



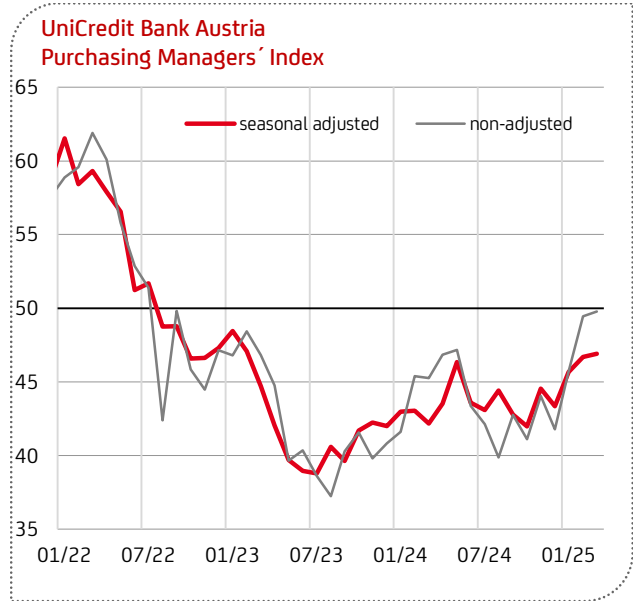
Purchasing Managers' Index

March 2025

Overview

AUSTRIA'S INDUSTRY TAKES SMALL STEPS OUT OF THE TROUGH

- The UniCredit Bank Austria Purchasing Managers' Index rose for the third month in a row in March to 46.9 points
- The decline in new business accelerated again and led to a slightly sharper fall in output in March
- Job losses slowed for the fourth month in a row
- The renewed rise in costs led to an increase in output prices for the first time in exactly two years
- Cost-conscious reduction of inventories in a weak demand environment
- Despite positive international data: Index of output expectations for the year fell to 51.0 points and is thus only just in positive territory



Source: S&P Global, UniCredit Bank Austria

	UniCredit Bank Austria PMI	New orders	Output	Employment	Suppliers' delivery times	Stocks of purchases	Future output ¹⁾
Mar-25	46,9	47,5	48,2	43,2	51,2	46,4	51,0
<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 TO 46.9 POINTS IN MARCH

The positive trend in Austrian industry slowed significantly in March. The UniCredit Bank Austria Purchasing Managers' Index rose only minimally by 0.2 points to 46.9 points in March, characterised by a very uneven development of the individual components. However, with the third increase in a row, the indicator reached its highest value for exactly two years. However, the growth threshold of 50 points was once again clearly undercut. The current indicator thus signals a continuation of the recession in domestic industry, which at least gradually eased over the course of the first quarter of 2025.

However, the light at the end of the tunnel hardly got any brighter in March. "The pace of the decline in production increased slightly at the beginning of spring, especially as new business fell more sharply than in the previous month. Entrepreneurs reacted by cutting back on purchasing volumes in order to reduce storage costs. Due to the renewed rise in costs, businesses also increased their output prices for the first time in two years, but not enough to improve the earnings situation due to weak demand. The main positive aspect in March was the slowdown in job losses.

AUSTRIA'S INDUSTRY WAS UNABLE TO FOLLOW THE STRONG UPWARD TREND IN EUROPE

With the weakening of the improvement trend, the development in Austria differed from the trend in most other European countries. In the euroarea, the Purchasing Managers' Index for the manufacturing industry rose noticeably to 48.7 points, driven among other things by an improvement in Germany and France to 48.3 and 48.9 points respectively. The Austrian index thus outperformed by the value in the euroarea, as it has been for the past two and a half years. The gap doubled compared to the previous month and the German value was also higher for the first time in six months.

FURTHER DROP IN ORDERS AND SLIGHT DECLINE IN PRODUCTION

The improvement in the output index did not continue in March. The output index fell slightly by 0.2 points to 48.2 points. "While the output index in the euroarea and Germany exceeded the 50-point mark in March, signalling production growth in the manufacturing industry for the first time in around two years, the decline in production in the domestic industry accelerated slightly. This is in line with the accelerated decline in new orders in Austria. In contrast, German industrial companies recorded more new orders for the first time in three years. The improvement trend in new business in recent months in the euroarea and Germany is likely to have been fuelled by US customers bringing forward purchases in anticipation of possible tariff increases. While domestic demand weakened considerably, the export order index in Austria also rose in March, but remained well below the growth line at 45.5 points.

The infrastructure programme announced by the German government appears to have already triggered a turnaround in

sentiment in industry, but this did not reach Austrian industry. The price competitiveness of "Made in Austria", which has also fallen in a European comparison due to the high unit labour cost dynamics and higher energy costs, placed an additional burden on Austria.

JOB CUTS SLOWED DOWN AGAIN

The number of employees in domestic industry continued to fall at the end of the first quarter of 2025. This means that the number of employees in manufacturing has been falling for almost two years. In March, however, the pace of job cuts slowed for the fourth month in a row. The employment index thus reached a ten-month high of 43.2 points.

The unemployment rate in the manufacturing industry in Austria averaged 4.3 per cent in the first quarter of 2025, compared to an annual average of 4.0 per cent in 2024. Low capacity utilisation and efforts to cut costs will lead to a further decline in employment in the sector in the coming months, despite the gradual improvement in the industrial economy. We expect the unemployment rate in the domestic industry to rise to an average of 4.5 per cent in 2025.

CAUTIOUS WAREHOUSE MANAGEMENT DOMINATES

The lower production requirements led to a reduction in purchasing volumes across the board in March. In combination with full warehouses at many suppliers, the average delivery time accelerated slightly. Due to declining order backlogs and increased efforts to reduce costs, stocks of purchases, which were relatively high in view of the weak demand, were further reduced, albeit at the second-lowest rate in the past two years. The index for stocks of purchases rose to 46.4 points, but was still below the index for stocks of finished goods of 47.8 points, which fell compared to the previous month. The decline was mainly due to lower production and a lack of customer demand.

HIGHER PRICES AFTER COST INCREASES

Domestic industrial companies were confronted with higher costs for the second month in a row in March due to higher metal prices and increased food prices, among other things. The corresponding index rose to 53.0 points, the highest value since August last year.

The recent rise in costs was reflected in higher output prices for the first time in exactly two years. The higher costs were passed on to customers both in the intermediate goods and capital goods sectors as well as among consumer goods manufacturers. However, as the companies' pricing power was low due to the sluggish demand, the increase in prices remained below that of costs. 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.

UNCERTAIN EXPECTATIONS

The UniCredit Bank Austria Purchasing Managers' Index rose for the third month in a row in March, but recently showed only a very weak and inconsistent upward trend. In view of the current value of 46.9 points, a continuing recession in Austrian industry can still be assumed.

The end of the recession in the domestic industry is not yet in sight, but there are signs that the industrial economy is stabilising. Although the order-to-stock ratio deteriorated slightly in March, this only just indicates that at the current level of stocks of finished goods, new orders can also be fulfilled with lower production capacities. Production is therefore unlikely to fall any further in the coming months.

A noticeable recovery does not appear to be in sight, as indicated by companies' medium-term production expectations. "Concerns about reduced competitiveness, generally weak demand and the negative consequences of US customs policy depressed companies' expectations again somewhat in March. The index for production expectations over the next twelve months fell to 51.0 points but remained in positive territory for the third month in a row," says Bruckbauer, adding: "The announcement of the investment programme in Germany in recent weeks brought about a surprising change in the general conditions. This is fuelling hopes of an imminent improvement in Austria too.

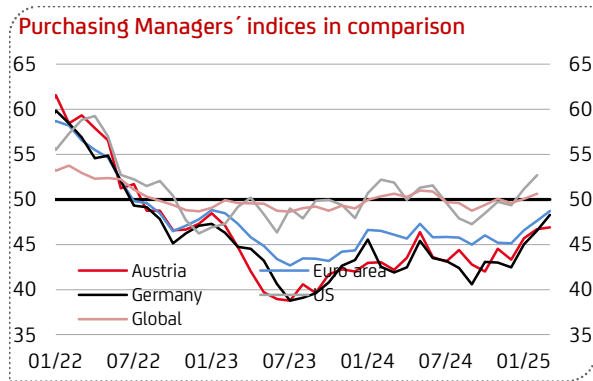
UniCredit Bank Austria Purchasing Managers' Index and components

	Apr.24	Mai.24	Jun.24	Jul.24	Aug.24	Sep.24	Okt.24	Nov.24	Dez.24	Jän.25	Feb.25	Mär.25	Ø since 2000
UniCredit Bank Austria Purchasing Managers' Index	43,5	46,3	43,6	43,1	44,4	42,8	42,0	44,5	43,3	45,7	46,7	46,9	51,5
Output	45,7	49,2	44,5	45,2	43,8	43,2	41,4	46,1	42,4	46,6	48,4	48,2	52,3
New orders	43,5	47,1	44,7	41,7	44,5	41,5	40,6	45,5	42,8	46,8	48,1	47,5	50,4
Employment	43,2	46,1	41,6	40,9	41,1	39,0	40,7	39,4	40,4	41,3	41,4	43,2	50,7
Suppliers' delivery times (inverse)	58,2	57,1	56,8	54,2	52,6	51,2	51,5	50,3	50,5	50,8	50,3	51,2	45,0
Stocks of purchases	41,0	42,5	42,7	42,3	47,5	44,0	40,3	40,0	44,0	43,3	44,3	46,4	49,0
Stocks of finished goods ¹⁾	50,6	46,8	49,2	47,3	49,9	45,1	42,2	45,3	47,1	48,7	48,2	47,8	49,0
Backlog of work ¹⁾	41,0	42,9	41,8	41,2	43,0	38,3	38,2	42,7	41,3	44,7	46,8	47,6	50,3
New export orders ¹⁾	43,8	47,7	42,1	42,1	43,3	37,9	38,5	41,8	42,9	46,9	45,0	45,5	49,8
Quantity of purchases ¹⁾	40,0	43,1	40,0	40,1	40,2	35,8	39,0	38,8	40,3	44,6	46,9	44,9	50,4
Input prices ¹⁾	46,5	48,2	52,5	52,0	53,6	50,2	44,8	47,8	48,4	49,2	51,9	53,0	57,4
Output prices ¹⁾	47,1	47,0	48,3	48,2	48,6	44,5	47,3	44,9	46,3	47,6	48,8	51,8	52,1
New orders/Stocks of finished goods ²⁾	0,86	1,01	0,91	0,88	0,89	0,92	0,96	1,01	0,91	0,96	1,00	0,99	1,04
Future output ¹⁾	55,5	56,3	57,8	55,2	50,7	47,9	46,3	50,1	49,6	52,6	54,9	51,0	54,7

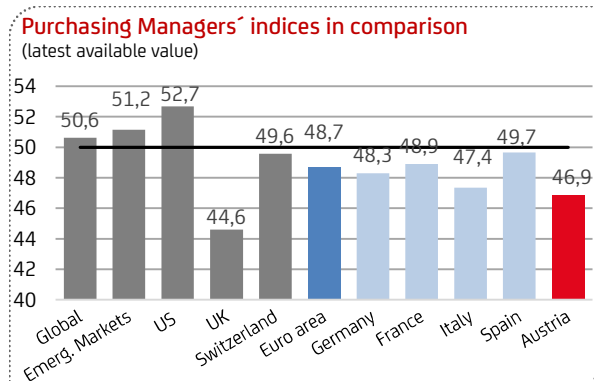
¹⁾ not in the overall index ²⁾ own calculation

Source: S&P Global, UniCredit

Slowing down of the recession in European industry

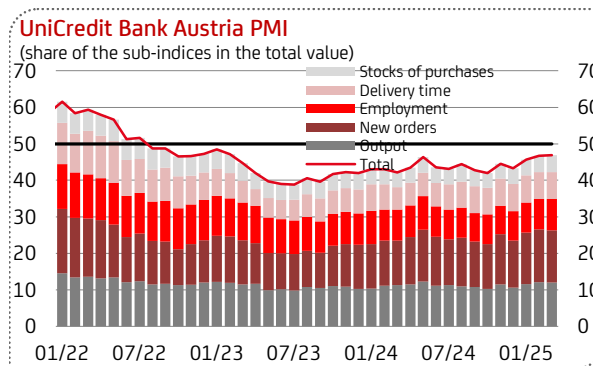


Industry in the euro area remained in recession in March 2025. The ongoing increase in the purchasing managers' index for the manufacturing industry suggests that the recession is slowing down.

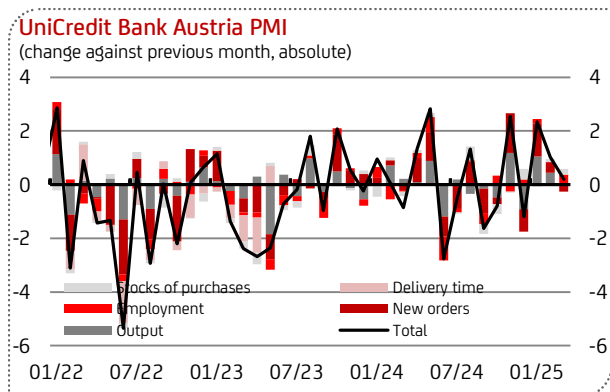


Industrial activity improved in all major markets. In Germany, Austria's most important trading partner, the purchasing managers' index rose in particular.

Recession in Austrian industry continued to weaken

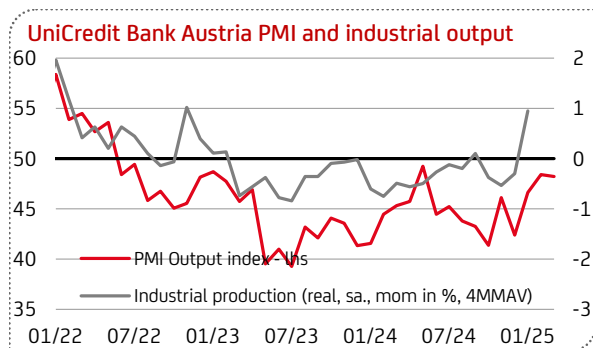


The UniCredit Bank Austria Purchasing Managers' Index rose to 46.9 points in March. This means that the indicator climbed to the highest value since February 2023.

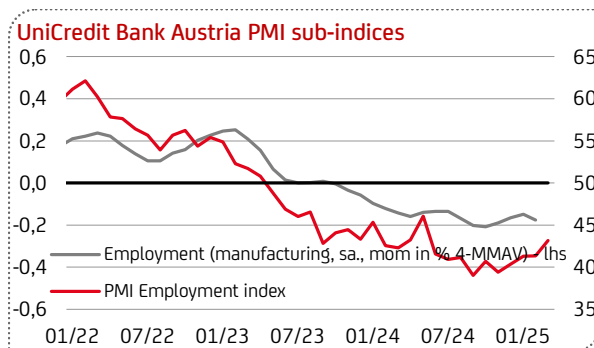


The rise in the UniCredit Bank Austria Purchasing Managers' Index in March 2025 was mainly due to the slowdown in the decline in employment.

Stronger production decline again, but job cuts declined

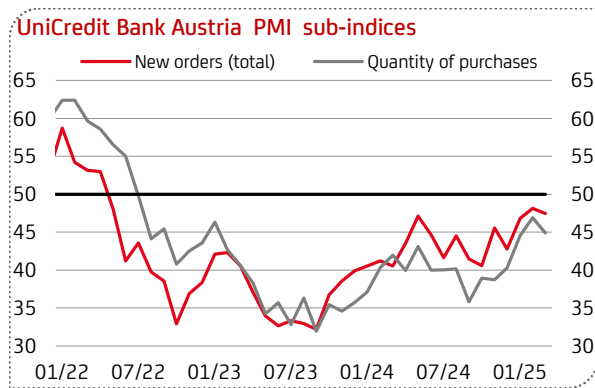


The decline in production accelerated slightly in March 2025. At 48.2 points, the production index amounted to its second highest level in ten months.

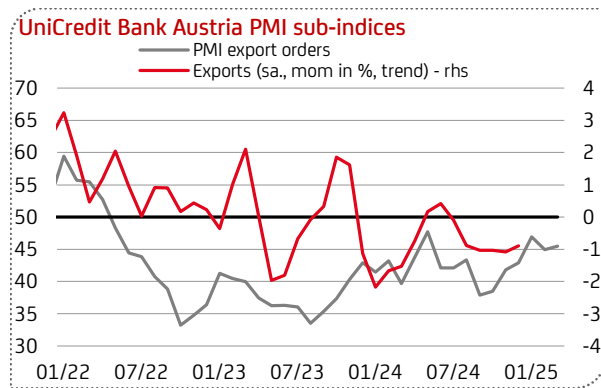


Although the employment index rose to 43.2 points, it once again remained clearly in negative territory. Accordingly, the reduction in the number of employees remained very high in March.

Losses in new business increased in March

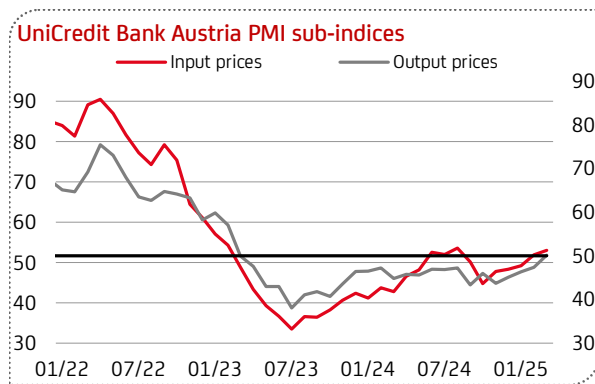


The order indices fell to 47.5 points in March, further below the growth limit of 50 points. This was mainly due to new orders from the homemarket.

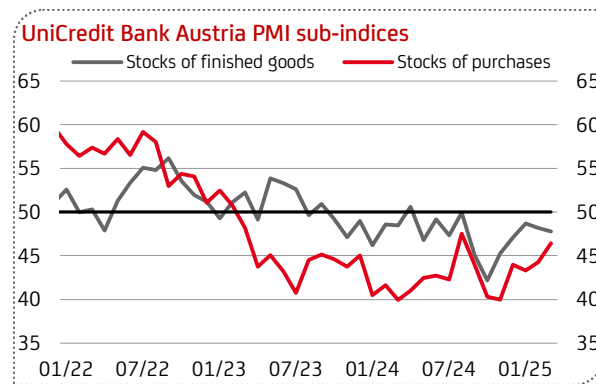


The export orders index rose to 45.5 points. Export demand continued to be characterized by reduced competitiveness in view of the high unit labor cost dynamics.

Price rose in March, continued great caution in warehouse management

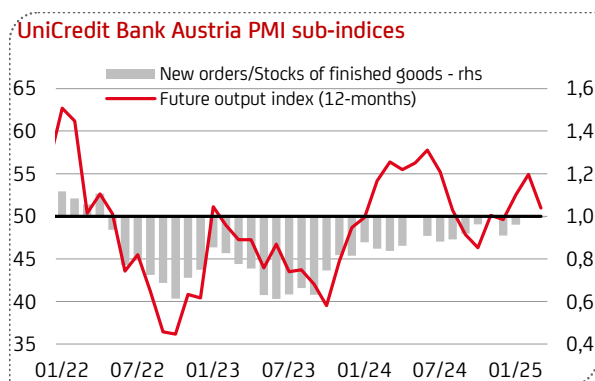


In view of the renewed increase in input prices, output prices also rose in March for the first time in exactly two years.

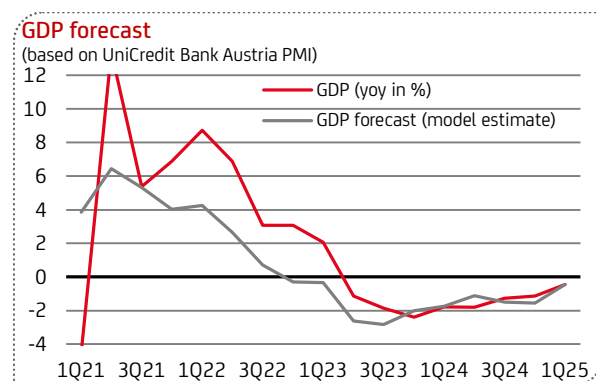


Both stocks of finished goods and stocks of purchases were further reduced in March, at least in purchasing at a slower pace than in the previous month

Uncertainty in industry increased again



Production expectations were in positive territory for the third month in a row in March, but with a downward trend.



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

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