

News Release

Embargoed until 0800 (UTC) 08 July 2022

S&P Global Aluminium Users PMI™

Strongest improvement in operating conditions since July 2021

Key findings

Sharpest expansion in production levels for a year

Employment levels rise at strongest rate for eight months

Delivery times lengthen to lowest extent since August 2020

Global aluminium users indicated a renewed upturn in operating conditions at the midpoint of the year. Panellists commented on a return to growth territory for both production levels and new order inflows, with the former rising at the strongest rate for 12 months. Firms used the improvement in conditions to expand capacity, as the rate of job creation reached the highest since last October. The latest survey data also showed material shortages and supply chain disruption easing considerably in June, as supplier delivery times lengthened at the softest rate since August 2020.

The seasonally adjusted Global Aluminium Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of aluminium – rose from 49.2 in May to 53.4 in June, signalling a solid improvement in the health of the sector. However, this was largely attributed to a renewed expansion at Asia-based firms, whereas companies in the US and Europe saw the weakest rates of growth for 22 months.

Aluminium users registered a rise in output levels for the first time in four months in June. The rate of growth was strong overall, and the steepest recorded for a year. On a regional basis, output in Asia rose for the first time in nine months and at the fastest pace since December 2010. Firms in the US meanwhile saw production levels fall for the first time in eight months, while the decline in Europe was the strongest for two years.

Demand

June survey data pointed to an uptick in total new work received by global aluminium users for the first time in six months. The increase was solid overall and the quickest since last August, with new business in Asia rising at the fastest pace for a year. By contrast, US-based firms noted the first contraction in new orders for 22 months, while new

S&P Global Aluminium Users PMI
sa, >50 = improvement since previous month



Source: S&P Global.

Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

"The global aluminium-using industry reported a stronger PMI reading halfway through the year, indicative of renewed expansions in output and demand levels. Panel members reported that production rose at the sharpest pace for a year amid a solid expansion in new orders. Anecdotal evidence suggested that the lifting of strict COVID-19 restrictions in China had boosted confidence and helped ease supply chain pressures.

"That said, the rate of growth in new orders lagged that of output, as firms commented that issues surrounding the Ukraine war and cost of living pressures had weighed on demand, notably in the US and Europe. In fact, regional data pointed to contractions in total new work received in these regions.

"Reports of supply chain disruption were considerably softer in June, with aluminium users noting the softest deterioration since August 2020. This contributed to a softening of price pressures as input prices rose at the slowest rate for five months, which in turn contributed to the slowest rise in prices charged since February last year."

PMI™

by S&P Global

business in Europe fell at the fastest pace since May 2020. Concurrently, new export business at global users rose for the first time in four months and at the fastest pace since last July.

Capacity

Firms in the aluminium-using industry reported a renewed expansion in employment in the latest survey period, the third in the past four months. While only mild, the increase in job numbers was the strongest since October 2021. There was evidence that increased capacity was used to complete existing orders, as backlogs of work rose at the softest pace since January.

Purchasing activity returned to growth for the first time in three months, with the latest rise the strongest since August 2021. Reports suggested that firms continued to hold safety stocks of pre-production goods, with stocks of purchases increasing for the third month in a row. Meanwhile, delays in the time taken for inputs to be delivered eased considerably in June, with delivery times lengthening to the least extent for 22 months.

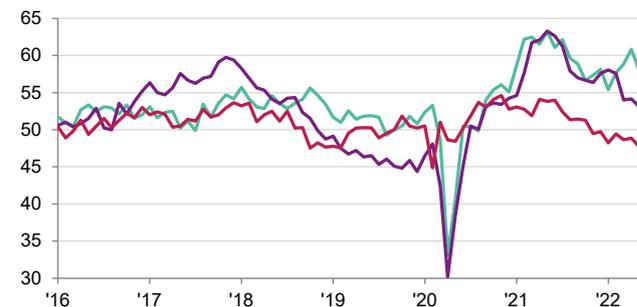
Prices

Global aluminium users signalled a further rise in average input costs in June. The rate of inflation was marked, yet eased to a five-month low. This contributed to the softest rate of charge inflation since February 2021.

Aluminium 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 Aluminium Users PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of aluminium. 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 aluminium 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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About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. ihsmarkit.com/products/pmi.html.