

# News Release

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## S&P Global Steel Users PMI™

### Health of the steel sector improves at strongest rate since last July

#### Key findings

Output growth at 13-month high amid solid rise in new orders

Strongest rise in export sales since July 2021

Softer lengthening in delivery times helps to ease price pressures

The Global Steel Users PMI™ pointed to growth in June, as firms registered renewed expansions in both production and demand levels. The former rose at a steep rate that was the strongest since May 2021, while the rise in new business inflows was the quickest for 11 months. Moreover, there was a fresh rise in new export sales in the latest survey period, the first in four months and the strongest since last July. There were also indications that price and supply disruptions were easing in the steel-using sector, as signalled by a considerably softer lengthening in lead times and slowing input price inflation. In fact, average input costs rose at the softest pace for five months.

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 49.6 in May to 53.8 in June and signalled a renewed improvement in overall operating conditions. Conditions in Asia improved at the sharpest pace for 19 months, ending a sequence of three consecutive contractions. However, growth in the US slowed to a 22-month low, while European steel users reported the first deterioration in operating conditions since August 2020.

Output at global steel users increased for the first time in four months in June. The rate of expansion was the quickest since May 2021 and strong overall. Production levels in Asia recovered strongly, with growth reaching the highest since December 2010. That said, the reduction at Europe-based firms was the sharpest since May 2020, while US steel users reported the softest rise in output for four months.

#### Demand

New orders received by global steel users rose for the first time since February in the latest survey period. The rate of expansion was solid and the quickest seen since July 2021. Regional divides were apparent, however, with Asian firms

S&P Global Steel 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 Steel Users PMI indicated a renewed upturn in operating conditions in the steel-using industry at the midpoint of 2022, as firms registered expansions in output, new orders and exports. Notably, output volumes increased at the quickest pace since May 2021. Asian firms saw operating conditions improve sharply during June, as the lifting of lockdown restrictions across China contributed to the strongest rise in output in 11-and-a-half years. That said, operating conditions in Europe deteriorated for the first time since August 2020, while growth in the US softened considerably.*

*"There was further evidence that price and supply disruptions had begun to ease in the latest survey period. The rate of deterioration in vendor performance eased notably across all three monitored regions. This in turn contributed to a softer increase in both input price and output charge inflation, the latter of which eased to a 17-month low."*

PMI™

by S&P Global

seeing the fastest rate of increase for 14 months, whereas both European and US firms saw sales decline. Rising foreign demand in Asia also supported a renewed rise in global export orders, which increased at the strongest pace for 11 months.

**Capacity**

Global steel users reported a renewed rise in employment levels in June. The rate of job creation was mild, yet the fastest recorded since last October. At the same time, capacity pressures showed signs of easing as the rate of backlog accumulation slowed to a three-month low.

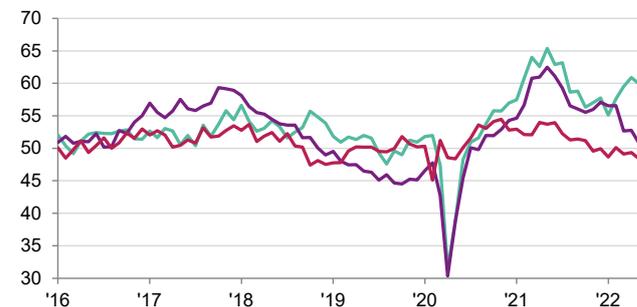
There was a further rise in stocks of pre-production inventories amid continued efforts to build safety stocks and protect against price and supply disruption. This came as the time taken for inputs to be delivered lengthened at a markedly softer rate that was the slowest since August 2020. Improving demand and reduced lead time delays encouraged firms to raise purchasing activity at the fastest pace since last July.

**Prices**

Input costs faced by steel users increased at the softest pace in five months in June. This contributed to a slowdown in charge inflation to the slowest since January 2021.

**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](mailto: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](https://ihsmarkit.com/products/pmi.html).