



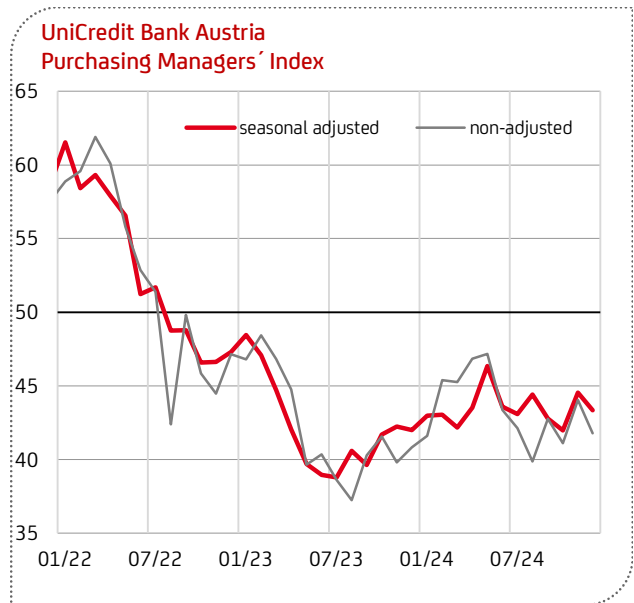
# Purchasing Managers' Index

## December 2024

# Overview

## NO TURNAROUND AT THE TURN OF THE YEAR: INDUSTRIAL ECONOMY CLOUDS OVER AGAIN

- The UniCredit Bank Austria Purchasing Managers' Index fell to 43.3 points in December
- Production cutbacks accelerated as a result of the sharp decline in new business
- Austrian industry continued to reduce its workforce significantly in December
- Output prices fell more sharply than input prices: average earnings situation deteriorated again
- Falling production requirements were reflected in a reduction in purchasing volumes and a decrease in stocks of purchases
- Reduction in stocks of finished goods underlined the continuing pessimism of domestic companies
- Austria's industry starts the new year with declining production expectations



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>
Dec-24	<b>43,3</b>	42,8	42,4	40,4	50,5	44,0	49,6
<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 FELL TO 43.3 POINTS IN DECEMBER

Austrian industry ends 2024 in recession. “The UniCredit Bank Austria Purchasing Managers' Index fell to 43.3 points in December, indicating a downward trend in industry, even with a slight acceleration trend compared to the previous month. The year 2024 thus ended as it had begun, with only minor fluctuations in the pace of the downturn during the year. Domestic industry has been in a stubborn recession for two and a half years now. Following the 1.1 per cent slump in industrial production in 2023, manufacturing in Austria is even expected to record an average decline of 4 per cent in real terms in 2024.

The decline in the UniCredit Bank Austria Purchasing Managers' Index at the end of the year was primarily due to lower production and a weaker order situation. “At the end of 2024, the industrial economy was characterised by an acceleration in the decline in production as a result of the sharp fall in new business, both at home and abroad. The significant decrease in order backlogs indicated that there was still considerable overcapacity in December, which was reflected in rapid job cuts. The price trends caused an increasing burden on the earnings situation, so that even greater attention was paid to cost tangents in warehouse management than in previous months.

## EVEN FEWER ORDERS, EVEN LESS PRODUCTION

Hopes of a turnaround in industry following the rise in the production index to a six-month high in November were dashed again in December. The decline in production accelerated noticeably and production in the intermediate and capital goods sectors as well as in the consumer goods sector was cut back more sharply. With a fall to 42.4 points, the production index moved even further away from the 50-point mark, above which growth is signalled.

At the end of the year, Austrian industrial companies reduced their production output for the 31st month in a row. Compared to the previous month, the pace even increased, which was probably due to the increased losses in new business. Almost 40 per cent of the companies surveyed recorded fewer new orders than recently. The demand for 'Made in Austria' was burdened by a lack of willingness to invest as well as delayed decisions and insolvencies on the customer side, among other things. In addition, many industrial companies complained of competitive disadvantages due to relatively high labour and energy costs as well as a decline in foreign demand, especially in the important sales market of Germany.” However, the decline in export orders in December was no longer as severe as in previous months. The index for export orders rose to 42.9 points and was thus higher than the overall order index for the first time since the summer.

In view of the decline in the index for total new orders to 42.8 points, domestic companies continued to focus on accelerating the processing of order backlogs, particularly in the intermediate goods industry. As a result of the reduction in order backlogs, average delivery times also fell in December, but only at a very slow pace, as there were occasional problems in the supply

chains due to the underutilisation of production capacity at some suppliers.

## FURTHER JOB LOSSES IN THE DOMESTIC INDUSTRY

The ongoing reduction in order backlogs over the past two and a half years indicates that overcapacity still exists, although capacity utilisation in the domestic industry has been below the long-term average for over a year now. After initial restraint, companies are now rapidly adjusting their staffing levels to the lower production requirements. In December, job cuts in industry continued at a rapid pace. The employment index stood at 40.4 points in December, well below the annual average for 2024.

The unemployment rate in the manufacturing industry in Austria rose continuously over the course of 2024, reaching a temporary peak of 4.1 per cent in December on a seasonally adjusted basis. The annual average unemployment rate in the sector was 3.8 per cent compared to 3.2 per cent in 2023. The situation on the labour market deteriorated particularly sharply in the metal industries, automotive manufacturing, mechanical engineering and the electrical and electronics industry. As a result of the strong focus on these sectors, Upper Austria, followed by Styria, saw the sharpest rise in the unemployment rate in industry. In both federal states, however, the unemployment rate in the sector was significantly lower than the national average, averaging 3.1 per cent and 3.5 per cent respectively. The highest unemployment rate in industry in 2024 was found in Vienna at 7.4 per cent, while the lowest was recorded in Salzburg at just 2.8 per cent.

In view of the continuing slump in new orders, we expect the unemployment rate in the domestic industry to rise further in the coming months. After an average of 3.8 per cent in 2024, the unemployment rate is likely to rise to around 4.5 per cent in 2025. That would be the highest figure since the coronavirus year 2020. This means that despite greater momentum, the unemployment rate in the sector will remain significantly lower than in the economy as a whole of 7.2 per cent in the coming year.

## OUTPUT PRICES AGAIN FELL MORE SHARPLY THAN COSTS

In view of the persistently weak demand, prices continue to show a downward trend. However, the pace of price declines in both purchasing and sales slowed somewhat at the end of the year. The cost of raw materials and input materials fell for the third month in a row in December. Domestic companies passed on the lower costs to customers by reducing sales prices. Due to strong competition, discounts were even higher than the cost savings.

In view of the restrained demand and increased competition, the reductions in output prices in December were greater than the fall in prices for raw materials and primary materials. As a result, the average earnings situation has again tended to deteriorate compared to the previous month. Domestic industrial companies have been confronted with a deteriorating earnings situation for a year and a half, which is increasingly reflected in a rise in the number of insolvencies.

## ECONOMIC CONCERNS LEAD TO INCREASED CAUTION IN WAREHOUSE MANAGEMENT

The continuing decline in production output and new business was also reflected in a reduction in purchasing volumes in December. The lower purchasing activities are in line with increased efforts to reduce storage costs and optimise working capital. “Both stocks of finished goods and stocks of purchases were significantly reduced at the end of the year, albeit at a slightly slower pace than in the previous month. There was again a stronger reduction in inventories of primary materials, which emphasised the renewed pessimism in the domestic industry about future business opportunities.

## SLIGHTLY MORE FAVOURABLE ENVIRONMENT IN 2025, BUT RECESSION CONTINUES AT LEAST IN THE FIRST HALF OF THE YEAR

Although the production expectations of Austrian companies for the year as a whole deteriorated only slightly to 49.6 points in December, the index fell below the growth threshold again, signalling expectations of a continuation of the recession in the coming months. Due to concerns about the general economic weakness, customer insolvencies, high costs and reduced competitiveness, particularly on the global stage, exacerbated by increasing protectionism in foreign trade, expectations even fell significantly below the long-term average of 54.8 points.

However, the current pessimism of the domestic industry for 2025 contrasts with a slow improvement in the general conditions. While the immediate export environment as measured by the Purchasing Managers' Index for the manufacturing industry in the eurozone and Germany had stopped deteriorating by the end of 2024, there had even been a gradual improvement at a global level for several months. In addition, the further easing of monetary policy and the increasing purchasing power of domestic consumers should have a positive impact, which suggests an end to the recession

in industry over the course of the coming year. However, after a decline in industrial production of 4 per cent in real terms in 2024, we only expect a stabilisation with an increase of less than one per cent in manufacturing in Austria in the coming year 2025.

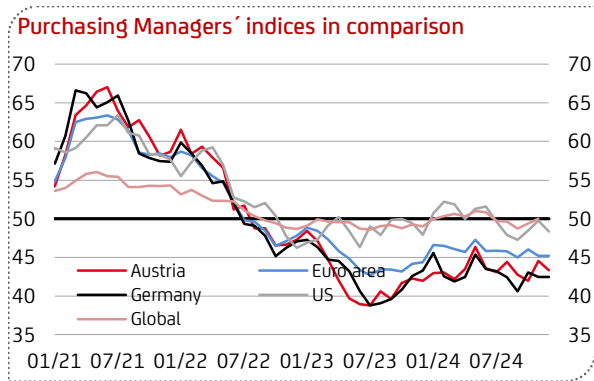
### UniCredit Bank Austria Purchasing Managers' Index and components

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Ø since 2000
<b>UniCredit Bank Austria Purchasing Managers' Index</b>	<b>43.0</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>51.5</b>
Output	41.6	44.4	45.3	45.7	49.2	44.5	45.2	43.8	43.2	41.4	46.1	42.4	52.3
New orders	40.6	41.2	40.5	43.5	47.1	44.7	41.7	44.5	41.5	40.6	45.5	42.8	50.5
Employment	45.3	42.6	42.3	43.2	46.1	41.6	40.9	41.1	39.0	40.7	39.4	40.4	50.8
Suppliers' delivery times (inverse)	51.5	54.1	58.5	58.2	57.1	56.8	54.2	52.6	51.2	51.5	50.3	50.5	45.0
Stocks of purchases	40.5	41.6	40.0	41.0	42.5	42.7	42.3	47.5	44.0	40.3	40.0	44.0	49.0
Stocks of finished goods <sup>1)</sup>	46.2	48.6	48.5	50.6	46.8	49.2	47.3	49.9	45.1	42.2	45.3	47.1	49.0
Backlog of work <sup>1)</sup>	37.3	38.1	39.6	41.0	42.9	41.8	41.2	43.0	38.3	38.2	42.7	41.3	50.3
New export orders <sup>1)</sup>	41.5	43.2	39.7	43.8	47.7	42.1	42.1	43.3	37.9	38.5	41.8	42.9	49.8
Quantity of purchases <sup>1)</sup>	37.1	40.3	42.0	40.0	43.1	40.0	40.1	40.2	35.8	39.0	38.8	40.3	50.5
Input prices <sup>1)</sup>	41.2	43.7	42.7	46.5	48.2	52.5	52.0	53.6	50.2	44.8	47.8	48.4	57.5
Output prices <sup>1)</sup>	47.8	48.6	46.1	47.1	47.0	48.3	48.2	48.6	44.5	47.3	44.9	46.3	52.2
New orders/Stocks of finished goods <sup>2)</sup>	0.88	0.85	0.84	0.86	1.01	0.91	0.88	0.89	0.92	0.96	1.01	0.91	1.04
Future output <sup>1)</sup>	49.9	54.2	56.4	55.5	56.3	57.8	55.2	50.7	47.9	46.3	50.1	49.6	54.8

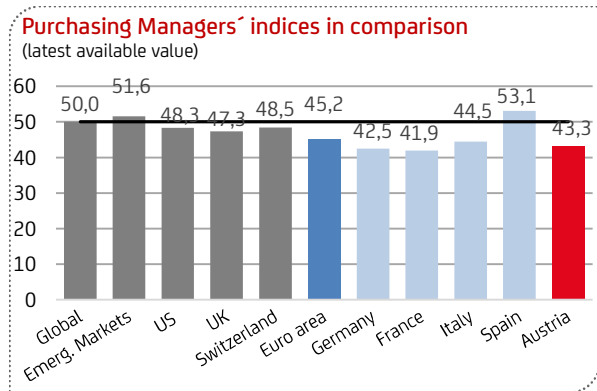
1) not in the overall index 2) own calculation

Source: S&P Global, UniCredit

## Continuing recession in European industry

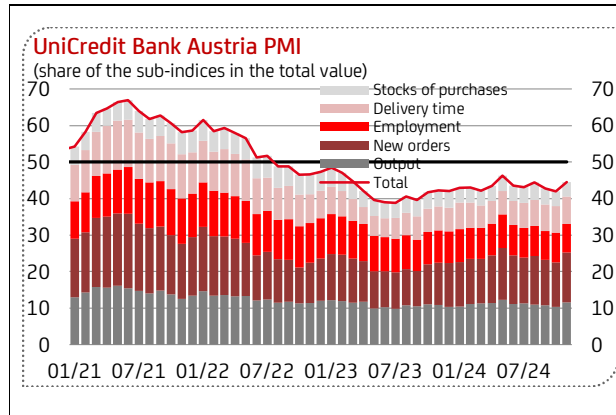


Industry in the euro area remained in recession at the end of 2024. The persistence of the purchasing managers' index for the manufacturing industry at least showed a stabilization at a low level.

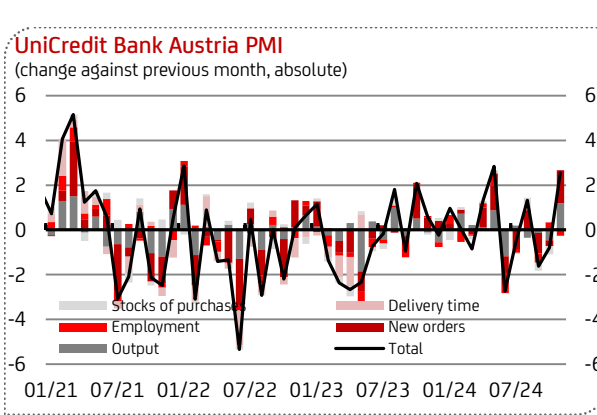


The situation in industry is particularly tense in Europe's major economies.

## Recession in Austrian industry prolongs

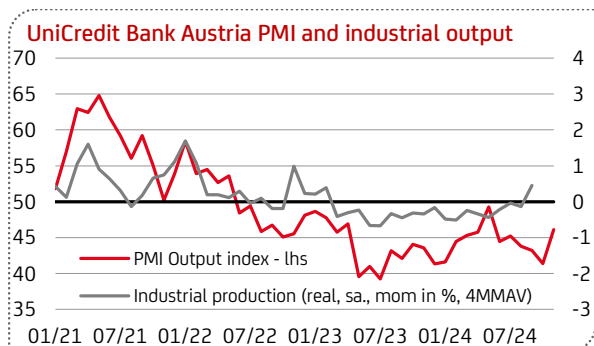


The UniCredit Bank Austria Purchasing Managers' Index fell to 43.3 points in December, pointing to a declining trend in industry, even with a slight acceleration compared to the previous month.

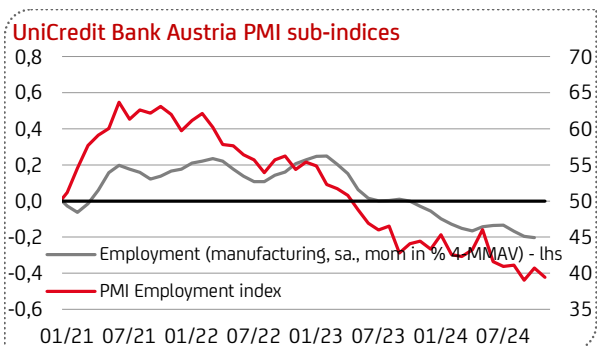


The decline in the UniCredit Bank Austria Purchasing Managers' Index at the end of the year was mainly due to lower production and a weaker order situation.

## Accelerated decline in production was accompanied by sharp reductions in employment

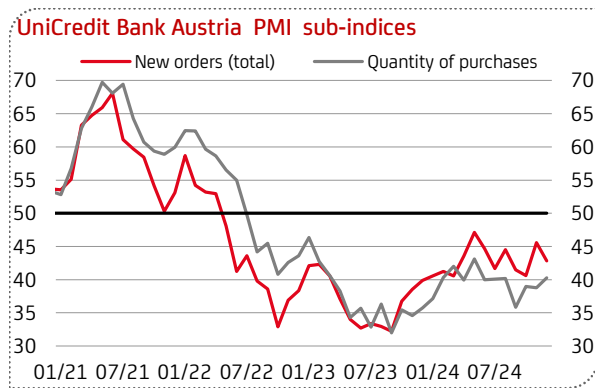


At the end of the year, Austrian industrial companies reduced their production output for the 31st month in a row. Compared to the previous month, the pace even increased.

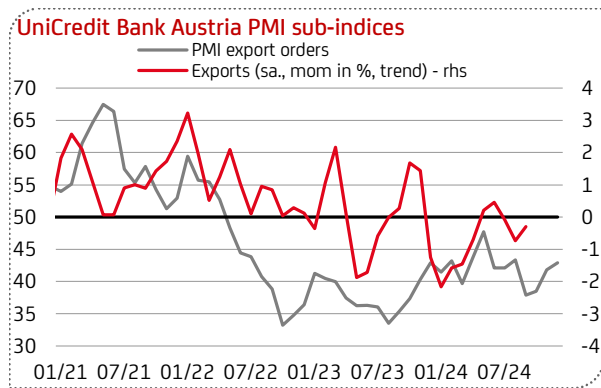


The companies quickly adjust the number of employees to the lower production requirements. In December, job cuts in industry were strongly accelerated. The employment index stood at 40.4 points in December.

## Sharp decline in new business, to the same extent from Austria and abroad

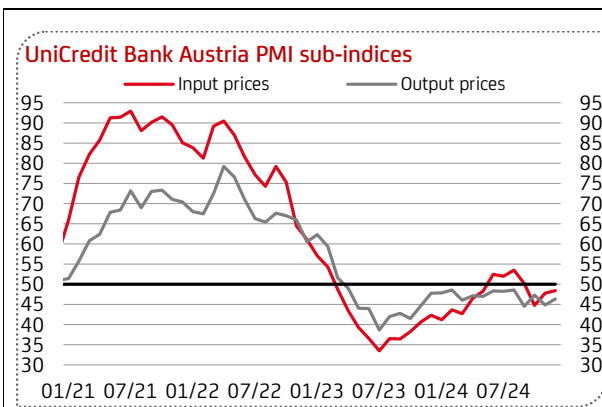


New orders fell sharply again in December, even at a faster pace than in the previous month. The order index fell to 42.8 points.

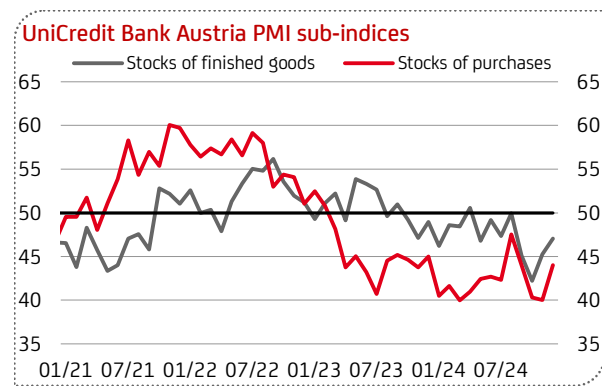


In view of the slight improvement in the global export environment and the stabilisation in the euro area, export orders fell somewhat less sharply in December than in the previous month. The index rose to 42.9 points.

## Prices continue to fall, increased caution in warehouse management

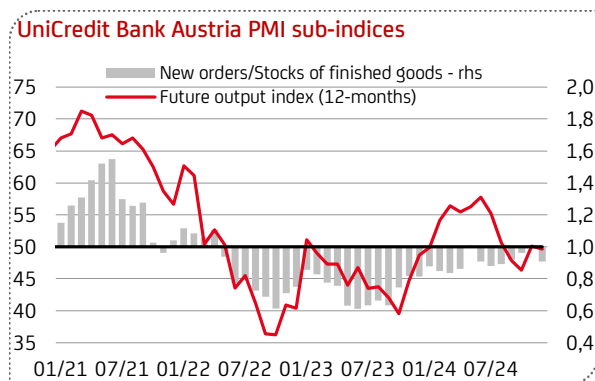


In view of subdued demand and intensified competition, the price reductions in sales in December were stronger than the price decline for raw materials and input materials.

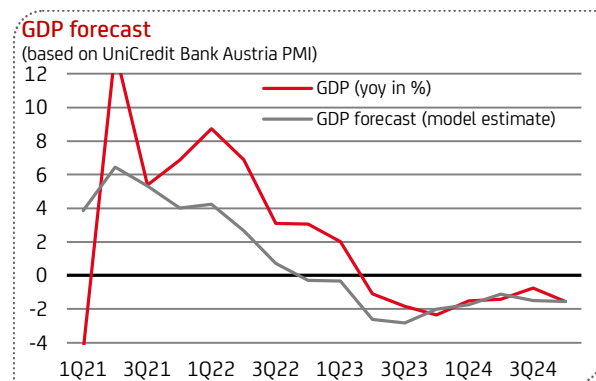


Both stocks of finished goods and stocks of input materials were significantly reduced at the end of the year, albeit at a slightly slower pace than in the previous month.

## Recession continues at least in the first half of 2025



Although production expectations for the year as a whole deteriorated only slightly to 49.6 points in December, the index fell back below the growth threshold.



The purchasing managers' index for industry points to a further deterioration in the overall economic situation for 4Q24, but the result is overstated by industry.

## MORE TO READ

We invite you to visit the economic analyses on Bank Austria's website: [www.bankaustria.at](http://www.bankaustria.at) under "Direct access – Markets & Research - Analyses & Research" in the section "Economic Research Austria" or directly at <http://www.bankaustria.at/en/about-us-publications-economic-research-austria.jsp>

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