

# News Release

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## S&P Global Aluminium Users PMI™

### Aluminium users signal fastest decline in operating conditions for two years

#### Key findings

Steepest reduction in new orders since May 2020

Renewed decline in employment levels

Output prices rise at joint-slowest pace for 15 months

Global aluminium users reported a renewed contraction in overall operating conditions during May. There were sustained falls in both output and new orders, with the latter dropping at the sharpest rate for two years. As a result of weakened demand conditions, aluminium users noted a fresh reduction in staffing levels to reflect lower capacity requirements. Positively, price pressures appear to have reached their peak as a softer rise in cost burdens in May contributed to the joint-slowest increase in output prices since February 2021.

At 49.4 in May, 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 – fell from 50.3 in April, marking the first deterioration in the health of the sector since January. While only marginal, the downturn was the sharpest recorded for two years. The decline in Asia accelerated to the steepest since February 2020, while the US and Europe recorded the slowest growth rates for three and 20 months respectively.

May saw a sustained and sharp fall in production levels at global aluminium users, though the rate of reduction eased from that seen in April. Aluminium users in Asia saw a further marked decline, while businesses in Europe signalled a broad stabilisation in output. Growth in the US meanwhile eased to a three-month low.

#### Demand

Global aluminium users indicated a decrease in new work for the fifth month running in May. The pace of decline accelerated from April and was solid overall. Asian firms saw the sharpest reduction since May 2020, while European users highlighted the quickest fall for 23 months. US-based firms saw growth of new order inflows ease to the slowest since January. Concurrently, new export sales globally fell at the fastest pace for two years.

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



Source: S&P Global.

#### Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

"Global aluminium users signalled renewed weaknesses in the health of the sector in May. A further sharp fall in output was coupled with the steepest reduction in new order inflows since May 2020. This pushed the headline PMI below the neutral 50.0 mark for the first time in four months and to the lowest level for two years.

"Regional data signalled slower improvements in operating conditions at both the US- and Europe-based aluminium users, while firms in Asia signalled the sharpest deterioration in conditions since the initial onset of the pandemic in February 2020.

"Companies often indicated that although supply chain disruption was widespread, there was a slight easing in delivery delays globally during May. Average lead times lengthened at a softer rate in all three monitored regions, amid reports that material shortages and transport issues were beginning to normalise. This also contributed to a slight easing in both input price and output charge inflation. Barring any further shocks to supply chains from the Ukraine war or the COVID-19 pandemic, it is likely that the gradual lifting of price and supply pressures will aid a broader recovery in demand conditions."

PMI™

by S&P Global

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### Capacity

Aluminium users reported a renewed decline in staffing levels in May, however the rate of job shedding was only fractional. Latest data also pointed to sustained pressure on suppliers, as delivery times lengthened at a marked, albeit softer rate. As operating capacity fell and supplier delays remained severe, backlog accumulation accelerated to the sharpest seen since last October.

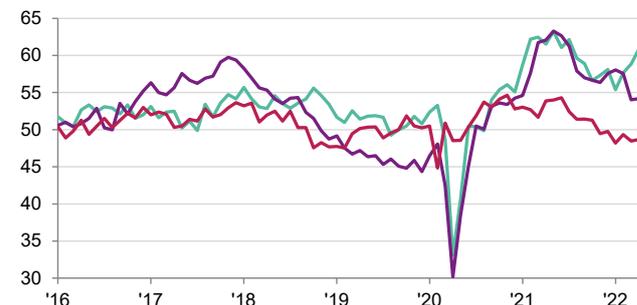
Delays in receiving inputs, as well as higher prices and material shortages, contributed to a second successive reduction in purchasing activity in May. However, firms increasingly used the opportunity to build safety stocks, as holdings of purchases rose at the third-highest rate in the survey history.

### Prices

Rising raw material prices drove a further robust increase in cost burdens in May. The rate of inflation eased from that seen in April and was the slowest for three months, however. Concurrently, aluminium users saw the rate of charge inflation ease from the previous survey period to the joint-lowest since February 2021.

### Aluminium Users PMI by region

Europe USA Asia  
sa, >50 = improvement since previous month



Source: S&P Global.

### Contact

Usamah Bhatti  
Economist  
S&P Global Market Intelligence  
T: +44-1344-328-370  
[usamah.bhatti@spglobal.com](mailto:usamah.bhatti@spglobal.com)

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44207-260-2234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

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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](mailto:economics@ihsmarkit.com).

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