



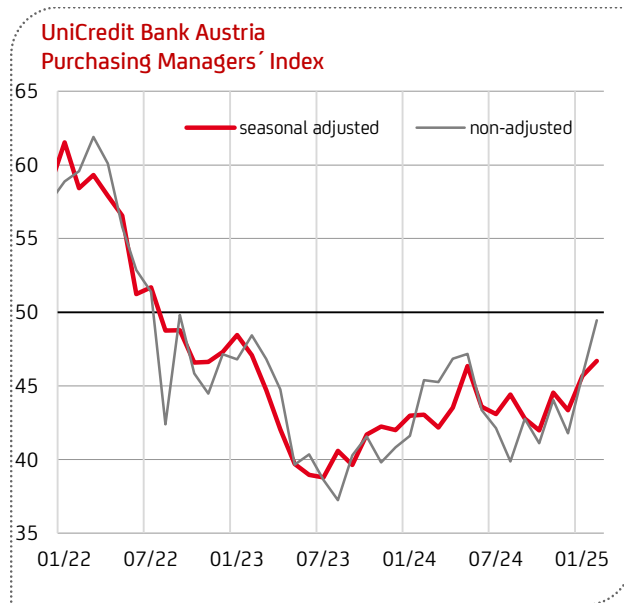
**»» Purchasing Managers' Index**

**February 2025**

# Overview

## WAITING FOR RECOVERY DESPITE CAUTIOUSLY POSITIVE SIGNALS

- The UniCredit Bank Austria Purchasing Managers' Index rose for the second month in a row in February to 46.7 points, the highest value for exactly two years
- Significant slowdown in the decline in production due to weakening demand
- Sustained high pace of job cuts
- Higher energy prices led to a rise in costs for the first time in six months
- Due to weak demand, inventories were once again reduced in order to costs
- Moderate improvement in the outlook continued in February: Index of output expectations for the year rose to 54.9 points, the second time in a row in positive territory



Source: S&P Global, UniCredit Bank Austria

### UniCredit Bank Austria Purchasing Managers' Index and components

	UniCredit Bank Austria PMI	New orders	Output	Employment	Suppliers' delivery times	Stocks of purchases	Future output <sup>1)</sup>
Feb-25	<b>46.7</b>	48.1	48.4	41.4	50.3	44.3	54.9
<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 46.7 POINTS IN FEBRUARY**

Austrian industry has overcome the particularly weak economic phase in the second half of 2024. The UniCredit Bank Austria Purchasing Managers' Index rose to 46.7 points in February. With the second increase in a row, the indicator reached its highest value in exactly two years. However, the growth threshold of 50 points was once again clearly undercut, which clearly signals that industry in Austria is still in recession at the beginning of 2025. Even if this has eased somewhat, there is no end in sight for the time being.

Nevertheless, there is some hope for improvement as the output expectations of domestic companies increased significantly over the year, reaching 54.9 points, the best value in six months. That is at least a promise for the more distant future."

The light at the end of the tunnel became a little brighter again in February. Following the weak second half of 2024, there has been a gradual improvement in the industrial economy since the beginning of the year. The decline in production slowed in February in line with the more favourable development of new business. The decline in purchasing volumes and stocks of finished goods slowed and order backlogs also decreased more slowly than in previous months. However, higher energy prices in particular caused costs to rise, which led to a further deterioration in the earnings situation, and job cuts continued at the same rapid pace.

The most important export markets for domestic industry also showed an improvement trend in February. The preliminary Purchasing Managers' Index for the manufacturing industry in the eurozone rose to 47.3 points, supported by an improvement in Germany, Austria's most important trading partner. This means that the Austrian value was exceeded, as it has been for two and a half years. However, the difference between the Austrian purchasing managers' index and the European average narrowed and was even the smallest since autumn 2022. The development of export orders and employment in Austria in February was significantly less favourable than in the eurozone.

## **SMALLEST DECLINE IN ORDERS FOR ALMOST THREE YEARS**

Austrian industry is in a deep crisis. At 48.4 points, the production index in February was still well below the 50-point mark, above which growth would be signalled. The decline in production weakened significantly again in February compared to the previous month and even rose to a 9-month high. The decline in production was slowed by smaller losses in new business. The index of new orders climbed to 48.1 points, the best value in almost three years.

Contrary to the trend, the decline in demand from abroad accelerated. In addition to the general economic concerns and customers' low willingness to spend, the price competitiveness of "Made in Austria" has fallen due to the high unit labour cost dynamics and higher energy costs. Uncertainty regarding the introduction of tariffs by the new US government is also a burden.

## **COST REDUCTION THROUGH DESTOCKING**

Due to lower production requirements and ongoing efforts to cut costs, domestic industrial companies once again reduced their purchasing volumes, albeit at the slowest pace in two years. As a result, the decline in inventories of primary materials also slowed. Backlogs of orders decreased significantly faster than production output in February, which was due to the targeted reduction of unfulfilled orders. This led to a further slight reduction in delivery times, favoured by improved material availability as a result of generally weak demand. Weak demand and a cautious business outlook were also behind the continued reduction of stocks of finished goods, albeit at a much slower pace than in purchasing and which, despite a positive trend, continued to underpin the ongoing weakness in demand.

## **RISING COSTS, FALLING OUTPUT PRICES**

Despite weak demand, domestic companies faced rising costs in February, primarily due to higher energy prices. The corresponding index rose to 51.9 points. Higher wages, the increased CO2 tax and higher grid costs led to an increase in costs for the first time since the summer. In contrast, the decline in output prices continued - albeit at a somewhat slower pace - as companies' pricing power remained weak due to the sluggish demand. Discounts were necessary in the intermediate goods and capital goods sectors in particular, while consumer goods manufacturers were able to implement solid price increases. On average, the earnings situation again tended to be less favourable than in the previous month. Domestic industrial companies have now been confronted with a deteriorating earnings situation for a year and a half.

## **AROUND 3 PER CENT OF JOBS HAVE BEEN LOST IN THE INDUSTRY OVER THE PAST TWO YEARS**

In view of the further decline in production requirements and the existing uncertainty regarding demand, domestic industrial companies continued to cut staff at a rapid pace in February. The employment index rose only slightly compared to the previous month to 41.4 points. The number of employees in Austrian industry has been falling for almost two years. During this period, around 3 per cent of around 650,000 jobs in the manufacture of goods have been lost. In addition, the number of temporary workers, many of whom also worked in industry, has also decreased since the beginning of 2023. The relatively largest reduction in the number of employees was in the clothing and textile industry and in glass production. The number of employees also fell at an above-average rate in metal production, car manufacturing and the wood and furniture industry. Only the food and pharmaceutical industries saw a notable increase in the number of employees during this period.

The seasonally adjusted unemployment rate in the manufacturing industry in Austria has been 4.3 per cent since the beginning of 2025. For the time being, there will be no sign of the recession in Austrian industry easing on the labour market. The upward trend in the unemployment rate in the sector is expected to continue in the coming months. After an average of 4.0 per cent in 2024, the unemployment rate is likely to rise to up to 4.5 per cent in 2025. However, despite higher momentum, the unemployment rate in industry in 2025 will remain significantly lower than in the economy as a whole at 7.3 per cent.

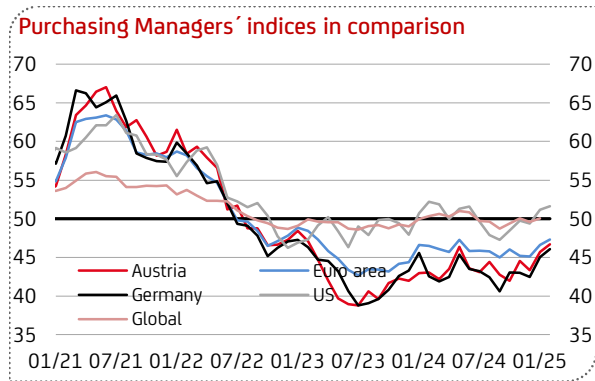
## UniCredit Bank Austria Purchasing Managers' Index and components

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Ø since 2000
<b>UniCredit Bank Austria Purchasing Managers' Index</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>46.7</b>	<b>51.5</b>
Output	45.3	45.7	49.2	44.5	45.2	43.8	43.2	41.4	46.1	42.4	46.6	48.4	52.3
New orders	40.5	43.5	47.1	44.7	41.7	44.5	41.5	40.6	45.5	42.8	46.8	48.1	50.4
Employment	42.3	43.2	46.1	41.6	40.9	41.1	39.0	40.7	39.4	40.4	41.3	41.4	50.7
Suppliers' delivery times (inverse)	58.5	58.2	57.1	56.8	54.2	52.6	51.2	51.5	50.3	50.5	50.8	50.3	45.0
Stocks of purchases	40.0	41.0	42.5	42.7	42.3	47.5	44.0	40.3	40.0	44.0	43.3	44.3	49.0
Stocks of finished goods <sup>1)</sup>	48.5	50.6	46.8	49.2	47.3	49.9	45.1	42.2	45.3	47.1	48.7	48.2	49.0
Backlog of work <sup>1)</sup>	39.6	41.0	42.9	41.8	41.2	43.0	38.3	38.2	42.7	41.3	44.7	46.8	50.3
New export orders <sup>1)</sup>	39.7	43.8	47.7	42.1	42.1	43.3	37.9	38.5	41.8	42.9	46.9	45.0	49.8
Quantity of purchases <sup>1)</sup>	42.0	40.0	43.1	40.0	40.1	40.2	35.8	39.0	38.8	40.3	44.6	46.9	50.4
Input prices <sup>1)</sup>	42.7	46.5	48.2	52.5	52.0	53.6	50.2	44.8	47.8	48.4	49.2	51.9	57.4
Output prices <sup>1)</sup>	46.1	47.1	47.0	48.3	48.2	48.6	44.5	47.3	44.9	46.3	47.6	48.8	52.2
New orders/Stocks of finished goods <sup>2)</sup>	0.84	0.86	1.01	0.91	0.88	0.89	0.92	0.96	1.01	0.91	0.96	1.00	1.04
Future output <sup>1)</sup>	56.4	55.5	56.3	57.8	55.2	50.7	47.9	46.3	50.1	49.6	52.6	54.9	54.8

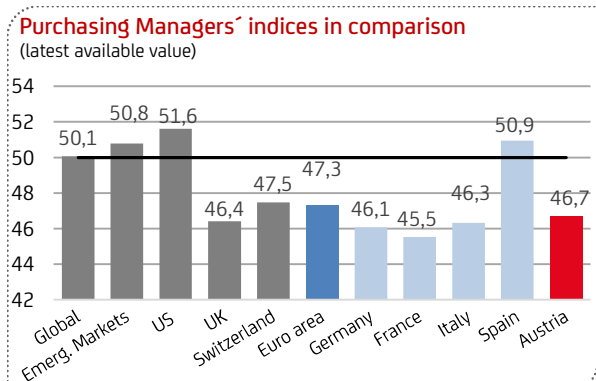
1) not in the overall index 2) own calculation

Source: S&P Global, UniCredit

## Slowing down of the recession in European industry

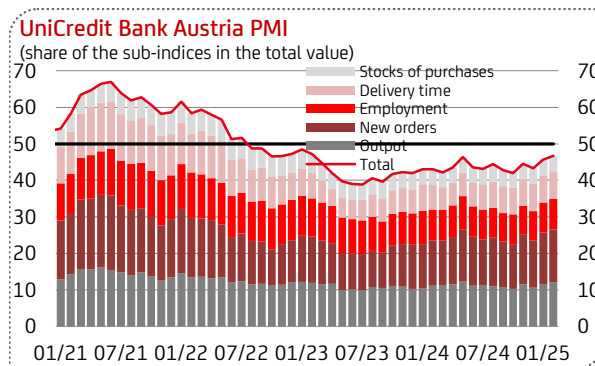


Industry in the euro area remained in recession in February 2025. The slight increase in the purchasing managers' index for the manufacturing industry suggests that the recession is slowing down.

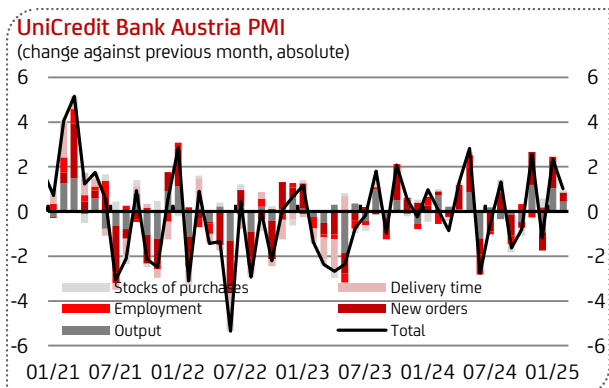


Industrial activity improved in all major markets. In Germany, Austria's most important trading partner, the purchasing managers' index rose in particular.

## Recession in Austrian industry continued to weaken

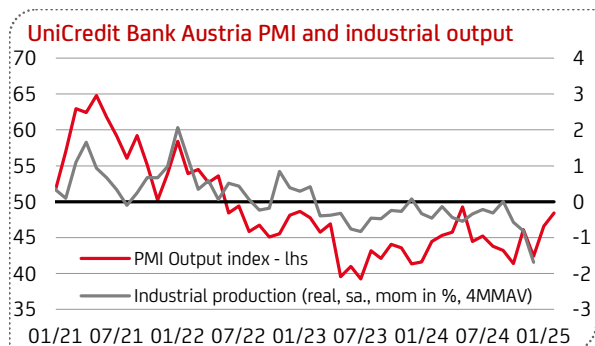


The UniCredit Bank Austria Purchasing Managers' Index rose to 46.7 points in February. This means that the indicator climbed by 1.0 points compared to the previous month to its highest value for 2 years.

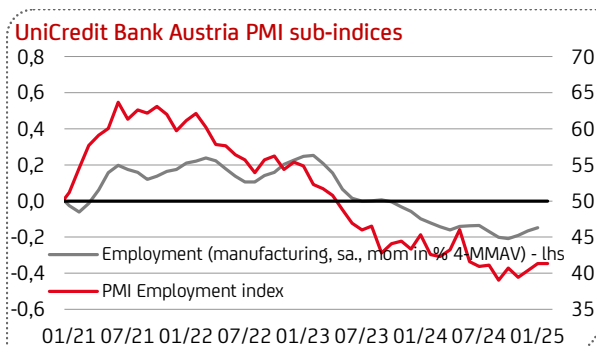


The rise in the UniCredit Bank Austria Purchasing Managers' Index at the beginning of the year was mainly due to the slowdown in the decline in production and the decline in orders.

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

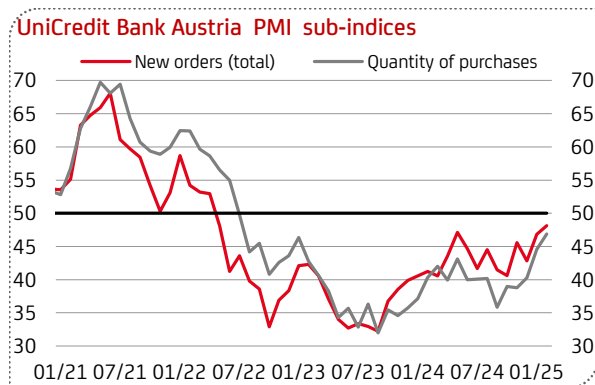


The decline in production slowed noticeably at the beginning of the year. At 8.4 points, the production index climbed to its highest level in nine months.

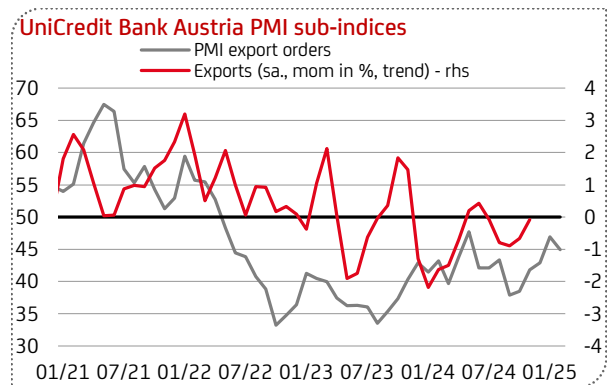


Although the employment index rose to 41.4 points, it once again remained clearly in negative territory. Accordingly, the reduction in the number of employees remained very high in February.

## Losses in new business continued to decline in February

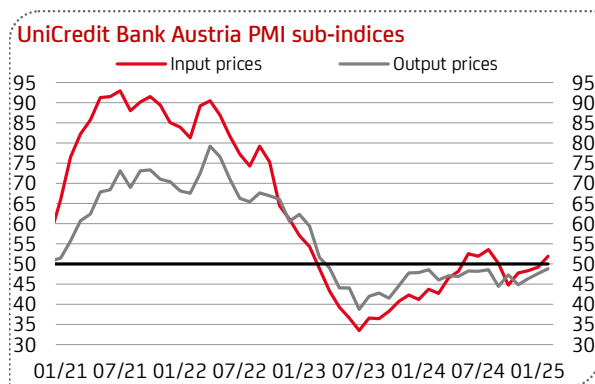


The order indices rose to 48.1 points in February but remained below the growth limit of 50 points. New business thus continued to decline compared to the previous month, albeit at a slower pace.

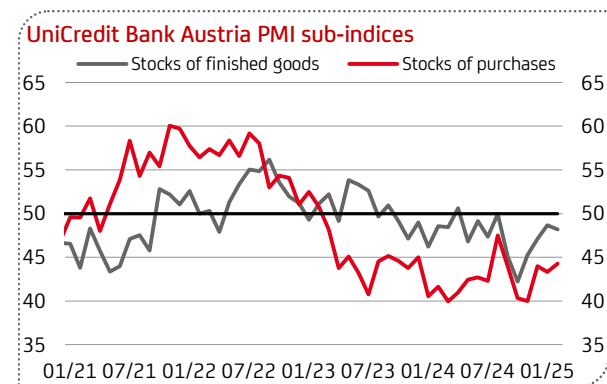


The export orders index fell to 45.0 points. Export demand continued to be characterised by reduced competitiveness in view of the high unit labour cost dynamics.

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

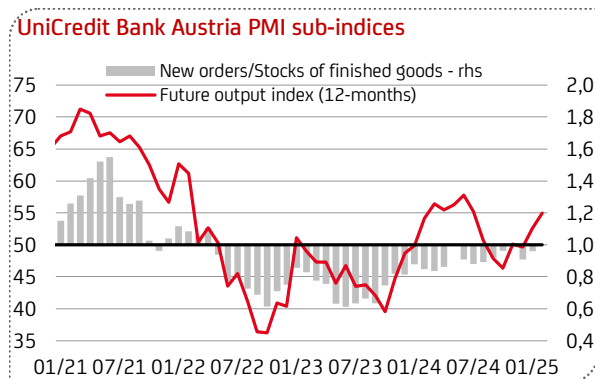


In view of subdued demand and intensified competition, prices in sales fell again in February, while purchasing costs rose for the first time in five months.

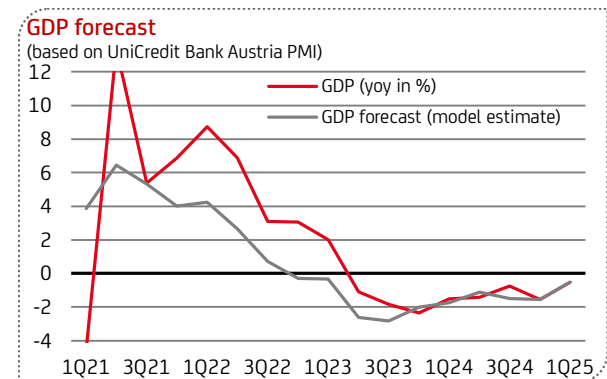


Both inventories in sales warehouses and inventories of input materials were further reduced in February, at least in purchasing at a slower pace than in the previous month

## Domestic industry gains confidence



Higher production expectations were positive for the second month in a row in February, promising moderate growth for the year.



The purchasing managers' index for manufacturing points to a stabilization of the macroeconomic situation for the first quarter of 2025.

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