

News Release

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S&P Global Steel Users PMI™

Stronger upturn in global steel-using sector

Key findings

Output rises at fastest pace for four months...

...but new order growth slows

Output charges fall at quickest pace for three years

The June Global Steel Users PMI data revealed a continued upturn in the health of the global steel-using sector midway through the year. That said, growth was concentrated in the US and Asia as firms in Europe saw a sharp deterioration. Both demand and activity rose further in June, though the respective rates of growth diverged as output growth reached a four-month high while new orders rose at a softer pace in comparison to May. Positively, there was a fall in input prices for the first time since May 2020, which contributed to the sharpest drop in output charges for three years.

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 50.7 in May to 51.0 in June, signalling an improvement in operating conditions for the third consecutive month, and the fastest since February. Conditions improved among both US- and Asia-based firms, with the former improving for the second time in three months. Concurrently, European firms saw the strongest deterioration for three years.

Output in the global steel-using sector rose for the third month in a row, and at the fastest pace since February. Growth in Asia reached a four-month high, while there was a renewed expansion in the US. European firms meanwhile signalled a contraction for the first time in five months in June, and at the fastest pace since July 2022.

S&P Global Steel Users PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Demand

Global steel-using firms registered a rise in new orders in June that was the fifth in as many months. That said, the rate of increase eased from that seen in May. Firms in the US saw a return to growth territory, though there was a slower rise among Asian firms. Europe-based users saw the strongest reduction for eight months.

Capacity

Employment in the global steel-using sector fell fractionally for the second month in a row in June. A broadly similar reduction in staffing levels at Asian firms was offset by sustained increases in the US and Europe.

The volume of outstanding business dropped for the second successive month in June. The decrease reflected the strongest fall in backlogs in Europe for three years, alongside a sustained fall in the US.

Purchasing rose for the fifth month running in June, and at a moderate pace that was the strongest since February. A solid uplift in Asia and a renewed rise in the US contrasted with a sharper reduction in Europe. Average lead times continued to improve in June amid the most marked improvement in the US for just over 14 years.

Prices

Average operating expenses were reduced at global steel users in June, as input prices fell for the first time since May 2020. At the same time, output charges fell for the second successive month and at the fastest pace since June 2020.

PMI™

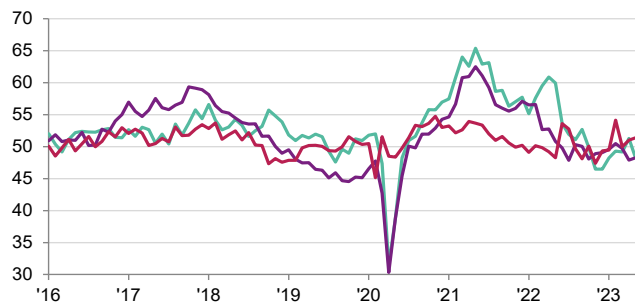
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Steel Users PMI by region

■ Europe ■ USA ■ Asia

sa, >50 = improvement since previous month



Source: S&P Global PMI.

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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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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.