



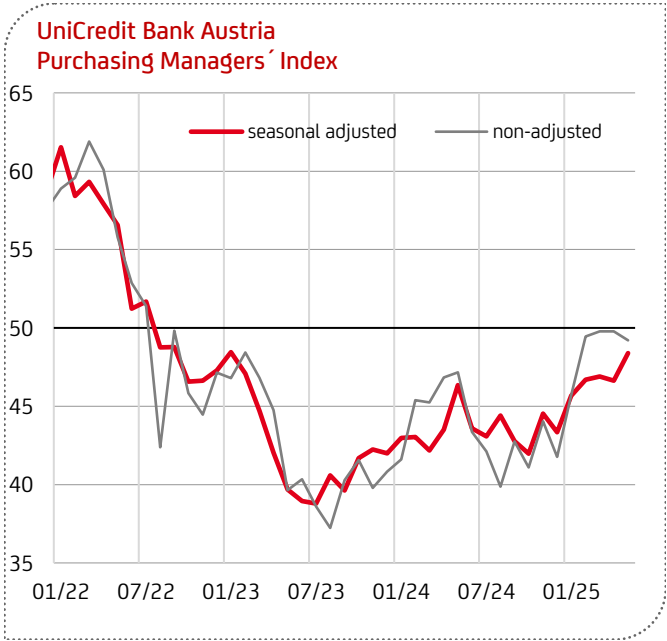
UniCredit Bank Austria Purchasing Managers' Index

May 2025

Overview

BRIGHTENING OF THE INDUSTRIAL ECONOMY DESPITE US TARIFF ANNOUNCEMENTS

- The UniCredit Bank Austria Purchasing Managers' Index rose to 48.4 points in May, the highest value for 28 months
- Output increased for the first time in three years
- The decline in new business slowed significantly
- Despite slight decrease in costs: discounts in sales burden earnings situation
- The continued sharp reduction in employment once again led to an improvement in productivity
- Optimism is returning: the index of output expectations for the year rose to 56.1 points in May, exceeding the long-term average value



Source: S&P Global, UniCredit Bank Austria

	UniCredit Bank Austria PMI	New orders	Output	Employ- ment	Suppliers' delivery times	Stocks of purchases	Future output ¹⁾
May-25	48.4	46.9	50.2	47.0	50.1	48.8	56.1
In comparison to previous month	↗	↗	↗	↘	↘	↗	↗
average since 2000	↘	↘	↘	↘	↗	↘	↗

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 48.4 POINTS IN MAY

After a brief pause in the previous month, the improvement trend in Austrian industry that began at the start of 2025 continued. Domestic industry has evidently been able to digest the turbulence surrounding the erratic US tariff announcements so far. The UniCredit Bank Austria Purchasing Managers' Index rose noticeably to 48.6 points in May. The indicator thus reached its highest value since January 2023. The threshold of 50 points, above which an economic recovery is signaled, was not quite reached, but the almost invariably rising sub-components of the indicator suggest an improved situation in the domestic industry, which appears to be slowly stabilizing on a broad scale.

With the significant rise in the UniCredit Bank Austria Purchasing Manager Index by almost two points in May, the gap to European industry has narrowed considerably. In the European manufacturing industry, things were again slightly better in May than in the previous months. The preliminary Purchasing Managers' Index for the eurozone rose to 49.4 points - supported by a further slight upward trend in Germany to 48.8 points. European industrial companies increased their production for the third month in a row in May, while new orders did not fall for the first time in around three years. Although there is still room for improvement for Austrian industry in a direct comparison, it seems to have largely caught up in May.

Austrian industry followed the upward trend in European industry by a small margin. The UniCredit Bank Austria Purchasing Managers' Index improved across the board in May. Output expanded again for the first time in three years, favored by a significant slowdown in the decline in new orders. Lower oil prices provided slight cost relief and entrepreneurs switched to a more aggressive inventory policy. However, the pace of job losses increased once again, which is the only fly in the ointment in the current survey of Austrian purchasing managers.

PRODUCTION INDEX ROSE TO 50.2 POINTS IN MAY

The improvement trend in the production index continued in May. The production index rose to 50.2 points, signaling an increase in output in the domestic industry for the first time in exactly 36 months.

The expansion of production in Austrian industry for the first time in three years is extremely pleasing. However, the current indicator value only points to very weak growth momentum and, in view of the further decline in new orders, the question arises as to the sustainability of this development. While new business in Germany has been rising for three months, favored by pull-forward effects as a result of the US tariff announcements, incoming orders in Austria continue to decline. At least the pace slowed significantly in May. The new order index rose to 46.9 points.

SLIGHT DETERIORATION IN EARNINGS SITUATION

In May, domestic industrial companies benefited from falling costs for the first time since the beginning of the year, primarily

due to lower oil prices and the weaker US dollar. However, the corresponding index fell only slightly to 49.9 points. The slight fall in costs was offset by a sharper decline in output prices. In view of the continued moderate demand, the pricing power of companies in many sectors was too low, resulting in discounts. Overall, the price trends in purchasing and sales resulted in a slight deterioration in the earnings situation on average compared to the previous month.

WAREHOUSE MANAGEMENT WITH AN EYE ON COSTS AND A POSITIVE OUTLOOK

Companies increased their production in May, although once again fewer new orders were received from Germany and abroad. Nevertheless, order backlogs decreased significantly less than in previous months and delivery times hardly shortened at all. However, purchasing volumes were reduced to the same extent as in the previous month.

The renewed sharp reduction in purchasing volumes in May led to a further reduction in inventories of primary materials and raw materials in line with cost-orientated inventory management, albeit at a much slower pace. The index for stocks of purchases rose to 48.8 points. For the first time in a year, companies increased their stocks of finished goods in obvious anticipation of an improvement in demand.

DECLINE IN EMPLOYMENT CONTINUES

Low capacity utilization and efforts to cut costs led to a further significant reduction in the number of employees in the domestic industry in May. The employment index fell to 47.0 points, meaning that the pace of job losses increased only minimally compared to the previous month. In the first five months, the number of employees in manufacturing in Austria fell by 14,000 or 2.2 per cent year-on-year. In addition to the industrial strongholds of Upper Austria and Styria, Burgenland was also affected by above-average job losses in the sector. Vienna saw the smallest decline at less than one per cent.

In May, the slightly lower employment index was significantly lower than the higher production index, which indicates a further increase in capacity utilization and productivity in the domestic industry. The improvement trend that has been underway since the beginning of 2024 is likely to have even accelerated significantly and is slowly putting the domestic industry back on a more stable footing.

ABOVE-AVERAGE PRODUCTION EXPECTATIONS

The signs of an incipient improvement in the industrial economy became stronger again in May after production was expanded and the decline in new orders eased. Due to reduced competitiveness as a result of the sharp cost increases in recent months, which have not yet been offset by corresponding productivity gains, Austrian industry is lagging behind the general improvement trend in European countries and has apparently not been able to benefit to the same extent as Germany from pull-forward effects in connection with the US tariff announcements. The immediate outlook for Austrian industry therefore remains cautious, as illustrated by the index ratio between new orders and inventories. At the current level in the delivery warehouses, incoming orders can also be fulfilled with lower production capacities and therefore do not require any expansion for the time being.

In Europe, supported by the ECB's interest rate cuts, a broad improvement cycle in manufacturing appears to be underway, which should also affect Austrian industry. Further falls in key interest rates and cost relief from low oil prices will provide support and Germany could once again prove to be the economic engine of the Austrian economy if the announced defense and infrastructure investments are implemented. The mood in domestic industry has turned optimistic for the time being. The index for production expectations for the next twelve months rose to 56.1 points, exceeding the long-term average. However, the risks of a renewed slowdown are still not averted by the tariffs suspended by President Trump until 9 July. The threatened tariffs of 50 per cent on EU exports to the US would probably cost Austria almost one percentage point of growth, twice as much as previously assumed at 20 per cent.

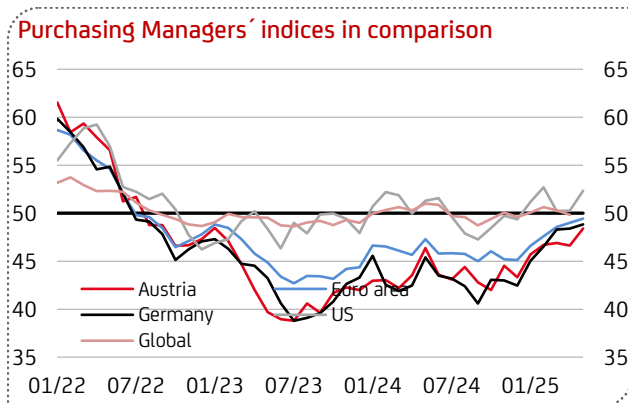
UniCredit Bank Austria Purchasing Managers' Index and components

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Ø since 2000
UniCredit Bank Austria Purchasing Managers' Index	43.6	43.1	44.4	42.8	42.0	44.5	43.3	45.7	46.7	46.9	46.6	48.4	51.5
Output	44.5	45.2	43.8	43.2	41.4	46.1	42.4	46.6	48.4	48.2	49.0	50.2	52.3
New orders	44.7	41.7	44.5	41.5	40.6	45.5	42.8	46.8	48.1	47.5	44.1	46.9	50.4
Employment	41.6	40.9	41.1	39.0	40.7	39.4	40.4	41.3	41.4	43.2	47.1	47.0	50.7
Suppliers' delivery times (inverse)	56.8	54.2	52.6	51.2	51.5	50.3	50.5	50.8	50.3	51.2	51.0	50.1	45.0
Stocks of purchases	42.7	42.3	47.5	44.0	40.3	40.0	44.0	43.3	44.3	46.4	44.1	48.8	49.0
Stocks of finished goods ¹⁾	49.2	47.3	49.9	45.1	42.2	45.3	47.1	48.7	48.2	47.8	45.7	52.4	49.0
Backlog of work ¹⁾	41.8	41.2	43.0	38.3	38.2	42.7	41.3	44.7	46.8	47.6	44.7	47.7	50.3
New export orders ¹⁾	42.1	42.1	43.3	37.9	38.5	41.8	42.9	46.9	45.0	45.5	43.9	46.0	49.7
Quantity of purchases ¹⁾	40.0	40.1	40.2	35.8	39.0	38.8	40.3	44.6	46.9	44.9	44.2	44.2	50.4
Input prices ¹⁾	52.5	52.0	53.6	50.2	44.8	47.8	48.4	49.2	51.9	53.0	50.5	49.9	57.4
Output prices ¹⁾	48.3	48.2	48.6	44.5	47.3	44.9	46.3	47.6	48.8	51.8	50.7	48.0	52.1
New orders/Stocks of finished goods ²⁾	0.91	0.88	0.89	0.92	0.96	1.01	0.91	0.96	1.00	0.99	0.96	0.90	1.03
Future output ¹⁾	57.8	55.2	50.7	47.9	46.3	50.1	49.6	52.6	54.9	51.0	55.9	56.1	54.8

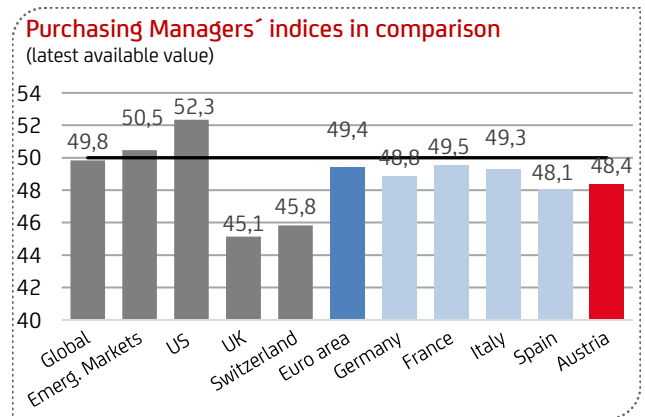
1) not in the overall index 2) own calculation

Source: S&P Global, UniCredit

European industry is slowly getting off the ground

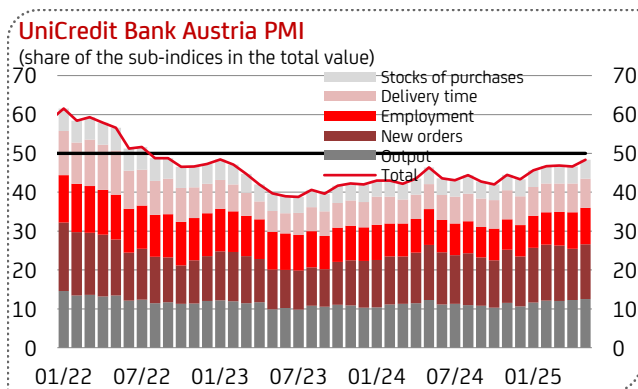


Despite the uncertainty caused by US tariff policy, the purchasing managers' index for the manufacturing industry in the euro area rose slightly, and the production index even reached the 50-point mark for the first time in three years.

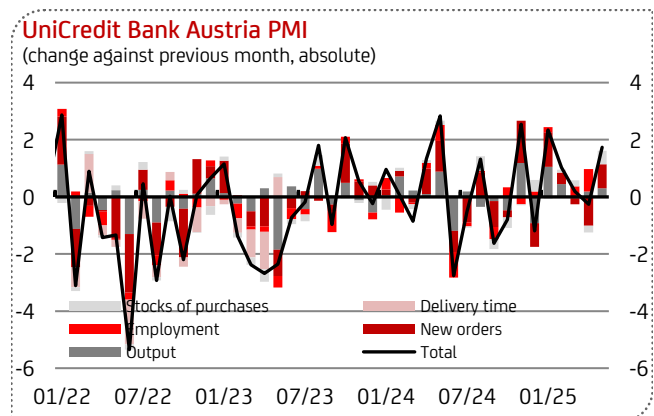


Industrial activity improved in all major markets. In Germany, Austria's most important trading partner, in particular, the purchasing managers' index rose again.

Improvement in industrial activity also in Austria

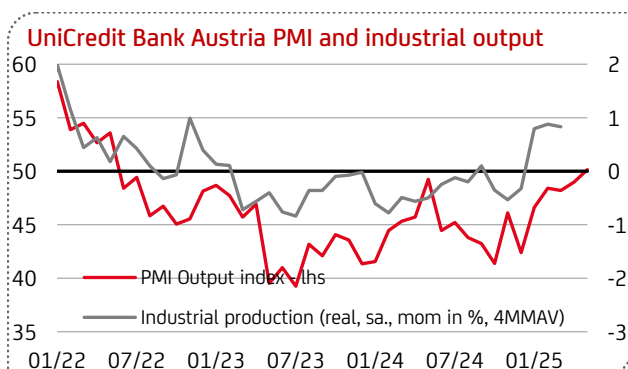


The UniCredit Bank Austria Purchasing Managers' Index rose to 48.4 points in May, the best value since January 2023.

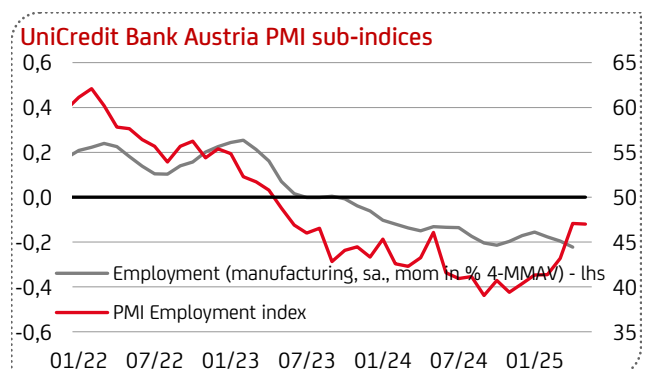


The increase in the UniCredit Bank Austria Purchasing Managers' Index in May was mainly due to the increase in production and weaker decline in new orders.

Production expansion for the first time in 3 years, but further significant reduction in employment

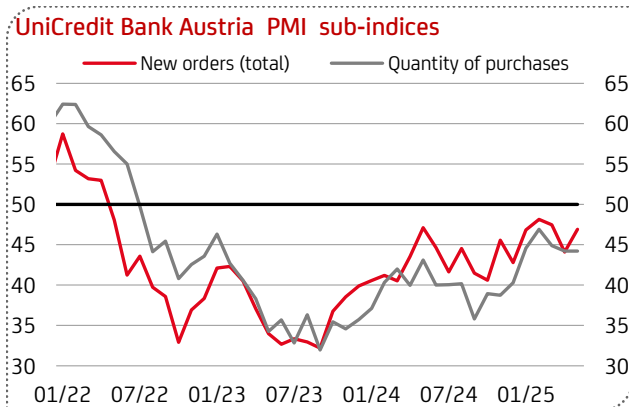


The production index climbed to 50.2 points in May, signaling an expansion in domestic industry production for the first time in 36 months.

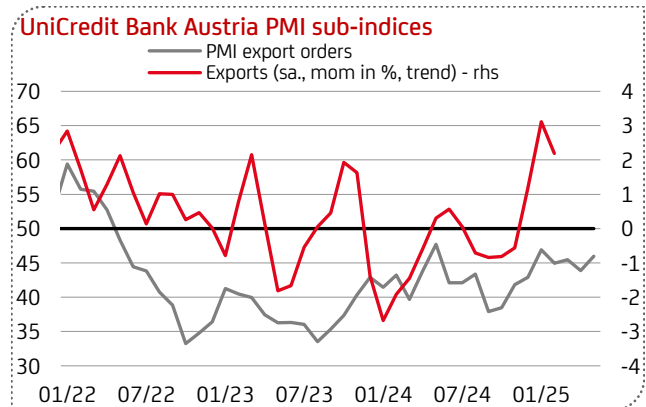


In May, Austrian companies cut jobs again, even at a slightly faster pace than in April. At 47.0 points, the index fell only minimally compared to the previous month.

Decline in new orders slowed significantly

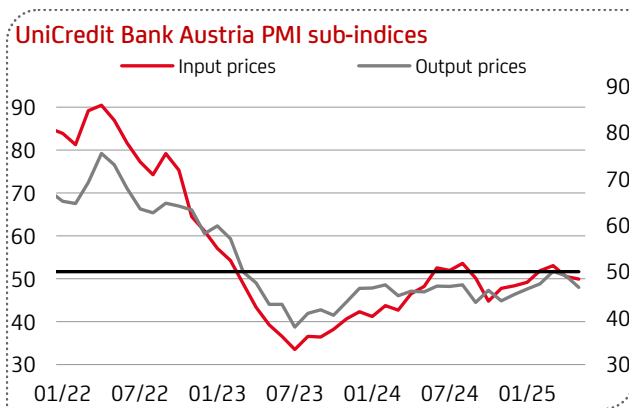


In May, the decline in new business slowed significantly. The corresponding index rose to 46.9 points.

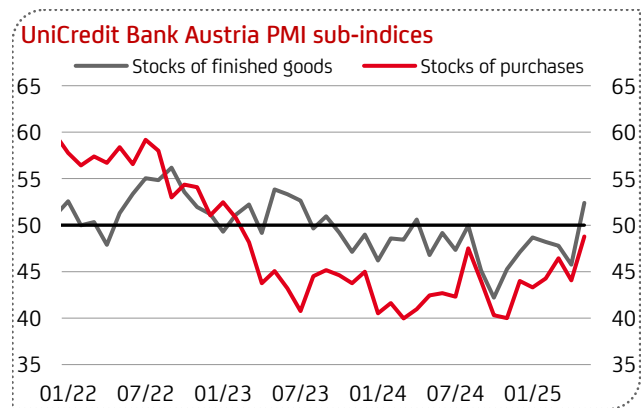


While German industry was even able to book more export orders than in the previous month, the Austrian export orders index rose to only 46.0 points in May, pointing to further declines in demand from abroad.

Less favorable earnings situation and somewhat more aggressive inventory management

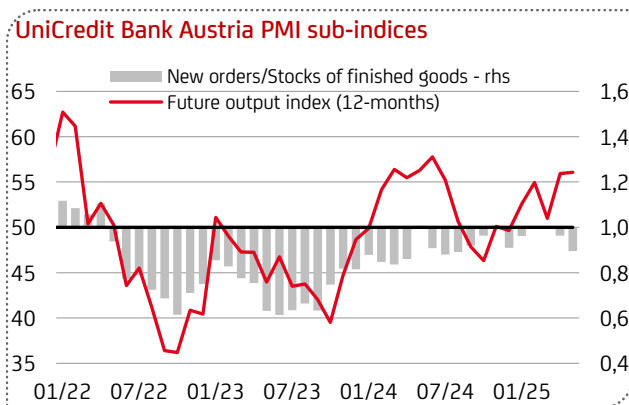


The slight decline in costs was offset by a sharper decline in output prices. Overall, the price trends resulted in a slight deterioration in the earnings situation compared with the previous month.

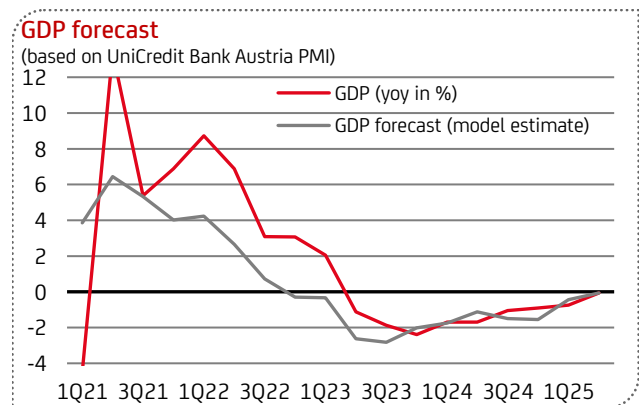


The index for stocks of purchases rose to 48.8 points, which was further below the sharp increase in the index for stocks of finished goods of 52.4 points.

Austrian industry is becoming optimistic



The index for production expectations for the next twelve months rose to 56.1 points, exceeding the long-term average.



The manufacturing PMI points to a further stabilization of the overall economy for the second quarter of 2025.

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