

# News Release

Embargoed until 0800 (UTC) 08 September 2022

## S&P Global Steel Users PMI™

### Business conditions improve only marginally in August

#### Key findings

Output rises only fractionally as new orders stagnate

Asia is main source of growth

Input price inflation eases to 27-month low

August data revealed only a marginal improvement in business conditions at global steel-using manufacturers as new orders stagnated. Output rose only fractionally as further declines in Europe and the US almost offset a slower increase in Asia. Employment fell the most since July 2020 while purchasing activity was broadly unchanged on July. More positively, input price inflation eased further to the slowest in over two years, and pressure on supply chains was among the weakest since the start of the pandemic.

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 – fell to 50.5 in August, from 52.1 in July, indicating only a marginal improvement in operating conditions at worldwide steel-using manufacturers. The only positive influences on the headline figure in August were a slight rise in output and lengthening suppliers' delivery times. New orders were broadly stagnant, employment fell and stocks of purchases were unchanged on July.

Output at global steel-using firms rose for the third month running in August. That said, the rate of growth slowed further from June's strong pace, and was only marginal. Of the three regions, only Asia recorded an increase, and the rate of expansion slowed. Europe and the US both registered slower falls in output at steel users than in July, with the former still posting the steeper decline.

#### Demand

The volume of incoming new orders received by global steel-using manufacturers was little-changed in August compared with one month earlier, following solid growth in June and July. The weaker trend at the global level reflected a faster decline in the US, and slower growth in Asia. European steel users reported a sixth successive fall in new orders, but at

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:

"Steel-using industries faced no growth in new business in August, reflecting ongoing declines in Europe and the US and much softer demand in Asia. Output rose at the global level, but much more slowly than in June and July. Asia again drove the overall increase although the downturn in Europe at least moderated since July. Steel users also cut headcounts in August, even though the volume of outstanding work continued to increase.

"Although the demand side took a turn for the worse in August, supply side pressures eased somewhat as lead times lengthened to one of the smallest degrees since the pandemic began, while input price inflation eased to a 27-month low."

PMI™

by S&P Global

the weakest rate since April.

## Capacity

Although demand faltered in August, backlogs of work held by global steel-using firms continued to increase. The US remained the main source of rising backlogs, with only a slight increase seen in Asia and another fall registered in Europe. To meet orders, firms cut inventories of finished goods, with August's decline the sharpest since March. Rising backlogs partly reflected a further cut to employment at steel-using firms. Jobs declined globally for the third time in four months, and at the fastest rate since July 2020.

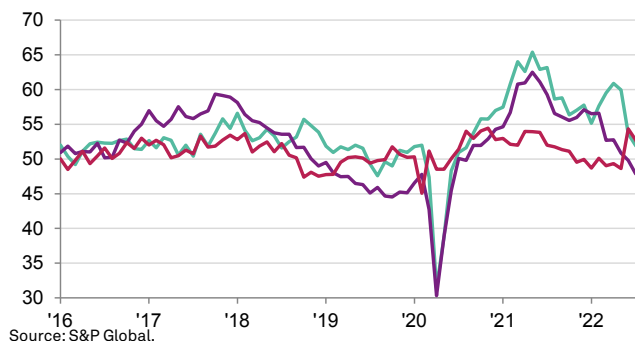
Purchasing activity by steel users was broadly flat in August, as was the level of inputs held in stock. Pressure on supply chains remained, although the extent to which lead times increased in August was among the lowest since the onset of the pandemic.

## Prices

August data signalled a further easing of cost pressures as the rate of input price inflation eased for the fifth consecutive month to the weakest for 27 months. Output price inflation rose slightly but was still the second-weakest in 21 months.

### 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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