



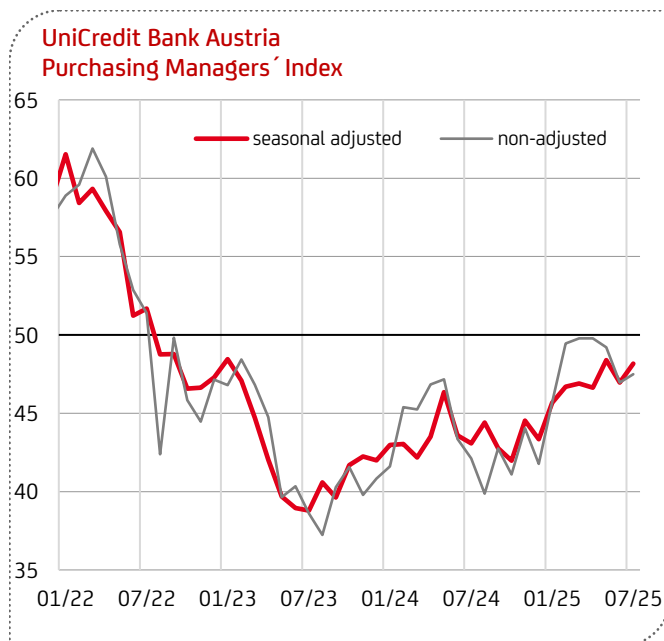
UniCredit Bank Austria Purchasing Managers' Index

July 2025

Overview

AUSTRIA'S INDUSTRY STARTS THE SECOND HALF OF THE YEAR OPTIMISTICALLY

- The UniCredit Bank Austria Purchasing Managers' Index rose to 48.2 points in July
- Slight increase in production despite decline in new business
- The pace of job cuts slowed somewhat in July
- Weak demand forced price reductions despite higher costs
- Customs agreement with the USA creates clarity for export-orientated industry
- Optimism has risen significantly: The index of production expectations for the year rose to 59.5 points in July, the highest level in three and a half years



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⁾
Jul-25	48.2	46.2	50.5	45.8	47.1	46.0	59.5
<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 ROSE TO 48.2 POINTS IN JULY

Despite the high level of uncertainty for the export industry due to US tariff policy, the industrial economy in Austria brightened somewhat at the start of the second half of 2025, continuing the improvement trend that began at the start of the year. "The UniCredit Bank Austria Purchasing Manager Index rose to 48.2 points in July. However, the fragile economic situation in the domestic industry continued. The indicator has been below the neutrality threshold of 50 points for exactly three years.

With the slight increase in the UniCredit Bank Austria Purchasing Managers' Index in July, the gap to European industry has narrowed again somewhat. The preliminary Purchasing Managers' Index for the eurozone rose to 49.8 points in July. The positive trend was primarily due to the continued favorable development in Germany. Supported by expectations of rising government spending and improved investment conditions, the Purchasing Managers' Index for manufacturing in Germany continued its upward trend to 49.2 points.

The improvement in the UniCredit Bank Austria Purchasing Managers' Index reinforced the signs of a recovery in Austrian industry. "Almost all sub-components of the UniCredit Bank Austria Purchasing Manager Index contributed to the 1.2-point increase in July compared to the previous month. Output even increased slightly, while the decline in new orders decreased significantly. Job losses slowed down. However, rising costs in a still weak demand environment characterized by price reductions in sales weighed on the earnings situation of companies in July.

OUTPUT INDEX ABOVE 50 POINTS AGAIN IN JULY

The slowdown in demand for Austrian industrial products at home and abroad continued at the start of the second half of 2025. The weakness of the construction industry and a wait-and-see attitude on the part of customers in the face of high uncertainty put the brakes on new business. However, the pace of the decline in orders slowed significantly in July. The index for new business rose to 46.2 points. Demand from abroad also fell much more slowly in July than in the previous month.

Hopes for a viable customs agreement with the USA and a slowly increasing willingness to invest slowed the decline in new orders from Austria and abroad and even triggered a slight increase in production in Austrian industrial companies in July. At 50.5 points, the neutrality threshold was only just exceeded, but the best value since May 2022 was achieved.

DECLINE IN EMPLOYMENT SLOWED IN JULY

Due to the slight improvement in the industrial economy, characterized by a slight increase in output and a slowdown in the decline in new orders, Austrian industrial companies also shifted down a gear in terms of job cuts in July. The employment index rose to 45.8 points.

Despite a slowdown, the adjustment of personnel capacities to production requirements continued at a rapid pace in July. The number of employees in Austrian industry has been falling for

around two and a half years. During this period, around 25,000 of the 650,000 jobs in the manufacture of goods were lost. The relatively sharpest reduction in the number of employees was in the clothing and textile industry and in motor vehicle manufacturing. The number of employees also fell at an above-average rate in metal production and glass manufacturing. In absolute figures, the loss of jobs in metal production, which employs around 10 per cent of the industrial workforce, was the greatest at over 7,000 people. Only the food and pharmaceutical industries saw a notable increase in the number of employees during this period.

The unemployment rate in the manufacturing industry in Austria has risen by 0.5 percentage points to a seasonally adjusted 4.5 per cent since the start of 2025. The improvement in the industrial economy will not be felt on the labor market for the time being. 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 4.6 per cent in 2025. However, despite higher momentum, the unemployment rate in industry will remain significantly lower than in the economy as a whole at 7.5 per cent in 2025.

RISE IN INPUT PRICES PUTS PRESSURE ON EARNINGS

The contrasting development of purchase and sales prices in July had a negative impact on the average cost and earnings situation of domestic industrial companies. After three fairly stable months, costs rose significantly, fueled by higher electricity prices and personnel costs, among other things. The rise in costs was quite sharp in July. In contrast, output prices fell even more sharply than in the previous month. In view of weakening demand, companies' ability to push through prices was limited. There were also price adjustments in exports as a result of the stronger euro. Since mid-2024, the price trends have almost consistently pointed to a deterioration in the earnings situation of domestic businesses. In July, the index ratio of input price to output price was the most unfavorable of the current year.

COST-CONSCIOUS WAREHOUSE MANAGEMENT

Efforts to reduce the cost burden in warehousing were further intensified in July. Inventories of primary materials and raw materials fell at an even slightly faster rate than in the previous month. The corresponding index fell to 46.0 points.

The decline in inventories in sales warehouses continued at the beginning of the second half of the year, but slowed significantly compared to the previous month. As in the past three years, the reduction in finished goods inventories in July was noticeably slower than the reduction in inventories of primary materials. Efforts to reduce storage costs are being hampered by well-stocked warehouses and persistently weak demand.

DOMESTIC INDUSTRY IS AS OPTIMISTIC AS IT WAS AT THE START OF 2022

Signs of an improvement in the industrial economy intensified in July, driven by the slowing decline in new orders and the slight increase in output. The reduction in order backlogs signaled continued overcapacity in the domestic industry, which is reflected in continued staff reductions and limits the prospect of

an immediate, stable and strong recovery. However, the improvement trend in the industrial economy continued, as the slightly more favorable index ratio between new orders and inventories of finished goods shows. However, the current level of incoming orders in the delivery warehouses means that they can also be fulfilled with lower production capacities and therefore do not necessitate a sustained expansion for the time being.

The mood in the domestic industry has improved noticeably despite the uncertainty caused by US customs policy and the ongoing geopolitical challenges. The index for production expectations over the next twelve months rose to 59.5 points. This means that Austrian industrial companies' assessment of the business outlook is more favorable than it was three and a half years ago. The industrial economy in Austria appears to be gradually regaining its footing, boosted by a friendlier European environment. In addition, the recent agreement on a customs agreement with the USA at least provides clarity in foreign trade. Although Austrian industry faces particularly high challenges in global competition due to high cost dynamics, industrial production should be able to increase slightly again in 2025 after two years of losses. We expect an increase of up to 1.5 per cent in real terms on an annual average.

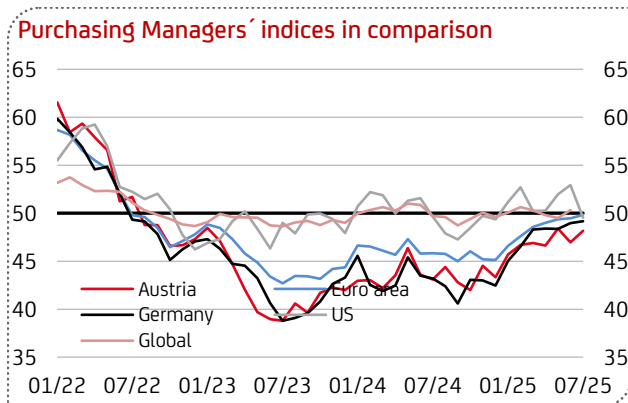
UniCredit Bank Austria Purchasing Managers' Index and components

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Ø since 2000
UniCredit Bank Austria Purchasing Managers' Index	44.4	42.8	42.0	44.5	43.3	45.7	46.7	46.9	46.6	48.4	47.0	48.2	51.4
Output	43.8	43.2	41.4	46.1	42.4	46.6	48.4	48.2	49.0	50.2	49.1	50.5	52.2
New orders	44.5	41.5	40.6	45.5	42.8	46.8	48.1	47.5	44.1	46.9	44.3	46.2	50.4
Employment	41.1	39.0	40.7	39.4	40.4	41.3	41.4	43.2	47.1	47.0	44.2	45.8	50.6
Suppliers' delivery times (inverse)	52.6	51.2	51.5	50.3	50.5	50.8	50.3	51.2	51.0	50.1	47.2	47.1	45.0
Stocks of purchases	47.5	44.0	40.3	40.0	44.0	43.3	44.3	46.4	44.1	48.8	46.2	46.0	49.0
Stocks of finished goods ¹⁾	49.9	45.1	42.2	45.3	47.1	48.7	48.2	47.8	45.7	52.4	46.9	48.6	48.9
Backlog of work ¹⁾	43.0	38.3	38.2	42.7	41.3	44.7	46.8	47.6	44.7	47.7	46.1	49.1	50.3
New export orders ¹⁾	43.3	37.9	38.5	41.8	42.9	46.9	45.0	45.5	43.9	46.0	44.9	46.3	49.7
Quantity of purchases ¹⁾	40.2	35.8	39.0	38.8	40.3	44.6	46.9	44.9	44.2	44.2	45.1	49.3	50.3
Input prices ¹⁾	53.6	50.2	44.8	47.8	48.4	49.2	51.9	53.0	50.5	49.9	49.6	52.1	57.3
Output prices ¹⁾	48.6	44.5	47.3	44.9	46.3	47.6	48.8	51.8	50.7	48.0	48.5	48.2	52.1
New orders/Stocks of finished goods ²⁾	0.89	0.92	0.96	1.01	0.91	0.96	1.00	0.99	0.96	0.90	0.95	0.95	1.03
Future output ¹⁾	50.7	47.9	46.3	50.1	49.6	52.6	54.9	51.0	55.9	56.1	55.4	59.5	54.8

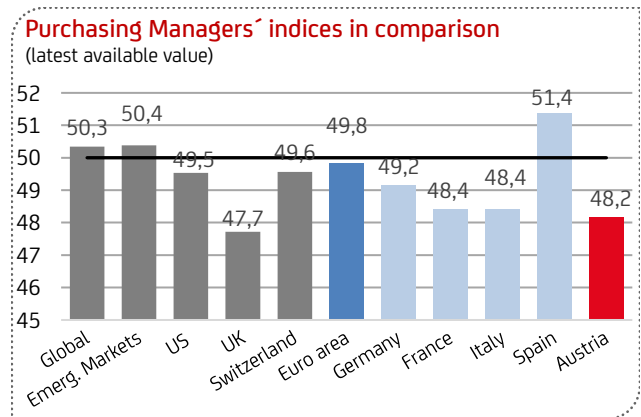
1) not in the overall index 2) own calculation

Source: S&P Global, UniCredit

European industry is slowly getting off the ground

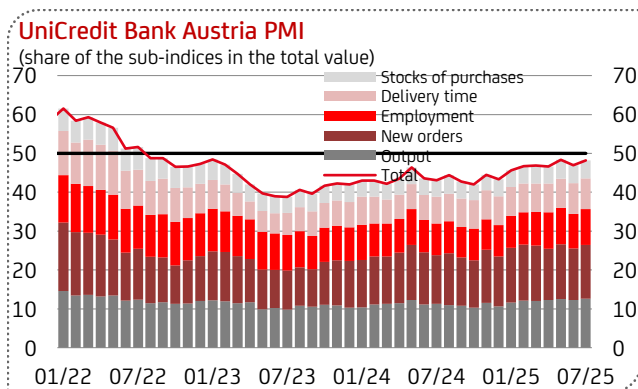


Despite the uncertainty caused by US tariff policy, the purchasing managers' index in the euro area rose to 49.8 points in July. The production index was above the 50-point mark for the fifth month in a row.

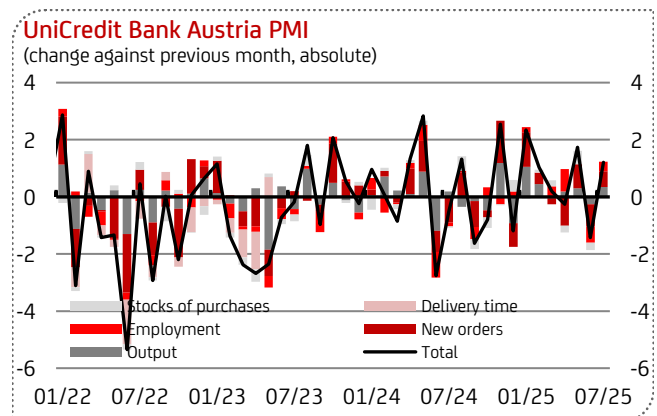


The positive trend was mainly due to the continued favorable development in Germany. The purchasing managers' index for the manufacturing industry in Germany rose to 49.2 points.

Industrial activity in Austria is slowly gaining ground too

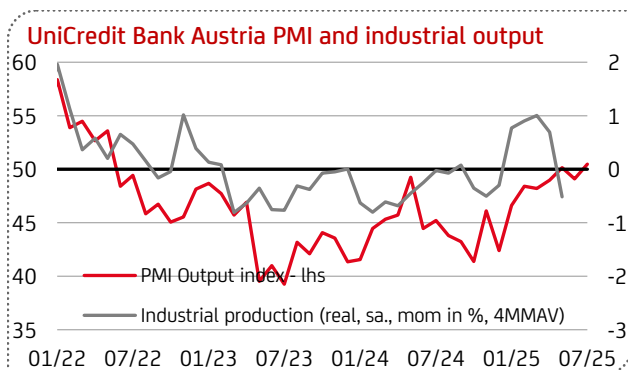


The UniCredit Bank Austria Purchasing Managers' Index rose to 48.2 points in July. This means that the indicator has been below the neutrality line of 50 points for exactly three years.

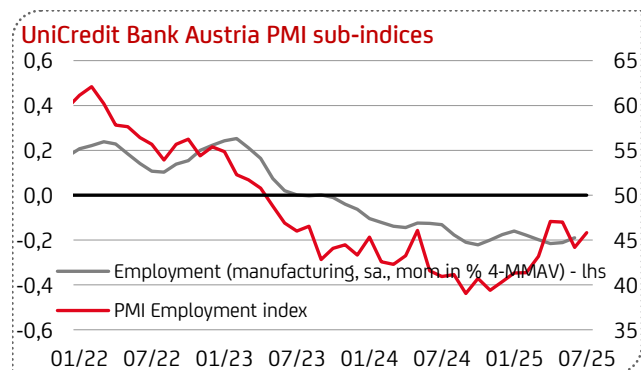


Almost all components of the UniCredit Bank Austria Purchasing Managers' Index contributed to the month-on-month increase of 1.2 points in July.

Output rose slightly in July, and the reduction in employment slowed

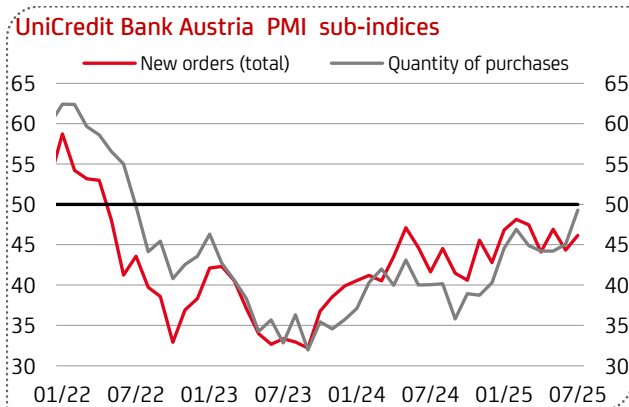


In July, the production index rose slightly. At 50.5 points, the neutral threshold was only slightly exceeded, but the best value since May 2022 was reached.

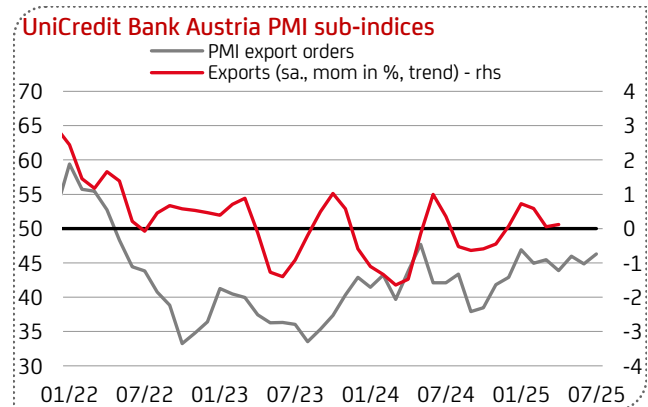


Due to the slight improvement in industrial activity, companies also shifted down a gear in July when it came to reducing employment. The employment index rose to 45.8 points.

Decline in new orders slowed again

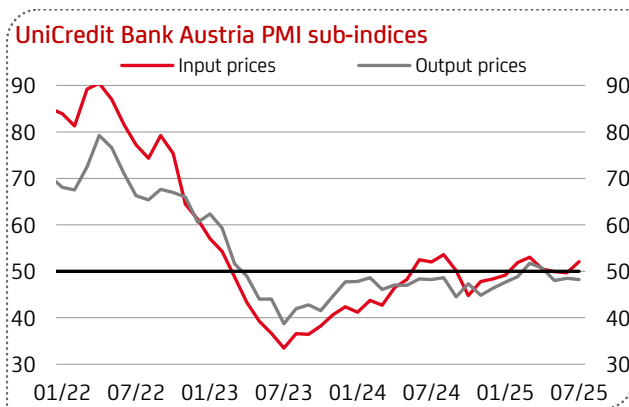


The pace of the decline in new orders slowed significantly in July. The index for new business rose to 46.2 points.

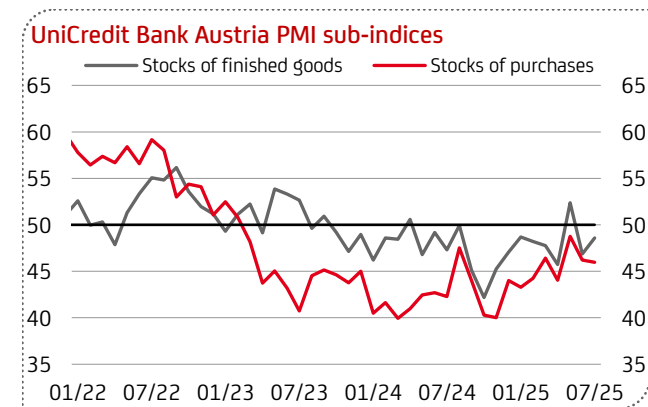


Demand from abroad fell much more slowly in July than in the previous month. The export order index rose to 46.3 points.

Somewhat less favorable earnings situation and renewed destocking

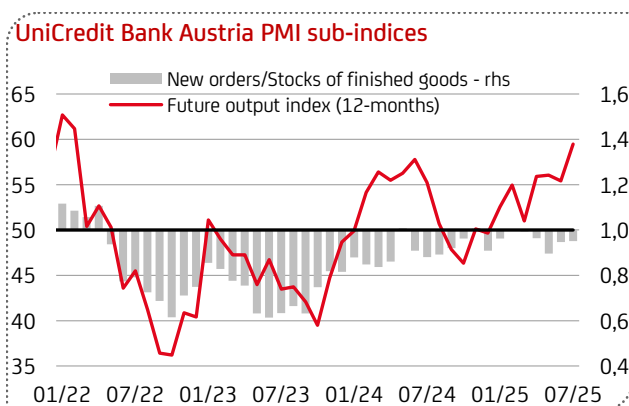


The increase in costs was quite strong in July. In contrast, output prices fell even more sharply than in the previous month. The index ratio of input and output price was the worst of the current year.

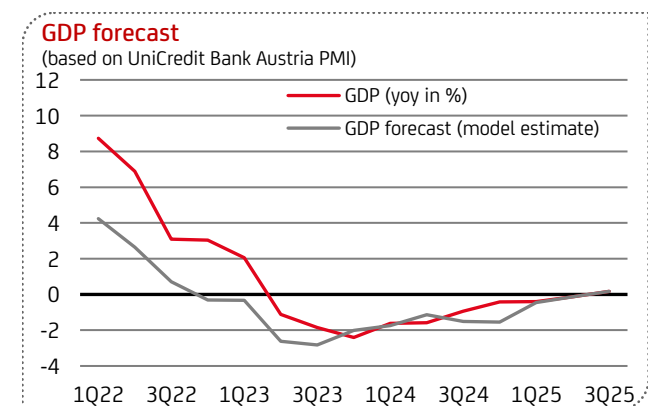


Efforts to reduce the cost burden in warehousing were further intensified in July. Inventories of input materials and raw materials even declined at an even faster pace than in the previous month.

Optimism in Austrian industry increased significantly



The index for production expectations for the next twelve months rose to 59.5 points. This means that the companies assessed the business prospects as favorably as they last did three and a half years ago.



The purchasing managers' index for industry indicates that the overall economy will at least continue to stabilize in the second and third quarter of 2025.

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