

News Release

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S&P Global PMI™ Commodity Price & Supply Indicators

Commodity price and supply pressures continue to ease

Key findings

Global price pressures at softest for a year-and-a-half

Reports of supply shortages ease to 17-month low

Freight capacity improves

Data were collected 13-27 June.

The Global PMI™ Commodity Price & Supply Indicators by S&P Global signalled reduced pressure on global manufacturers on the price and supply side. June data from the Global Supply Shortage Index highlighted that shortages of raw materials were the lowest since January 2021, albeit still nearly five times higher than the usual level (index at 4.8). At the same time, reports of a lack of transport availability eased sharply from May's record to the softest for 16 months.

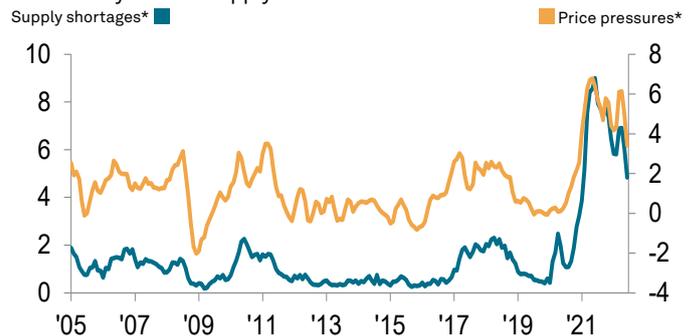
Similarly, the Global Price Pressures Index was at its lowest level for 18 months, but indicated that commodity prices were rising at nearly three-and-a-half times the normal speed (index at 3.4). Only semiconductors saw a stronger rise in price than in May, while oil and gas price inflation remained broadly unchanged.

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

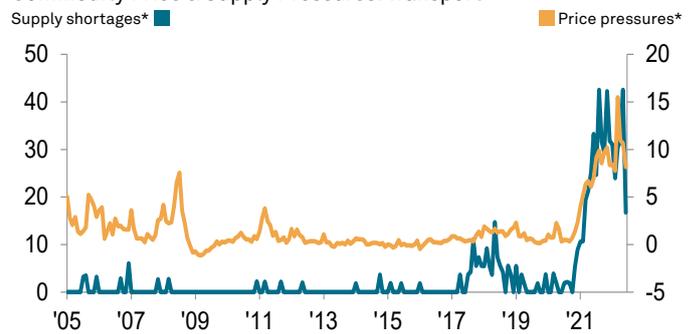
"Global manufacturers indicated that supply chains were showing signs of normalisation midway through 2022. The latest survey data signalled that reports of shortages were the lowest for 17 months, though still nearly five times the usual level. Manufacturers noted that freight capacity had improved during June as restrictions on ports, particularly in China, had lifted and allowed trade flows to resume. That said, reported shortages of semiconductors and oil continued amid heightened demand."

"Concurrently, price pressures eased for the second successive month, with reports of rising prices at the lowest level for one-and-a-half years. This was consistent with reports of price inflation either softening or staying the same for all but one of the 25 monitored commodities (semiconductors) and provides tentative evidence that the supply chain squeeze is slowing and that recent inflationary pressures have peaked."

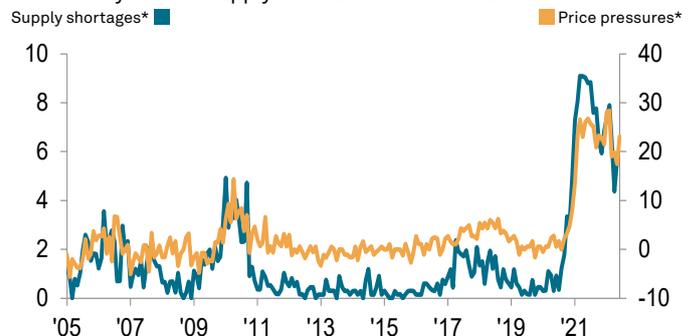
Commodity Price & Supply Pressures: All Items



Commodity Price & Supply Pressures: Transport



Commodity Price & Supply Pressures: Semiconductors



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.