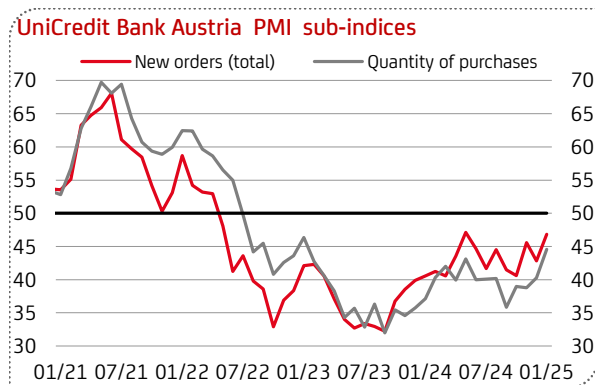
The decline in production slowed noticeably at the beginning of the year. At 46.6 points, the production index climbed to its highest level in eight months.



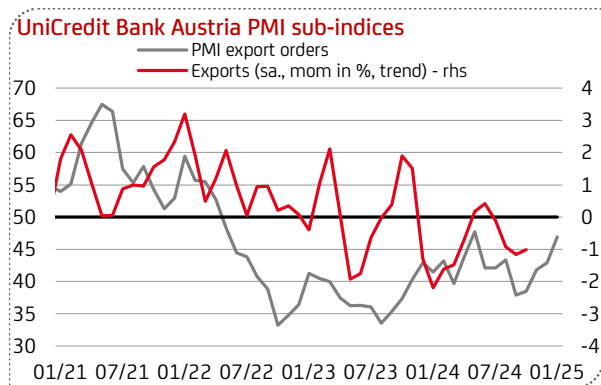
Although the employment index rose to 41.3 points, it remained well below the production index again, which should indicate an improvement in productivity.



## Losses in domestic new orders and new orders from abroad eased in January

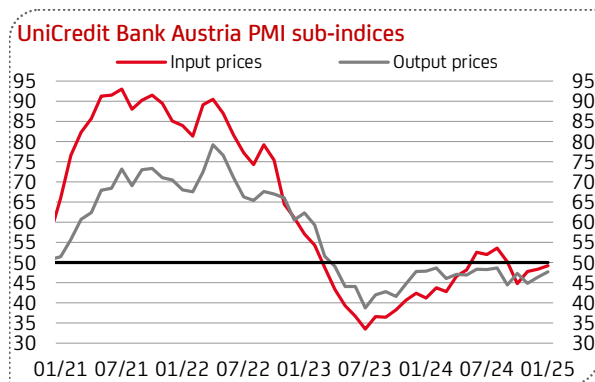


The order indices rose by four points each but remained well below the growth limit of 50 points.

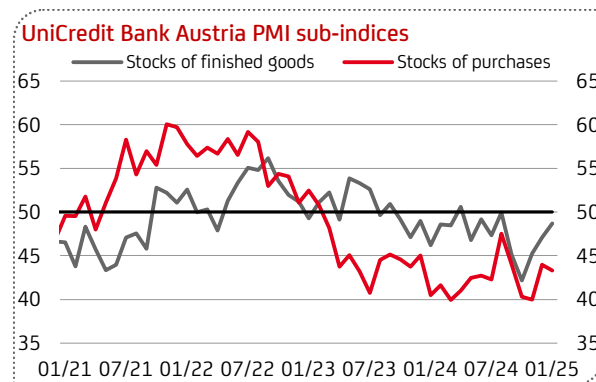


The export orders index rose to 46.9 points. Export demand continued to be characterized by reduced competitiveness in view of the high unit labor cost dynamics.

## Price declines slowed down, continued caution in warehouse management

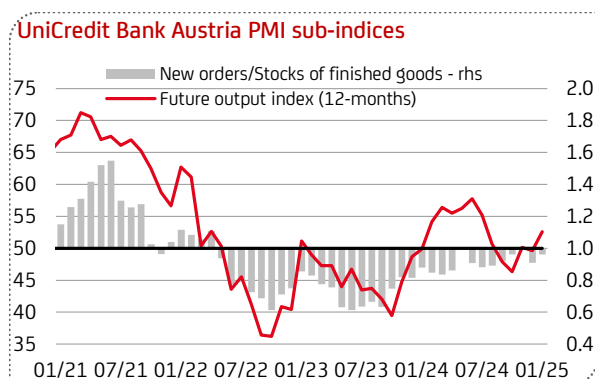


In view of restrained demand and intensified competition, the price reductions in sales in January were again stronger than the price decline for raw materials and input materials.

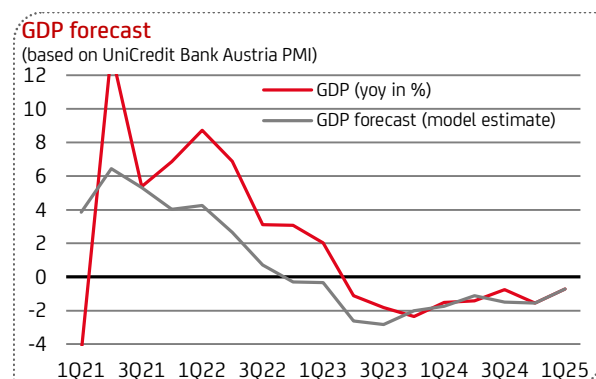


Both stocks of finished goods and stocks of purchases were also significantly reduced at the beginning of the year, and in purchasing even at a faster pace than in the previous month.

## Pessimism in domestic industry has decreased



The production expectations of Austrian companies turned positive in January and promise moderate growth over the course of the year.



The purchasing managers' index for manufacturing points to a stabilization of the macroeconomic situation for the fourth quarter of 2024.

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