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IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

Operating conditions improve at slowest rate for eight months

KEY FINDINGS

Softest rise in output since June 2020

Rate of job creation eases to six-month low

Input cost and output charge inflation slow

Business conditions faced by global aluminium users improved at a slower pace in August, according to the latest Global Aluminium Users PMI™ data. Production expanded at the softest rate since June 2020, while new order growth eased to a 13-month low. At the same time, slowing output and incoming business hampered employment levels, as the pace of job creation was the softest since February. Positively, aluminium users reported a slight easing in price pressures during August, which pushed the rate of selling price inflation to the slowest for six months.

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 54.9 in July to 53.5 in August. The reading indicated a more moderate improvement in business conditions that was the softest recorded in the year to date.

August survey data revealed a sustained increase in output at global aluminium users, thereby stretching the current period of growth to 15 months. Companies often linked the rise to higher inflows of new work, although increasingly mentioned that supply chain disruption and rising COVID-19 cases had dampened production. All three monitored regions saw output growth ease, with firms in the US recording the strongest rate of growth.

Demand

New orders at aluminium users worldwide rose at a solid pace during August. The rate of increase was the slowest seen for 13 months however. Data broken down by region

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

indicated a significant slowdown in growth in the US and Europe, while Asia-based firms reported a softer slowdown in demand. Total new order growth was supported by a seventh successive rise in export sales. The rate of growth was moderate overall, and softened in comparison to July, as all three monitored regions saw a weaker expansion.

Capacity

Staff numbers at global aluminium users rose for the eighth month running in August. The rate of job creation eased from July to the softest for six months. Both US and Europe-based firms signalled sustained, albeit slower expansions in employment compared to July, while Asian aluminium users were the only ones to signal a fall in staffing levels. In line with slowing incoming business, outstanding business rose at the softest pace since April.

Ongoing growth and difficulties in procuring raw materials led to a fourteenth consecutive rise in purchasing activity, albeit one that was the slowest since March. As delivery times continued to lengthen, stocks of raw materials fell for the second consecutive month as firms looked to draw down existing supplies to fulfil incoming orders.

Prices

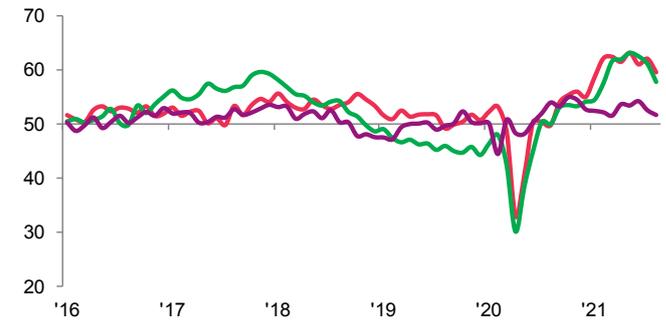
August data indicated a further robust increase in input costs, though the rate of inflation was the softest since February. Consequently, output charges also rose at the weakest pace for six months.

COMMENT

Usamah Bhatti, Economist at IHS Markit said:
 “Growth at global aluminium users continued midway through the third quarter, however firms signalled significantly softer rises in output and new orders. Notably, production levels expanded at the softest pace since June 2020. The expansion in new orders eased to a 13-month low. This came as ongoing supply chain disruption continued to hinder activity worldwide among aluminium users, while the rise in COVID-19 cases attributed to the Delta variant also dampened demand.
 “A softer upturn in production levels was seen among the three monitored regions in August, with US-based aluminium users marking the softest rise since the end of 2020. Moreover, European firms noted a more significant easing as growth slowed to a 12-month low, while the rate of growth at Asian aluminium users was only marginal.”

Global Aluminium Users PMI
 Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

CONTACT

IHS Markit

Usamah Bhatti
 Economist
 T: +44 1344 328 370
usamah.bhatti@ihsmarkit.com

Joanna Vickers
 Corporate Communications
 T: +44 207 260 2234
joanna.vickers@ihsmarkit.com

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.

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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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