

News Release

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S&P Global Steel Users PMI™

Asia drives renewed rise in global steel users' output in October

Key findings

New orders at Asian steel users increase

US and Europe see steepest falls in demand since May 2020

Lowest pressure on global supply chains since August 2020

The Global Steel Users PMI™ for October pointed to diverging conditions across the three monitored regions, with Asia posting modest increases in output and new orders while the US and Europe both registered contractions in both variables. Notably, demand in these two regions fell at the sharpest rates since May 2020. On the jobs front, Europe joined Asia in posting lower staffing at steel-using firms, while the US saw a further marginal increase. Suppliers' delivery times lengthened to the smallest degree since August 2020, while input price inflation rose to a four-month high but remained below the series long-run average.

The seasonally adjusted Global Steel Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of steel – rose from 48.5 in September to 50.0 in October, signalling a stabilisation in operating conditions. The rise in the headline figure reflected higher output and slower falls in new orders and employment, slightly offset by a softer lengthening of suppliers' delivery times and quicker decline in stocks of purchases. Conditions improved slightly in Asia and were broadly stable in the US, while Europe posted the sharpest deterioration since July.

Output in the global steel-using sector rose for the first time in three months in October, albeit only marginally. Asia posted an increase for the fourth time in five months, albeit only a fractional rise, while the US registered a renewed decline and Europe an eighth successive contraction.

Global steel-using firms registered falling new orders for the third month running in October, albeit at only a marginal rate that eased from September's 28-month record. There was renewed growth in demand in Asia, reversing September's sharp fall. In the US and Europe, new orders fell at the fastest rates since May 2020.

The level of employment in the global steel-using sector fell

S&P Global Steel Users PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Comment

Trevor Balchin, Economics Director at S&P Global Market Intelligence, said:

"The latest global steel users PMI data reveal marked differences in performance by region in October. Asia saw renewed increases in output and new orders, following sharp falls in September, little pressure on supply chains and only a modest increase in input prices. Backlogs increased the most since October 2021.

"Supply chain and input cost pressures have also eased in the US and Europe of late, but remain historically elevated. These regions are also seeing a clear downturn in demand, with new orders in both falling the most since May 2020. Output and backlogs dropped as a result, with Europe suffering the sharper declines."

PMI™

by S&P Global

for the fourth month running in October, albeit at the slowest rate over this period. US steel users expanded headcounts slightly, while Europe posted the first decline since December 2020. Asian steel users cut jobs for the eleventh time in 12 months, albeit only marginally.

The volume of outstanding business rose in October, following the first decline in over two years in September. The increase at the global level wholly reflected growth in Asia, as Europe posted the fastest decline since June 2020 and the US registered a contraction for the first time in over two years.

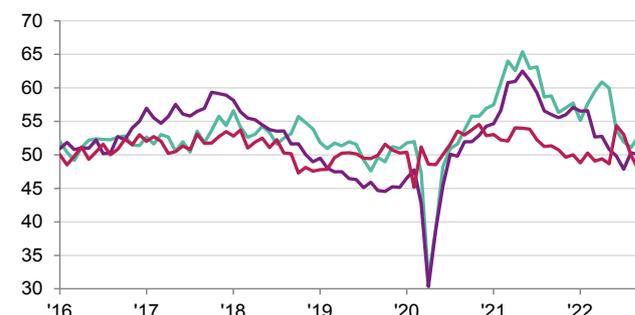
Purchasing activity rose for the first time in three months, entirely driven by a solid increase in Asia. Stocks of inputs fell further, however. Pressure on supply chains was the lowest since August 2020.

Input price inflation at steel users rose to a four-month high in October, but remained below both the pandemic-era average and the long-run series trend. Output price inflation was among the weakest seen since the second half of 2020, but above the long-run trend.

Steel Users PMI by region

■ Europe ■ USA ■ Asia

sa, >50 = improvement since previous month



Source: S&P Global.

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Survey methodology

The Global Steel Users PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of steel. The sample is selected from S&P Global's worldwide PMI survey panels, covering over 40 countries.

Survey responses are weighted by country, based on national steel consumption figures sourced from S&P Global's Pricing & Purchasing Service. Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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