

News Release

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S&P Global PMI™ Commodity Price & Supply Indicators

Global price pressures remain muted as supply shortages ease further in January

Key findings

Global price pressures at second-lowest for just over two-and-a-half years (index at 0.4)

Reports of supply shortages ease to lowest in 27 months (index at 2.1)

Greater number of reports of oil shortages

Data were collected 09-30 January.

Latest data from the Global PMI™ Commodity Price & Supply Indicators by S&P Global showed that price pressures were relatively subdued across the global manufacturing sector in January, amid a further easing of supply chain pressures.

The Global Price Pressures Index edged up only slightly from December's 30-month low of 0.3 to 0.4 in January. Only seven of the 26 monitored commodities registered above average reports of price hikes, with electrical items and semiconductors noting the strongest price pressures overall, despite a marked fall in the number of reports of price increases for semiconductors (26-month low). Energy and electricity also recorded fewer reports of price hikes.

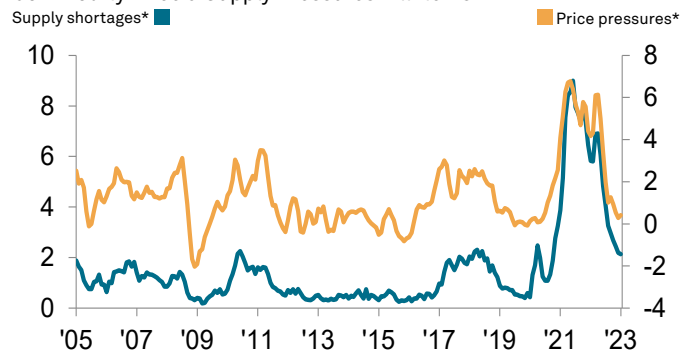
At the same time, the Global Supply Shortages Index edged down from 2.2 at the end of 2022 to 2.1 in January, to hit its lowest level since October 2020. Supply shortages eased most notably for packaging, iron and PVC. However, there was a notable increase in the number of reports of oil shortages, which hit the highest since June 2022.

Commenting on the latest results, Annabel Fiddes at S&P Global Market Intelligence said:

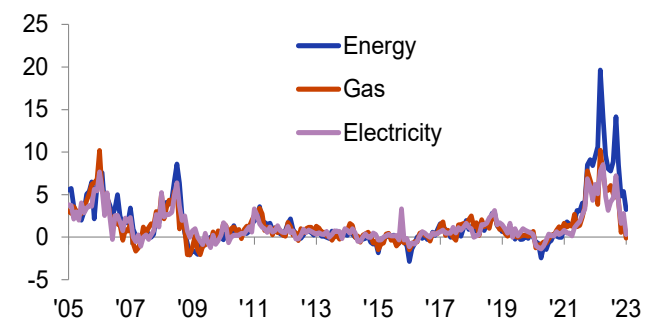
"After having seen intense price and supply pressures since the onset of the pandemic, the latest indicators provided further signs that these pressures have eased noticeably as we start 2023. Reports of price rises were the second-lowest in just over two-and-a-half-years in January, with energy cost pressures moderating to the lowest since July 2021 and reports of higher electricity costs hitting the lowest since April 2021. Semiconductors and electrical items recorded the most severe price pressures of the monitored categories, with reports of inflation running at or near six times the respective average.

"Supply chain pressures moderated to the lowest since October 2021. Seven categories saw supply shortages ease, most notably packaging and iron. However, reports of oil shortages rose to a seven-month high."

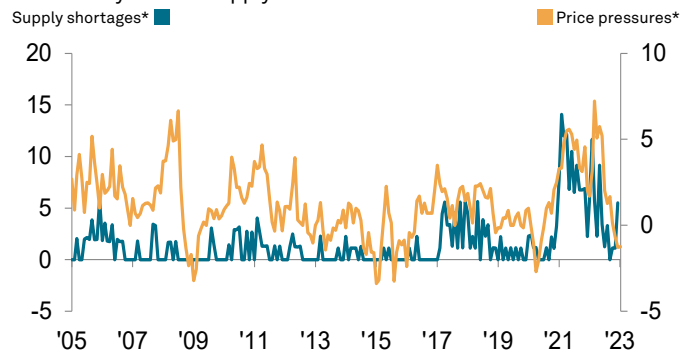
Commodity Price & Supply Pressures: All Items



Global Price Pressures Index: Energy, Oil and Electricity



Commodity Price & Supply Pressures: Oil



PMI™

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Methodology

S&P Global PMI™ Commodity Price & Supply Indicators are derived from S&P Global's monthly Purchasing Managers' Index™ (PMI) business surveys. These surveys are highly regarded worldwide for providing accurate and timely data on economic trends.

The manufacturing PMI survey covers variables such as output, order books, employment, purchase prices, and suppliers' delivery times, with monthly data collected from approximately 10,000 companies worldwide.

When questioned about suppliers' delivery times, companies are also asked to list any specific items that have been in short supply each month. These lists of items are transformed into Supply Shortage Indicators (SSIs), which show the development of supply pressures relative to long-run trends.

When questioned about purchase prices, companies are also asked to list any specific items that have increased or decreased in price each month. These lists of items are transformed into Price Pressure Indicators (PPIs), which show the development of price pressures relative to long-run trends.

Coverage

Historical data for the S&P Global PMI™ Commodity Price & Supply Indicators extend to January 2005.

Indices are calculated from responses to the following 15 manufacturing PMI surveys: Brazil, Canada, China, France, Germany, India, Ireland, Italy, Netherlands, Russia, South Korea, Spain, Taiwan, UK, US.

Each month's results are adjusted by survey response numbers, which accounts for different start dates across the national PMI surveys that feed into the global supply shortages dataset and any other variations in response rates.

Figures are published at the global level.

Supply Shortage Indicators (SSIs)

SSIs are calculated from the number of purchasing managers that report a specific item to have been in short supply during the survey month. An adjustment is made each month to allow for any month-to-month variation in the total number of survey respondents. Indices are presented as a multiple of the long-run average since 2005.

The index is based such that a value of 1.0 means that supply shortages are in line with the long-run average.

Any figure above 1.0 indicates that supply shortages are above the long-run trend, and the higher the figure the greater the number of shortages relative to the average. For example, an index value of 3.0 would signal that reports of supply shortages in the reference month are three times the normal amount.

Any figure below 1.0 therefore indicates that supply shortages are below the long-run trend, and the lower the figure the fewer the number of shortages relative to the average. For example, an index value of 0.2 would signal that reports of supply shortages in the reference month are one-fifth of the normal amount.

Data are not revised after first publication.

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No significant seasonality has been detected in the main SSIs hence the SSIs are not seasonally adjusted.

Items covered: Supply Shortage Indicators (SSIs)

The headline index is the 'All Items Index'. In addition, individual indices are published for the following 20 items and groupings: Semiconductors, Electrical Items, Oil, Transport, Chemicals, Polymers, Polyethylene, Polypropylene, PVC, Rubber, Timber, Paper, Packaging, Food, Textiles, Aluminium, Copper, Iron, Steel, Stainless Steel.

Price Pressure Indicators (PPIs)

PPIs are calculated from the number of purchasing managers that report a specific item to have been up in price during the survey month (less the number reporting an item down in price). An adjustment is made each month to allow for any month-to-month variation in the total number of survey respondents. Indices are presented as a multiple of the long-run average since 2005.

The index is based such that a value of 1.0 means that price pressure is in line with the long-run average.

Any figure above 1.0 indicates that price pressure is above the long-run trend, and the higher the figure the faster the rate of increase relative to the average. For example, an index value of 3.0 would signal that reports of price increases in the reference month are three times the normal amount.

Any figure above 0.0 but lower than 1.0 indicates that price pressure is below the long-run trend, and the lower the figure the slower the rate of increase relative to the average. For example, an index value of 0.2 would signal that reports of price increases in the reference month are one-fifth of the normal amount.

A value of 0.0 means that prices are stable during the reference month.

Any figure below 0.0 indicates that reports of price declines exceed reports of rising prices, and the lower the figure the greater the degree of negative price pressure. For example, an index value of -3.0 would signal that reports of price declines in the reference month are three times the normal amount of price pressure.

Data are not revised after first publication.

No significant seasonality has been detected in the main PPIs hence the PPIs are not seasonally adjusted.

Items covered: Price Pressure Indicators (PPIs)

The headline index is the 'All Items Index'. In addition, individual indices are published for the following 25 items and groupings: Semiconductors, Electrical Items, Oil, Transport, Chemicals, Polymers, Polyethylene, Polypropylene, PVC, Rubber, Timber, Paper, Packaging, Food, Textiles, Aluminium, Copper, Iron, Steel, Stainless Steel, Electricity, Energy, Gas, Cartons, Polystyrene.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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.