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## IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

### Headline PMI falls below 50.0 for the first time in 19 months

#### KEY FINDINGS

Modest reduction in both output and new orders

Sharpest fall in exports since June 2020

Employment falls at quickest pace for 18 months

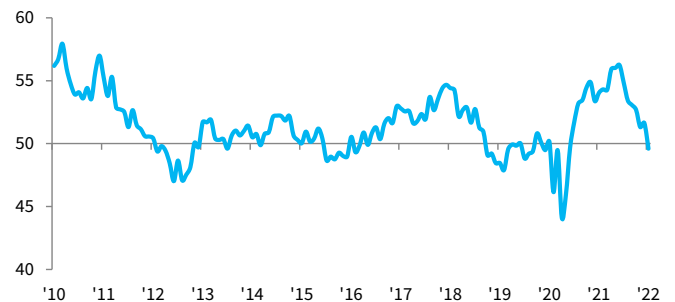
The Global Aluminium Users PMI™ fell into contraction territory for the first time since June 2020 at the start of 2022, as firms pointed to renewed and modest reductions in production levels and new orders. Survey panellists also highlighted a deterioration in client confidence and sustained material shortages, despite a slight easing in supply chain disruption. Higher prices and shortages amid the Omicron variant spread dampened international demand, as export sales decreased at the quickest pace in 19 months. In response, job shedding quickened among aluminium users, with the contraction in employment levels the fastest since July 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 – dropped from 51.6 in December to 49.6 in January. The index signalled a marginal contraction in overall operating conditions for the first time in 19 months. Aluminium users in Asia reported a third consecutive decline, and at the fastest pace since February 2020, while European firms were the only ones reporting a stronger improvement.

Output at global aluminium users declined in January. The rate of contraction was only marginal, with regional data indicating mixed results - a solid reduction in Asia contrasted with continued growth in production in the US and Europe, with the latter reaching a six-month high.

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Demand

New orders received by global aluminium users fell for the second time in three months in January. The rate of reduction was modest but nonetheless the quickest since May 2020. Asia-based firms saw a third successive decline in sales, while growth at US firms eased considerably. Only European firms saw an acceleration in new order growth. Concurrently, new work from overseas decreased at the strongest rate for 19 months.

#### Capacity

With demand conditions remaining subdued, global aluminium users reported a fall in employment levels for the first time since December 2020. Notably, Asian firms recorded the sharpest fall in staffing levels in almost two years, while US and Europe-based users saw rates of job creation ease. At the same time, soft demand pressures meant that the rate of backlog accumulation eased to the weakest since last February.

Input buying increased at the softest pace for 19 months, while stocks of purchases were reduced for the first time since last October. Meanwhile, the time taken for inputs to be delivered lengthened markedly, though the rate of deterioration was the softest since November 2020.

#### Prices

Input costs faced by global aluminium users increased further in January. That said, the rate of inflation eased to the softest for 14 months. This contributed to the slowest rise in output charges since last February.

COMMENT

Usamah Bhatti, Economist at IHS Markit said:

*“The Global Aluminium Users PMI indicated a loss of momentum in the aluminium-using industry at the start of the year, as firms registered a renewed decline in both output and new orders. As a result, the headline PMI reading dipped below the neutral 50.0 threshold for the first time since June 2020 and was the weakest for 20 months. Companies often linked this to softer demand as a result of material shortages and the spread of the Omicron variant of COVID-19. Only European firms saw a stronger upturn in operating conditions, while US-based firms saw the rate of improvement ease to a 13-month low. Firms in Asia registered a moderate decline in the health of the sector, which was the sharpest since February 2020.*

*“Subdued demand conditions had a negative impact on employment, which fell for the first time since December 2020. Moreover, the rate of job shedding was the quickest for 18 months, led by firms in Asia where staffing levels fell at the fastest pace in just under two years. A lack of hiring helped to balance staff costs, which alongside weaker pressure on raw material prices contributed to a further easing in input price inflation. While still robust, overall cost burdens rose at the softest pace since November 2020.”*

Global Aluminium Users PMI  
Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

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Methodology

The Global Aluminium Users PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of aluminium. The sample is selected from IHS Markit’s global PMI survey panels, covering over 40 countries.

Survey responses are weighted by country, based on national aluminium consumption figures sourced from IHS Markit’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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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.

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