



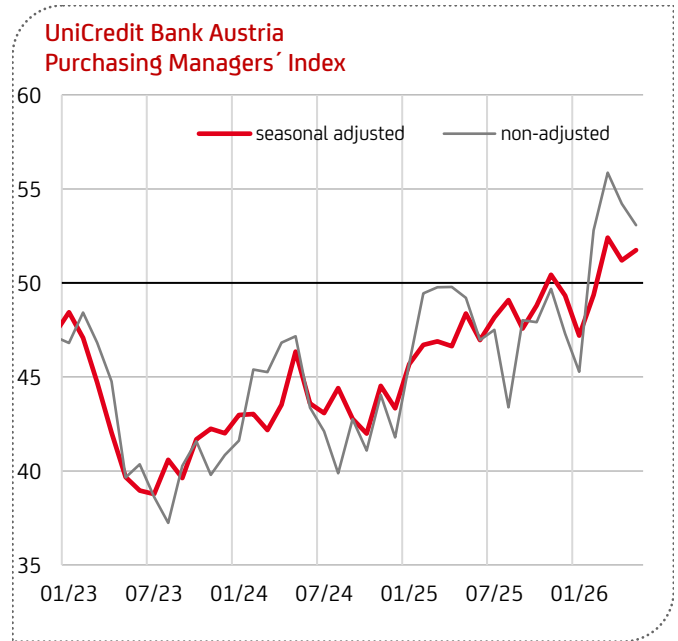
**UniCredit Bank Austria
Purchasing Managers' Index**

May 2026

Overview

AUSTRIA'S INDUSTRY ON TRACK FOR GROWTH DESPITE DECLINING ORDERS AND RISING COSTS

- The UniCredit Bank Austria Purchasing Managers' Index rose to 51.7 points in May
- Companies expanded production despite a slight decline in demand
- Employment was reduced again in May
- The sharpest rise in costs in four years led to a deterioration in profitability despite a significant increase in output prices
- Stockbuilding efforts to counter extended supplier's delivery times due to capacity bottlenecks, raw material shortages, and transportation disruptions
- Cautious optimism among companies: Business expectations over the next 12 months rose to 54.7 points in May



Source: S&P Global, UniCredit Bank Austria

	UniCredit Bank Austria PMI	New orders	Output	Employment	Suppliers' delivery times	Stocks of purchases	Future output ¹⁾
May-26	51.7	49.6	51.4	46.1	35.7	51.2	54.7
<i>In comparison to previous month</i>	↗	↗	↗	↗	↗	↘	↗
<i>average since 2000</i>	↗	↘	↗	↘	↘	↗	↘

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

Source: S&P Global, UniCredit

In details

THE UNICREDIT BANK AUSTRIA PURCHASING MANAGERS' INDEX INCREASED SLIGHTLY TO 51.7 POINTS IN MAY

The moderate recovery of Austrian industry continues. The UniCredit Bank Austria Purchasing Managers' Index rose slightly to 51.7 points in May. This marks the third consecutive month that the indicator has exceeded the 50-point threshold, which signals growth. A look at the development of the individual components of the indicator suggests that the slight improvement in industrial activity occurred not despite, but because of the pressures from the Middle East conflict, as a result of companies' adjustments to less favorable conditions.

The 0.5-point increase in the UniCredit Bank Austria Purchasing Managers' Index compared to the previous month was almost exclusively attributable to an expansion in production output by companies. Domestic companies increased their production in May, in part to boost their inventories as a precautionary measure in light of disruptions caused by the Middle East conflict. Job cuts continued, especially as weaker new business, significantly extended supplier's delivery times, and sharp cost increases pointed to a intensification of challenges.

EXPANSION OF PRODUCTION

Following a slight decline in the previous month, domestic companies increased their production output again in May. The production index rose to 51.4 points. The increase was due, on the one hand, to the reduction of order backlogs and, on the other hand, to the build-up of inventories in order to be prepared for any further disruptions to supply chains resulting from the conflict in the Middle East.

DECLINING DOMESTIC DEMAND, SLIGHTLY RISING EXPORT ORDERS

The third increase in production output within four months occurred despite another decline in demand. New business in domestic industry declined slightly for the second month in a row, weighed down by geopolitical uncertainties and rising prices. While domestic orders fell at an above-average rate, companies, on the other hand, recorded a slight increase in demand from abroad. Export orders increased due to higher sales to customers in Asia and Germany. In addition, demand from the technology sector picked up. The export orders index rose to 50.7 points in May, while the index for new business as a whole reached only 49.6 points.

CONTINUED DECLINE IN EMPLOYMENT

Despite the expansion in production, job cuts in Austrian industry continued at a rapid pace in May. The employment index rose by a mere 0.3 points to 46.1, an insignificant increase compared to the previous month. This means the indicator has now signaled a decline in employment in the sector for three years.

Unemployment thus continued the upward trend of recent months. The number of job seekers rose to over 28,000 in May, corresponding to a seasonally adjusted unemployment rate of

4.4 percent. The unemployment rate was by far the highest in manufacturing in Vienna, while in Tyrol, at less than 3 percent, it was the lowest of all federal states. Despite rising unemployment, labor shortages persist in some sectors. In addition to a mismatch between required and available qualifications, a regional imbalance is also evident. For example, in Tyrol and Salzburg, there were roughly two job seekers for every open position in manufacturing. In Vienna and Burgenland, by contrast, the ratio was around nine.

In May, the employment index, which had risen slightly, remained well below the production index, indicating a further increase in capacity utilization and labor productivity in the domestic industry. The upward trend that has been underway since early 2024 appears to have accelerated significantly, putting the domestic industry back on a more stable footing to meet current challenges.

MASSIVE COST INCREASES WITH CONSEQUENCES

Disruptions caused by the blockade of the Strait of Hormuz once again had a significant impact on price trends in domestic industry. The input price index rose for the fifth consecutive month, reaching 83.0 points—the highest level since the start of the war in Ukraine.

Supply bottlenecks and higher energy and fuel prices, which also affected transportation and many raw material prices, led to the sharpest rise in purchasing costs in four years. Due to the increased costs, companies implemented significant price increases in sales. Although output prices rose in May at the fastest pace in three and a half years, they increased significantly more slowly than costs. Apparently, due to demand, companies cannot fully pass on the cost increases to customers. While this could have a positive effect on consumer price inflation in the coming months, it could simultaneously weigh on profitability, which in turn suggests continued cost-cutting measures regarding personnel.

STOCKBUILDING OUT OF CAUTION

Domestic companies increased their purchases of materials and raw materials in May. Given growing supply chain issues, safety and precautionary considerations played a major role in this decision.

Material shortages, capacity constraints among suppliers, high demand for electronic components, and disruptions caused by the war in the Middle East once again led to a significant lengthening of average supplier's delivery times. To be better prepared for supply chain issues and potential price increases, many companies deliberately ramped up their purchasing volumes, with the aim of specifically increasing their stocks of both purchases and finished goods.

CAUTIOUS OPTIMISM STABILIZED

The rise in the UniCredit Bank Austria Purchasing Managers' Index to 51.7 points in May does not signal a strengthening of the recovery trend in Austrian industry. The increase is merely a result of companies' efforts to prepare for the upcoming challenges posed by the Middle East conflict by addressing potential supply chain issues and future price increases through deliberate production and inventory buildup.

In our view, the renewed decline in demand is setting the direction for the industrial economy. The recovery will lose momentum in the coming months, and depending on the duration of the conflict, the risk of another recession in the industrial sector is increasing. We remain optimistic that a solution to the conflict can be found soon and that the ongoing recovery will suffer only a temporary setback. This aligns with the sentiment among domestic companies, as evidenced by the rise in annual output expectations to 54.7 points.

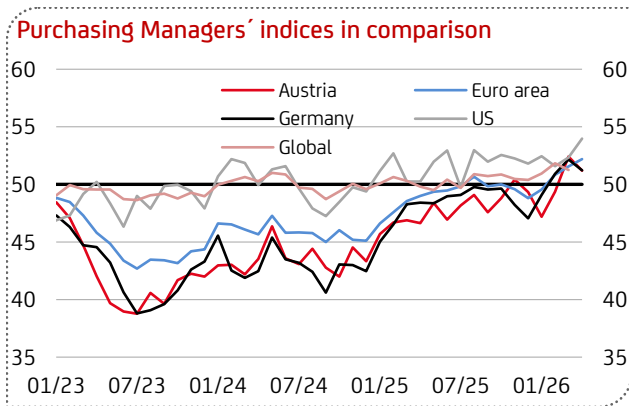
UniCredit Bank Austria Purchasing Managers' Index and components

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Ø since 2000
UniCredit Bank Austria Purchasing Managers' Index	47.0	48.2	49.1	47.6	48.8	50.4	49.3	47.2	49.4	52.4	51.2	51.7	51.4
Output	49.1	50.5	52.5	49.7	50.7	52.7	50.2	47.1	50.1	51.9	49.5	51.4	52.2
New orders	44.3	46.2	47.8	46.1	49.0	50.7	47.2	45.6	50.4	52.4	49.2	49.6	50.3
Employment	44.2	45.8	45.6	44.4	43.7	45.4	48.0	45.1	44.1	47.0	45.8	46.1	50.5
Suppliers' delivery times (inverse)	47.2	47.1	47.5	47.4	46.1	45.5	44.3	46.6	46.0	37.2	35.3	35.7	45.0
Stocks of purchases	46.2	46.0	46.2	45.6	46.0	47.9	46.7	47.1	48.1	49.1	52.0	51.2	49.0
Stocks of finished goods ¹⁾	46.9	48.6	51.8	47.2	50.6	50.1	52.2	52.1	50.9	51.6	52.3	51.3	49.0
Backlog of work ¹⁾	46.1	49.1	47.7	46.6	45.6	48.7	50.5	46.5	48.7	51.1	46.1	47.7	50.2
New export orders ¹⁾	44.9	46.3	47.0	46.2	49.1	51.1	46.5	46.0	48.4	50.9	49.2	50.7	49.7
Quantity of purchases ¹⁾	45.1	49.3	49.8	47.0	45.5	48.1	47.1	46.1	47.4	53.1	50.8	51.6	50.3
Input prices ¹⁾	49.6	52.1	52.6	54.4	52.5	53.6	52.8	54.0	56.4	72.1	77.4	83.0	57.5
Output prices ¹⁾	48.5	48.2	49.1	48.6	47.7	49.7	48.7	48.6	50.7	53.8	59.8	65.2	52.1
New orders/Stocks of finished goods ²⁾	0.95	0.95	0.92	0.98	0.97	1.01	0.90	0.88	0.99	1.01	0.94	0.97	1.03
Future output ¹⁾	55.4	59.5	57.1	53.7	59.7	59.2	59.8	58.9	62.6	57.7	53.7	54.7	55.0

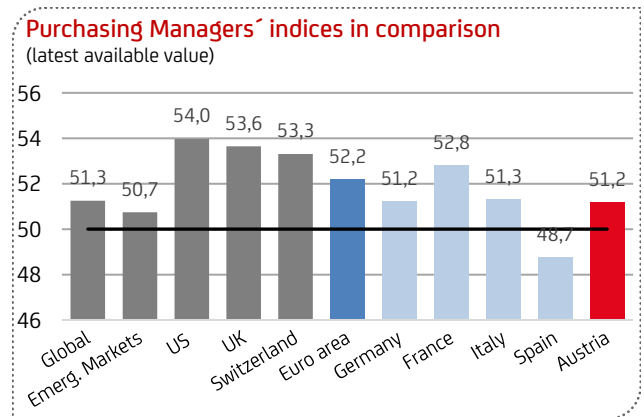
¹⁾ not in the overall index ²⁾ own calculation

Source: S&P Global, UniCredit

Industrial activity in the euro area begins to feel the effects of the Middle East conflict

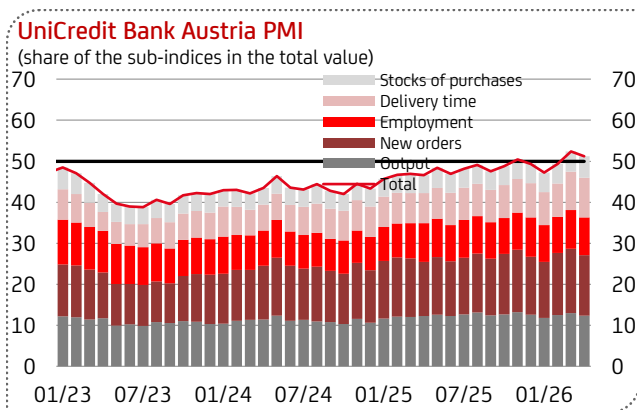


In the euro area, the preliminary purchasing managers' index for the manufacturing industry deteriorated to 51.4 points in May and is thus still in growth territory.

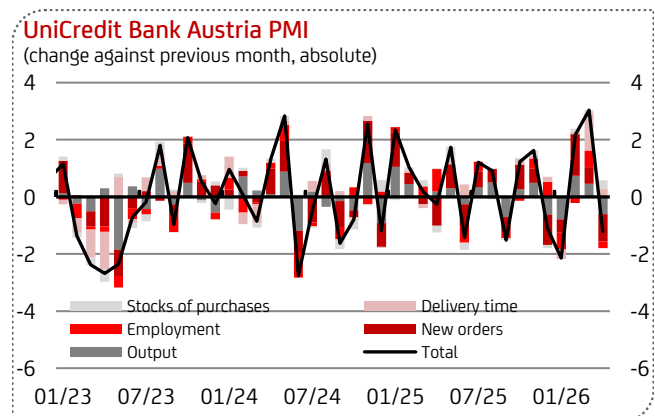


The decline in the purchasing managers' indices in the main markets of Germany and France dampened the overall European result.

Challenges for Austrian industry are increasing

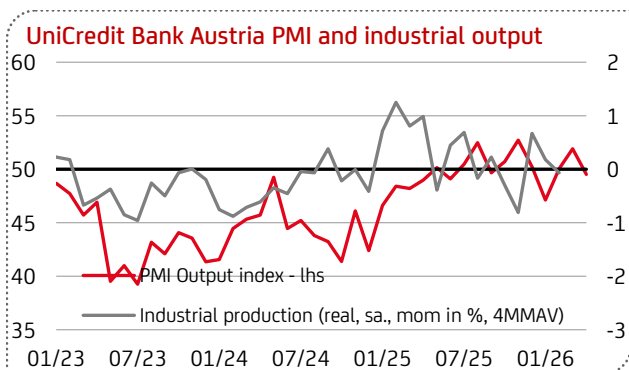


Despite the Middle East conflict, the UCBA Purchasing Managers' Index rose to 51.7 points in May.

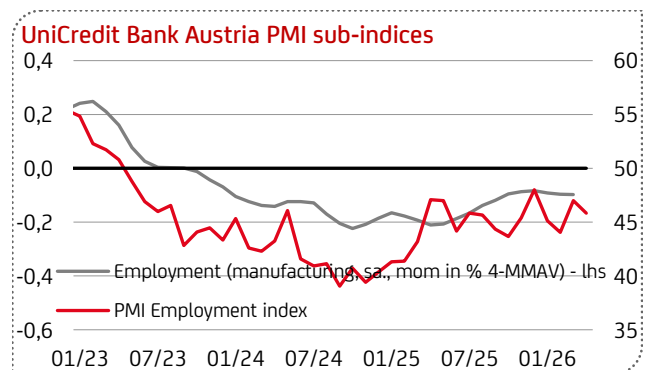


The increase of 0.5 points in May was mainly due to the expansion of production to build up inventories for precautionary reasons.

Production output increased in May, but job cuts remained strong

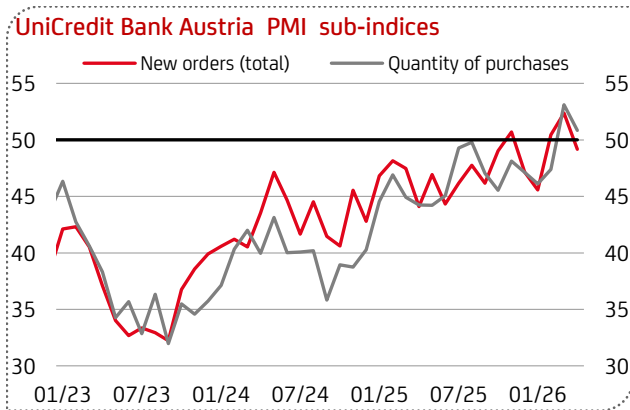


The production index rose to 51.4 points in May, due to the build-up of safety stocks against the backdrop of rising prices and supply disruptions as a result of the Middle East conflict.

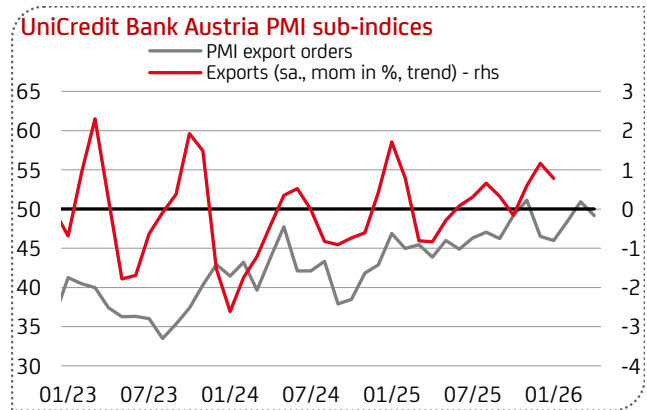


In view of the decline in new business, job losses remained very strong in May April. The employment index rose only minimally to 46.1 points.

New business declined again

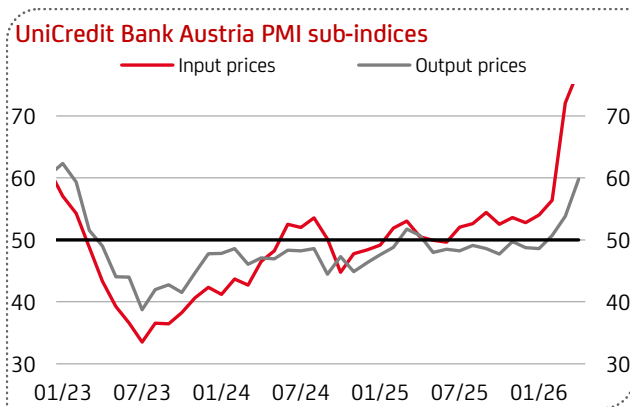


In May, new business declined again, at least at a slightly slower pace than in the previous month. The index for new orders rose to 49.6 points.

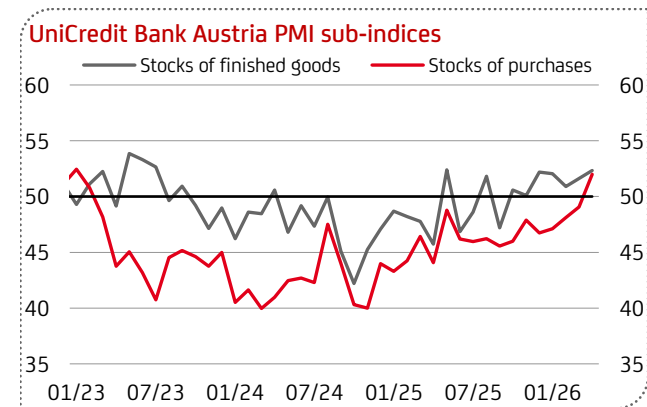


While domestic demand fell at an above-average rate, demand from abroad actually increased slightly. The export orders index rose to 50.7 points.

Strong cost inflation burdened

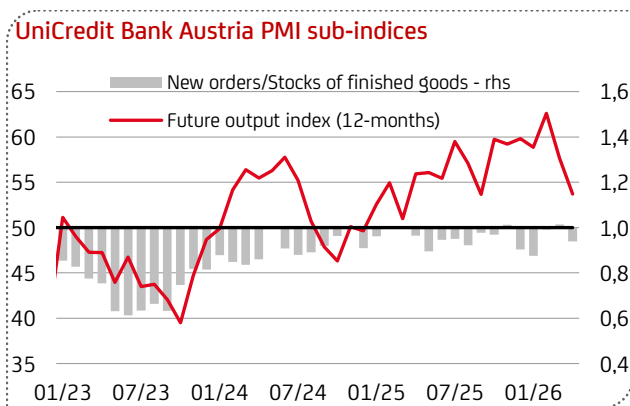


Higher energy, transport and raw material prices again caused a strong increase in costs. More than a third of the companies have consequently increased output prices.

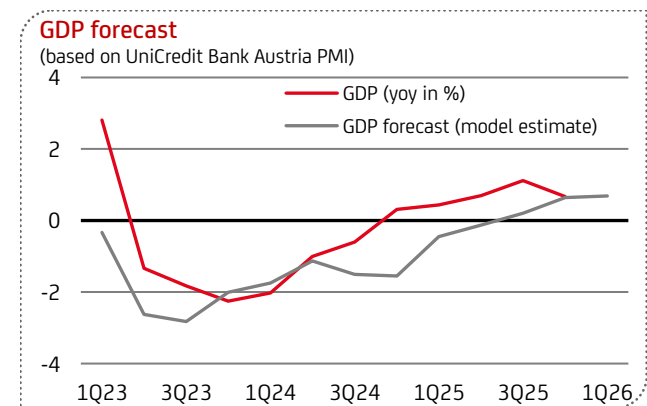


Supply fears led to an increase in stocks of purchases despite lower customer demand. Stocks of finished goods also increased.

Optimism in industrial companies stabilized at a low level



The index for production expectations rose to 54.7 points, well below the long-term average.



The Manufacturing purchasing managers' index points to a slight year-on-year increase in GDP for the second quarter of 2026.

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