

News Release

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S&P Global Copper Users PMI™

Copper users signal fastest expansion in operating conditions for ten months

Key findings

Steepest rise in output since May 2021

Input purchases rise at quickest pace for ten months

Softest extension of delivery times since January 2020

Global copper users reported a renewed expansion in overall operating conditions during June. Both output and new orders returned to expansion territory, with the former increasing at the fastest rate for 13 months. In order to keep up with increased production requirements, copper users noted a fresh expansion in input buying that was the strongest since last August. Moreover, supply chain disruption eased sharply at the end of the second quarter, as delivery times lengthened at the slowest pace since January 2020.

At 53.2 in June, 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 49.8 in May, marking a renewed improvement in the health of the sector. Moreover, the upturn was solid and the strongest since August 2021. The fastest expansion was recorded in Asia, where firms signalled the steepest improvement since May 2021. By contrast, Europe and the US both recorded the slowest growth rates for 22 months.

June saw a renewed rise in production levels at global copper users that was the steepest since May 2021, as copper users in Asia recorded the strongest rise in output since April 2010. At the same time, businesses in the US signalled a reduction in output for the first time since February, while the decline in Europe quickened from that seen in the previous survey period.

Demand

Global copper users indicated an increase in new work for the first time in six months in June. The pace of growth was moderate, and the quickest for ten months. Asian firms saw the sharpest expansion since May 2021, whereas both US and European users highlighted the quickest falls since the early stages of the pandemic. Concurrently, new export sales globally returned to expansion territory for the first time since last August.

S&P Global Copper Users PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

"Global copper users signalled renewed strength in the health of the sector in June. Output growth reached a 13-month high amid the strongest increase in new order inflows since last August. This pushed the headline PMI to the highest reading for ten months.

"Regional data indicated a sharp recovery at Asia-based firms, where operating conditions improved at the steepest rate since May 2021, while firms in both the US and Europe signalled the softest expansion in conditions since the initial wave of the COVID-19 pandemic.

"Companies indicated that global supply chain disruption eased considerably during June. Average lead times lengthened at a softer rate for Europe and US-based firms, while businesses in Asia reported shorter delivery times for the first time in close to three years, as the time taken to deliver inputs reduced to the greatest degree since February 2015. This contributed to a further easing in input price inflation. While the uplift is welcome, there are concerns that demand conditions outside of Asia are increasingly feeling the impact of price pressures, as the fallout from the Ukraine war and rising living costs weigh on copper users."

PMI™

by S&P Global

Capacity

Copper users reported an increase in staffing levels in June, with the rate of job creation the strongest for three months. Latest data also pointed to reduced pressure on suppliers, as delivery times lengthened at the softest rate since January 2020. Firms took the opportunity to work through existing orders, as backlog accumulation eased to the softest seen since March.

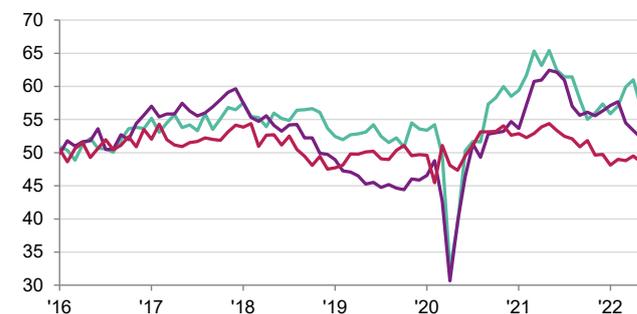
Easing supply chain disruption and strengthening demand conditions in Asia contributed to a rise in purchasing activity for the first time since February. The rate of growth was solid and reached a ten-month high, as firms noted that raw material purchases were stockpiled to a greater extent. Indeed, stocks of purchases rose at the strongest rate for six months.

Prices

Higher raw material prices drove a further robust increase in cost burdens in June. The rate of inflation eased from that seen in May and was the slowest for five months, however. Nevertheless, copper users saw the rate of charge inflation quicken from the previous survey period to the joint-fastest since last December.

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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