

News Release

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S&P Global PMI™ Commodity Price & Supply Indicators

Global price and supply pressures remain muted in June

Key findings

Global prices fall at quickest pace since December 2015 (index at -0.7)

Reports of supply shortages unchanged from May (index at 1.1)

Energy prices reportedly fall at second-fastest rate in survey history

Data were collected 12-27 June 2023.

The Global PMI™ Commodity Price & Supply Indicators by S&P Global signalled a continued easing in price pressures amid broadly stable supply conditions at the end of the second quarter of 2023. The Global Supply Shortages Index indicated that commodity shortfalls were broadly in line with the long-run average in June and unchanged from the previous month. Manufacturers reported that supply shortages for 12 of the 20 monitored commodities were lower or the same compared to that seen in May. Notably, reported shortages of oil increased in June, yet remained close to the long-run trend.

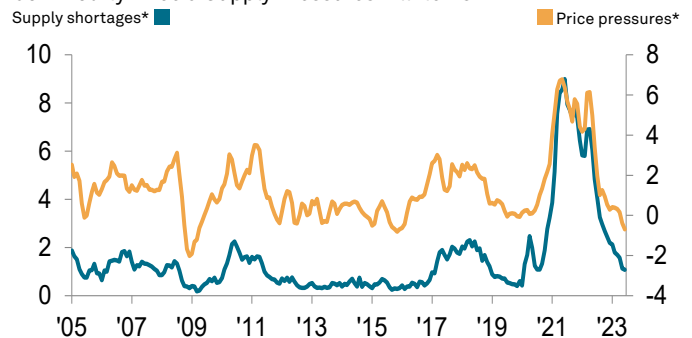
Global commodity prices reportedly fell for the second successive month, and the fastest pace since December 2015. Price falls were signalled for all but five of the 26 monitored commodities, the sharpest of which were in polyethylene and energy. Moreover, the extent to which energy prices reportedly fell was the most marked since January 2016.

Commenting on the latest results, Usamah Bhatti at S&P Global Market Intelligence said:

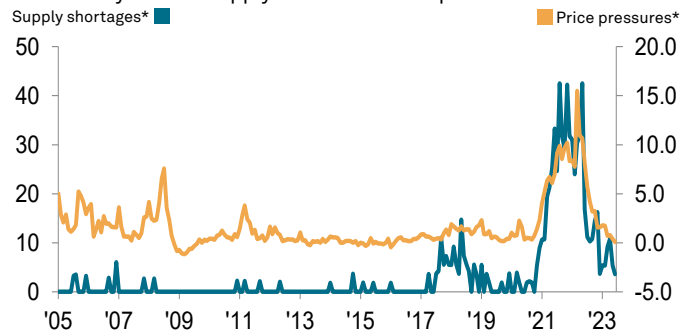
"Manufacturing supply chains showed sustained evidence of normalisation during June, albeit on the backdrop of depressed output and demand in the global manufacturing sector. Latest data indicated that reported commodity shortfalls were unchanged from May's recent low and broadly in line with the long-run average. Over half of the 20 monitored commodities signalled either a drop or the same extent of shortages as in May, including semiconductors, electricals and transport. Notably, firms saw transport shortfalls fall to the joint-lowest level since October 2020."

"At the same time, manufacturers reported a quicker decline in commodity prices in the latest survey period. The Price Pressures Index was at its lowest for seven-and-a-half years and signalled one of the sharpest reductions in commodity prices in the survey history. Within this, there were reportedly steep drops in the price of energy and chemical goods, particularly polyethylene. In fact, reports of energy price reductions were the second-highest in the survey history. Oil prices reportedly fell for eighth month running, with manufacturers signalling the strongest decrease since February."

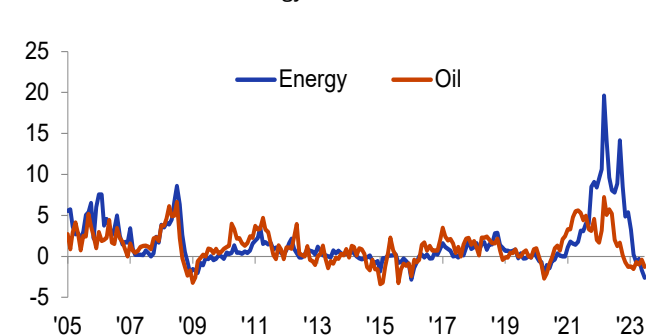
Commodity Price & Supply Pressures: All Items



Commodity Price & Supply Pressures: Transport



Price Pressures Index: Energy & Oil



Methodology

S&P Global PMI™ Commodity Price & Supply Indicators are derived from S&P Global's monthly Purchasing Managers' Index™ (PMI) business surveys. These surveys are highly regarded worldwide for providing accurate and timely data on economic trends.

The manufacturing PMI survey covers variables such as output, order books, employment, purchase prices, and suppliers' delivery times, with monthly data collected from approximately 10,000 companies worldwide.

When questioned about suppliers' delivery times, companies are also asked to list any specific items that have been in short supply each month. These lists of items are transformed into Supply Shortage Indicators (SSIs), which show the development of supply pressures relative to long-run trends.

When questioned about purchase prices, companies are also asked to list any specific items that have increased or decreased in price each month. These lists of items are transformed into Price Pressure Indicators (PPIs), which show the development of price pressures relative to long-run trends.

Coverage

Historical data for the S&P Global PMI™ Commodity Price & Supply Indicators extend to January 2005.

Indices are calculated from responses to the following 15 manufacturing PMI surveys: Brazil, Canada, China, France, Germany, India, Ireland, Italy, Netherlands, Russia, South Korea, Spain, Taiwan, UK, US.

Each month's results are adjusted by survey response numbers, which accounts for different start dates across the national PMI surveys that feed into the global supply shortages dataset and any other variations in response rates.

Figures are published at the global level.

Supply Shortage Indicators (SSIs)

SSIs are calculated from the number of purchasing managers that report a specific item to have been in short supply during the survey month. An adjustment is made each month to allow for any month-to-month variation in the total number of survey respondents. Indices are presented as a multiple of the long-run average since 2005.

The index is based such that a value of 1.0 means that supply shortages are in line with the long-run average.

Any figure above 1.0 indicates that supply shortages are above the long-run trend, and the higher the figure the greater the number of shortages relative to the average. For example, an index value of 3.0 would signal that reports of supply shortages in the reference month are three times the normal amount.

Any figure below 1.0 therefore indicates that supply shortages are below the long-run trend, and the lower the figure the fewer the number of shortages relative to the average. For example, an index value of 0.2 would signal that reports of supply shortages in the reference month are one-fifth of the normal amount.

Data are not revised after first publication.

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No significant seasonality has been detected in the main SSIs hence the SSIs are not seasonally adjusted.

Items covered: Supply Shortage Indicators (SSIs)

The headline index is the 'All Items Index'. In addition, individual indices are published for the following 20 items and groupings: Semiconductors, Electrical Items, Oil, Transport, Chemicals, Polymers, Polyethylene, Polypropylene, PVC, Rubber, Timber, Paper, Packaging, Food, Textiles, Aluminium, Copper, Iron, Steel, Stainless Steel.

Price Pressure Indicators (PPIs)

PPIs are calculated from the number of purchasing managers that report a specific item to have been up in price during the survey month (less the number reporting an item down in price). An adjustment is made each month to allow for any month-to-month variation in the total number of survey respondents. Indices are presented as a multiple of the long-run average since 2005.

The index is based such that a value of 1.0 means that price pressure is in line with the long-run average.

Any figure above 1.0 indicates that price pressure is above the long-run trend, and the higher the figure the faster the rate of increase relative to the average. For example, an index value of 3.0 would signal that reports of price increases in the reference month are three times the normal amount.

Any figure above 0.0 but lower than 1.0 indicates that price pressure is below the long-run trend, and the lower the figure the slower the rate of increase relative to the average. For example, an index value of 0.2 would signal that reports of price increases in the reference month are one-fifth of the normal amount.

A value of 0.0 means that prices are stable during the reference month.

Any figure below 0.0 indicates that reports of price declines exceed reports of rising prices, and the lower the figure the greater the degree of negative price pressure. For example, an index value of -3.0 would signal that reports of price declines in the reference month are three times the normal amount of price pressure.

Data are not revised after first publication.

No significant seasonality has been detected in the main PPIs hence the PPIs are not seasonally adjusted.

Items covered: Price Pressure Indicators (PPIs)

The headline index is the 'All Items Index'. In addition, individual indices are published for the following 25 items and groupings: Semiconductors, Electrical Items, Oil, Transport, Chemicals, Polymers, Polyethylene, Polypropylene, PVC, Rubber, Timber, Paper, Packaging, Food, Textiles, Aluminium, Copper, Iron, Steel, Stainless Steel, Electricity, Energy, Gas, Cartons, Polystyrene.

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

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.