

News Release

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S&P Global Aluminium Users PMI™

Downturn in global aluminium-using industry continues for fifth month, albeit at slower rate

Key findings

Slower declines in output and new orders

Near-stabilisation in employment

Input price inflation remains below long-run trend

S&P Global Aluminium Users PMI
sa, >50 = improvement since previous month



Source: S&P Global.

The Global Aluminium Users PMI™ for December pointed to deteriorating conditions across all three monitored regions for the second straight month, although the overall pace of decline eased somewhat. All three regions posted slower falls in new orders, although the downturn in output in the US gathered pace. Employment continued to rise at aluminium users in Europe and was unchanged in the US, while job shedding continued in Asia. Input price inflation eased and remained below the long-run series trend, although supply chains worsened further.

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 – rose from 47.3 in November to 48.3 in December, signalling a moderate downturn in operating conditions and extending the current sequence of contraction to five months. The rise in the headline figure reflected slower decreases in output, new orders and employment and a greater lengthening of suppliers' delivery times. Conditions deteriorated in all three regions, led by the US.

Output in the global aluminium-using sector fell for the fifth month running in December. The rate of decline moderated since November, reflecting slower downturns in Europe and Asia. In contrast, output in the US fell at the fastest rate since May 2020.

Global aluminium-using firms registered falling new orders for the fifth month running in December, and the rate of decline remained sharp despite easing since November. In the US and Europe new orders fell at the

Comment

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

"Although the downturn in the global aluminium-using industry remained broad-based in December, all three regions registered slower falls in new orders, and only the US registered a faster drop in output. Other bright spots in the data included the fastest employment growth in Europe in six months and rising backlogs in Asia."

"Suppliers' delivery times lengthened the most in three months but overall delays remained well down on where they have trended over the past two years. This was again reflected in a further easing of input price inflation which has registered below its long-run trend level throughout the second half of 2022. Notably, Asian aluminium users left their output prices unchanged in December, in line with the trend for the past six months."

PMI™

by S&P Global

slowest rates in three and four months, respectively, albeit at paces that remained sharper than that seen in Asia.

The level of employment in the global aluminium-using sector fell for the sixth month running, although the rate of decline eased from November's 29-month record. There was only a slight fall in Asia, no change in the US and the fastest growth in six months in Europe.

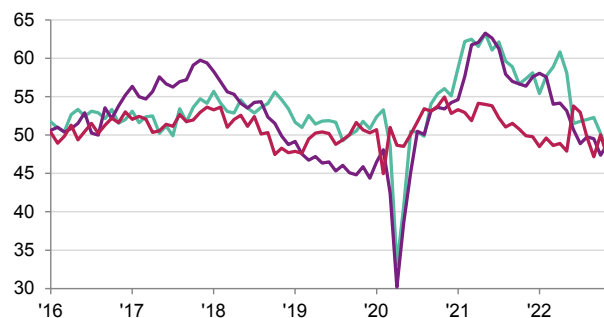
The volume of outstanding business fell for the second time in four months in December, although the rate of depletion was marginal. Higher backlogs in Asia were offset by strong falls in the US and Europe.

Purchasing activity fell for the fourth time in five months, albeit at a slower rate than November's two-and-a-half year record. All three regions registered declines for the second straight month, led by Europe. Stocks of inputs contracted the most since June 2020. Pressure on supply chains picked up again, having previously returned to its long-run trend in October.

Input price inflation at aluminium users eased further in December and remained below the long-run trend. Asia continued to see much weaker cost pressures than the US and Europe. Almost no change in output prices since November in Asia contrasted with steep increases in the US and Europe.

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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