

News Release

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S&P Global Steel Users PMI™

Downturn in global steel-using sector eases in December

Key findings

Slower falls in output and new orders in Asia offset US weakness

Price pressures ease, led by Asia

Destocking of inputs and finished goods continues

The December Global Steel Users PMI™ data revealed broad-based falls in output and new orders across all three regions for the second month running. The US posted faster declines in output, new orders and employment, contrasting with slower declines in Asia. In Europe, new business fell sharply but output declined at the weakest rate in the current downturn and employment growth accelerated. Supply chain performance worsened to a sharper degree than the long-run series average, but by less than the trend shown since the start of the pandemic. Input price inflation eased to a three-month low and remained below its long-run trend level. Steel users trimmed their stocks of both inputs and finished goods at faster rates at the end of 2022.

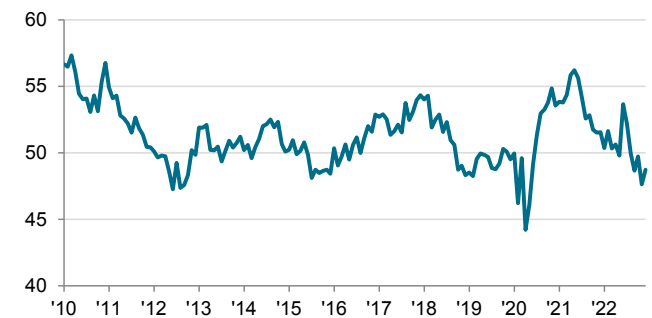
The seasonally adjusted Global Steel Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of steel – rose to 48.7 in December, from 47.6 in November, signalling a fourth successive deterioration in operating conditions but at a weaker rate. The rise in the headline figure reflected softer declines in new orders, output and employment, slightly offset by a faster rate of input destocking. Conditions worsened in all three regions, most notably in the US, while Europe and Asia posted only marginal deteriorations in the business climate.

Output in the global steel-using sector fell for the fifth month running in December, albeit at a weaker rate. Asia posted a slower decline, while the US registered the steepest drop since May 2020. Europe posted a tenth successive contraction, but at the weakest rate over this sequence.

Global steel-using firms registered falling new orders for the

S&P Global Steel Users PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Comment

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

"The downturn in the global steel-using industry remained broad-based by region in December, but Asia drove an overall moderation in the pace of contraction. This was despite a steeper downturn in output in the US, while the European data were a mixed bag with a slower drop in output but steeper decline in new orders."

"Supply chain pressures remain most acute in the US, but overall are well down on pandemic era highs. This, along with weaker demand, has helped bring input price inflation down in recent months, especially in the US and Europe which reached 29- and 25-month lows, respectively."

PMI™

by S&P Global

fifth month running in December, and at the third-strongest rate since May 2020. All three regions registered declines, again led by the US, although Asia posted a slower rate of contraction than in November.

Employment in the global steel-using sector fell for the sixth month running in December, albeit at the weakest rate over this period. US steel users cut headcounts for the second month running, while Asia posted only a marginal decline. European steel users raised employment at the fastest rate in six months.

The volume of outstanding business fell for the second time in four months in December. The decrease at the global level reflected sharp reductions in Europe and the US in particular, partly offset by a slight rise in Asia.

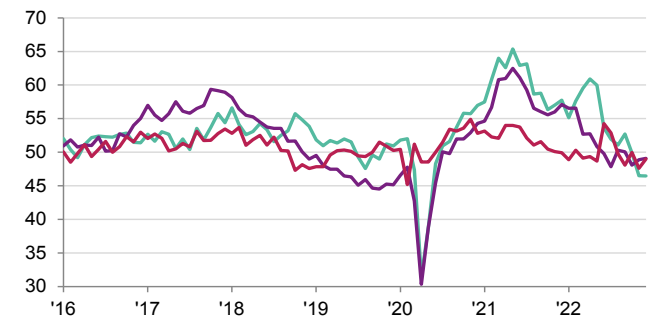
Purchasing fell for the fourth time in five months, with all three regions seeing declines for the second successive month. Stocked inputs fell at the fastest rate in two-and-a-half years. Pressure on supply chains remained weaker than the pandemic era trend.

Input price inflation at steel users eased to a three-month low in December. It was still above the rates seen over the third quarter of 2022, but below the long-run series trend. Output price inflation was also at a three-month low. Price pressures in Asia remained weaker than those in the US and Europe.

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.

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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