

News Release

Embargoed until 0900 (UTC) 08 November 2022

S&P Global Copper Users PMI™

Asian copper users report higher output as new orders stabilise

Key findings

New orders in Europe and US fall at fastest rates since May 2020

Suppliers' delivery times show smallest rise since January 2020

Input price inflation remains soft compared to pandemic-era trend

The Global Copper Users PMI™ for October pointed to contrasting conditions across the three monitored regions, with Asia posting a modest increase in output and stable new orders while the US and Europe both registered sharper contractions. Employment displayed the opposite trend, with job cuts in Asia contrasting with net hiring in the US and Europe. Suppliers' delivery times lengthened to the smallest degree since before the pandemic, while input price inflation was little-changed from August and September at a rate below the series long-run average.

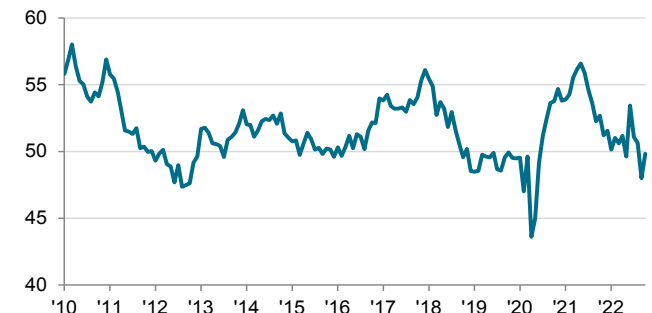
The seasonally adjusted Global Copper Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of copper – rose from 48.0 in September to 49.8 in October, signalling a near-stabilisation in operating conditions. The rise in the headline figure reflected a stabilisation in output, slower fall in new orders and higher employment and input stocks, slightly offset by a softer lengthening of suppliers' delivery times. Conditions improved slightly in Asia and the US, while Europe posted the sharpest deterioration since June 2020.

Output in the global copper-using sector was broadly stable in October, following the first fall in four months in September. Asia posted an increase for the fourth time in five months, albeit only a marginal rise, while the US and Europe both posted steeper declines.

Global copper-using firms registered falling new orders for the second month running in October, albeit at only a modest rate that eased from September's 28-month record. There was a stabilisation 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 copper-using sector rose slightly in October, following a three-month period of job shedding. US copper users expanded headcounts at

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



Source: S&P Global.

Comment

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

"Asian copper users drove a recovery at the global level in October, registering higher output as new orders stabilised following September's abrupt decline. Asian firms also reported almost no change in suppliers' delivery times and only a slight increase in input prices, raising hopes that these trends may filter through to Europe and the US. Globally, suppliers' delivery times lengthened by the smallest amount in the pandemic era, and input price inflation remained below the series long-run average."

"Weak demand in the US and Europe may also help to bring inflationary pressures down further, with both regions seeing steeper falls in output and new orders in October."

PMI™

by S&P Global

the fastest rate in five months, while job creation in Europe slowed to the weakest pace in the current three-month upturn. Asia registered job shedding for the eighth time in 2022 so far, albeit at only a fractional rate.

The volume of outstanding business fell for the third month running in October, albeit only marginally. The decline at the global level reflected a fourth successive drop in backlogs at European copper users and the first decrease in the US since August 2020. Asia posted a rise in backlogs for the first time in four months.

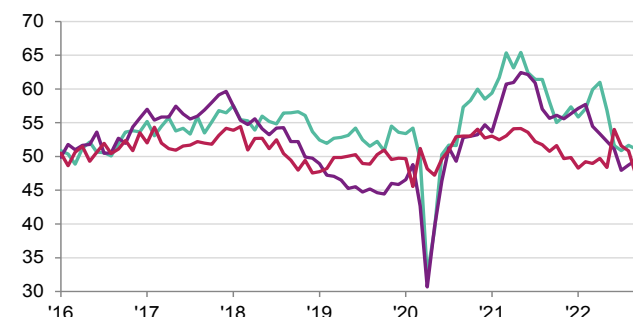
Purchasing activity rose for the fourth time in five months, driven by a solid increase in Asia. This led to a renewed rise in stocks of inputs. Pressure on supply chains was the lowest since January 2020.

Input price inflation at copper users remained broadly at the lowest level in two years and below the long-run trend. Output price inflation remained above the series average, however.

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