

News Release

Embargoed until 0800 (UTC) 08 September 2022

S&P Global Aluminium Users PMI™

New orders at aluminium users fall in August

Key findings

Output growth slows to marginal pace

First decline in input stocks in five months

Input prices rise at weakest rate in over two years

The Global Aluminium Users PMI™ pointed to a weak improvement in operating conditions in August, as firms registered falling new orders and only a marginal expansion in production. Weakness in output and demand mainly reflected Europe and the US, while a fall in employment was centred on Asia. Input stocks fell for the first time in five months as firms cut purchases, while cost inflationary pressures eased further. Suppliers' delivery times lengthened still, albeit to the second-weakest degree since late-2020.

The seasonally adjusted Global Aluminium Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of aluminium – eased from 52.2 in July to 50.4 in August, signalling only a fractional improvement in operating conditions. Conditions in Asia improved for the third successive month, albeit at a slower pace. Conditions improved more steadily in the US, while European aluminium users reported a second successive deterioration in operating conditions.

Output at global aluminium users increased for the third month running in August. The rate of expansion softened further from June's recent peak, however, and was only marginal. The overall increase reflected growth in Asia, albeit at a weak rate. Europe and the US both registered further declines, although both saw a softer drop than in July.

Demand

The volume of new orders received by global users of aluminium fell for the first time in three months in August. The rate of contraction was only slight, however. Europe continued to see a sharper decline in new business than the US, while growth was maintained in Asia, albeit at a weak pace.

S&P Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Comment

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

"Although the headline PMI remained above 50.0 in August, signalling an overall improvement in conditions at users of aluminium, this masked declines in new orders, employment and stocks of purchases. Moreover, output rose only marginally during the month. The PMI continues to be supported by lengthening suppliers' delivery times, although to a much lesser extent than in 2021.

"Europe and the US are the main sources of falling demand and also registered lower production in August. But even Asia saw only marginal increases in both variables, and drove the cut in employment at the global level.

"One bright point from the latest survey is a further moderation in cost pressures, which were the weakest in the current 27-month inflationary sequence. This was again driven by falling input prices in Asia."

PMI™

by S&P Global

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Capacity

Although new orders fell in August, the volume of outstanding business increased despite the rise in output. Backlogs rose for the twenty-sixth consecutive month, albeit only modestly. Stocks of finished goods resumed a downward trend having been stable in July. Employment fell at a rate unchanged from July, as steeper job shedding in Asia contrasted with stronger gains in Europe and the US.

Purchasing of inputs by aluminium-using manufacturers was cut back in August, only the second contraction in over two years. Europe registered a sharp fall, offsetting solid growth in the US. Lead times continued to lengthen globally, albeit to the second-weakest degree since late-2020. Input stocks fell for the first time in five months, albeit marginally.

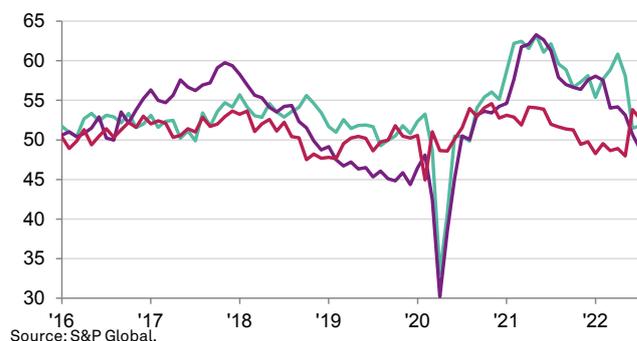
Prices

Input prices increased at the slowest rate in the current 27-month sequence of inflation in August. Moreover, Asian firms reported a further outright drop in input prices. Cost pressures in the US were slightly greater than in Europe. Output prices increased at a slightly faster rate than in July, but still the second-weakest since November 2020.

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