

News Release

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S&P Global PMI™ Commodity Price & Supply Indicators

Sustained easing of global commodity price and supply pressures

Key findings

Global price pressures reach softest since October 2020 (index at 2.0)

Reports of supply shortages decelerate to 18-month low (index at 4.1)

Price falls reported for copper, steel and stainless steel

Data were collected 12-27 July.

The Global PMI™ Commodity Price & Supply Indicators by S&P Global indicated softening price and supply pressures across the global manufacturing sector at the start of the third quarter of 2022. The Global Price Pressure Index signalled that commodity prices were rising at twice the normal speed in July, the least severe since October 2020. Four of the 25 monitored commodities signalled that prices had begun to fall, which were polyethylene, copper, steel and stainless steel. That said, there were increased reports of rising gas and electricity prices.

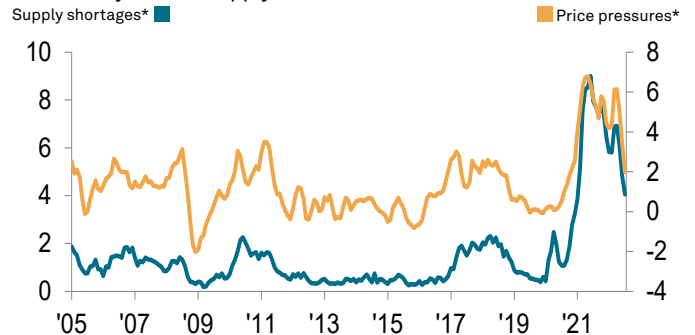
Reports of global shortages were also lower during July, signalling the least severe commodity shortfalls for a year-and-a-half. All but three of the 20 monitored commodities indicated easing supply constraints, most notably in the transport and metals sectors.

Commenting on the latest results, Usamah Bhatti at S&P Global Market Intelligence said:

"Manufacturing supply chains showed further evidence of a path to normalisation during July, albeit on a backdrop of slowing output and weak demand. Latest data pointed to the lowest extent of reported price rises for 21 months. Moreover, panel member reports signalled price decreases for polyethylene, copper and both steel and stainless steel. Price pressures remain intense for gas and electricity however, quickening on the month in July, with the former seeing the most severe reports of rising prices for three months."

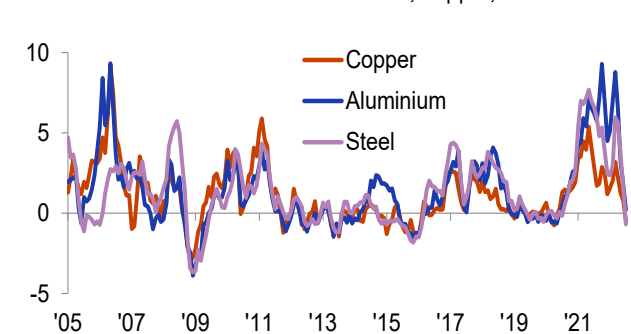
"At the same time, manufacturers reported less acute shortages across commodities, as the Global Supply Shortage Index dropped to its lowest since January 2021. Transport and metal commodities saw a further improvement during July, which can be partly attributed to the lifting of COVID-19 restrictions in China, particularly for stainless steel which saw the joint-lowest reports of shortfalls since February 2021."

Commodity Price & Supply Pressures: All Items



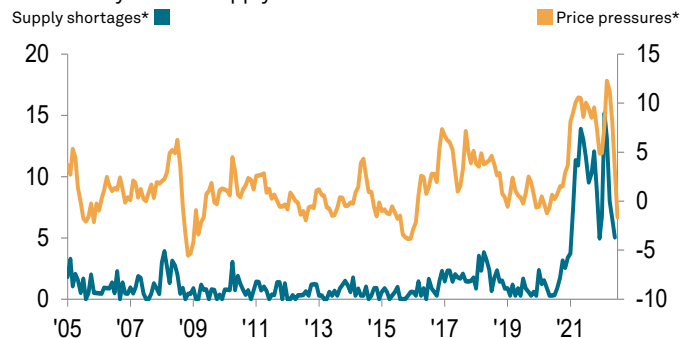
Source: S&P Global.
*multiple of long-run average

Global Price Pressures Index: Aluminium, Copper, Steel



Source: S&P Global.
*multiple of long-run average

Commodity Price & Supply Pressures: Stainless Steel



Source: S&P Global.
*multiple of long-run average

PMI™

by S&P Global

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.