Global copper-using manufacturers saw a fourth-successive month of declining operating conditions in March, as country lockdowns and factory closures contributed to falls in both production and new orders. Delivery times lengthened markedly amid further supply chain difficulties, while lower raw material costs led to drops in input and output prices.

The seasonally adjusted Global Copper Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of copper – increased from 46.1 in February to 49.0 in March, to signal a marginal deterioration in operating conditions. However, this figure was partly supported by the Suppliers’ Delivery Times Index, which indicated slower lead times and normally suggests a busier economy rather than supply chain delays.

Output at global copper users meanwhile contracted at a solid rate in March, with firms scaling back activity in the wake of the coronavirus disease 2019 (COVID-19) pandemic. Production levels fell at the quickest pace at European users, followed by US users. Asian firms conversely saw a stabilisation of output, after decreasing rapidly in February.

Demand
New orders declined for the fifth successive month during March. The rate of reduction was softer than in February, but still faster than the average for 2019. Panellists widely linked this to weaker client demand amid country lockdowns and business closures due to COVID-19. Exports were also down sharply from the month before as trading conditions faltered.

Capacity
The virus outbreak had further notable impacts on supply-side factors in March. Importantly, copper users reported that they struggled to get inputs delivered on time, as suppliers faced increasing travel difficulties.

This led to a further contraction in inventories of pre-production goods, extending the current sequence to a year-and-a-half. Input purchases also decreased due to softer output requirements.

Workforces at copper-using firms also fell, with European manufacturers notably reducing employment at the fastest rate since January 2010. The global drop in job numbers was only slight though, due to Asian firms hiring new employees as industrial activity began to restart.

Prices
After rising solidly in February, input costs at copper users fell marginally during March, mainly linked to lower prices of oil and raw materials. Subsequently, output prices fell for the first time since last November.
COMMENT

David Owen, Economist at IHS Markit said:

“Despite the Global Copper Users PMI rising to 49.0 in March, it was not a good month for the industry, as indeed it wasn’t for the world economy. While copper users in China saw a stabilisation in activity since February, firms in the US and Europe were widely impacted by national measures to limit the spread of COVID-19, including social distancing, business closures and lockdowns.

“The effect on production was severe, with output in the US and Europe falling at rates not seen since the financial crisis. Employment dropped only modestly in the US but plummeted at the quickest rate since the start of 2010 across Europe. Supplies of raw materials were also restricted, although lower oil prices and weaker input demand eased overall costs.

“Cases of COVID-19 are now accelerating rapidly in the US, which may see more of the country facing lockdown measures in April, leading to a possible sharper contraction in copper users’ output.”

CONTACT

IHS Markit

David Owen
Economist
T: +44 207 064 6237
david.owen@ihsmarkit.com

Katherine Smith
Public Relations
T: +1 781 301 9311
katherine.smith@ihsmarkit.com

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world’s leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

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.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information (“Data”) contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental or consequential damages, arising out of the use of the data. Purchasing Managers’ Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited.

© 2020 IHS Markit