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## IHS MARKIT GLOBAL STEEL USERS PMI™

### Operating conditions improve at slowest rate for 14 months

#### KEY FINDINGS

Softest rise in new orders in 15 months

Renewed decline in export sales

Input cost and output charge inflation slow

Business conditions faced by global steel users improved at a slower pace in September, according to the latest Global Steel Users PMI™ data. While output growth quickened for the first time since May, total new orders rose at the softest pace in the current 15-month sequence of expansion. The slowdown was exacerbated by a renewed reduction in foreign demand. Steel users continued to report a slight easing in price pressures during September, which pushed the rate of selling price inflation to the slowest for seven months.

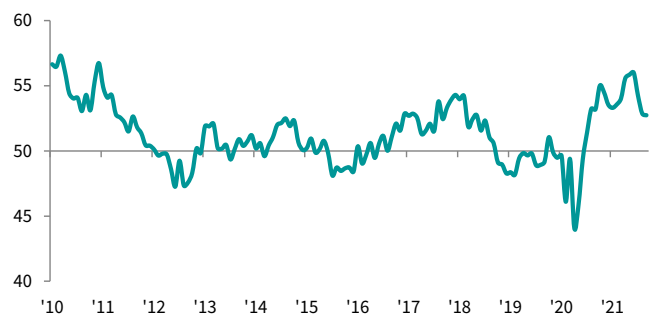
The seasonally adjusted Global Steel Users Purchasing Managers Index™ (PMI™) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of steel – fell from 52.9 in August to 52.7 in September. The reading indicated a more moderate improvement in business conditions that was the softest recorded since July 2020.

September survey data revealed a sustained increase in output at global steel users, thereby stretching the current period of growth to 16 months. Companies often linked the rise to higher inflows of new work, but increasingly mentioned that supply chain disruption and international COVID-19 restrictions to combat higher caseloads had dampened production. Firms in the US and Europe recorded a broadly unchanged rate of expansion, while Asian firms noted faster growth for the first time since June.

#### Demand

New orders at steel users worldwide rose at a modest pace

Global Steel Users PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

during September. The rate of increase was the slowest in the current sequence of growth that started in July 2020, however. Data broken down by region indicated a significant slowdown in all three monitored regions, with Asia-based firms seeing the softest improvement. Total new order growth was dampened by the first fall in export sales for eight months, driven a renewed fall in Asia and weaker increases in the US and Europe.

#### Capacity

Staff numbers at global steel users rose for the eighth month running in September. The rate of job creation quickened for the first time in four months. Both US and Europe-based firms signalled sustained and faster expansions in employment, while there was a renewed rise at Asian steel users. In line with rising staff numbers and slower new business growth, outstanding business rose at the softest pace since April.

Ongoing demand growth and difficulties in procuring raw materials led to a fifteenth 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 third consecutive month as firms looked to draw down existing supplies to fulfil incoming orders.

#### Prices

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

## COMMENT

Usamah Bhatti, Economist at IHS Markit said:

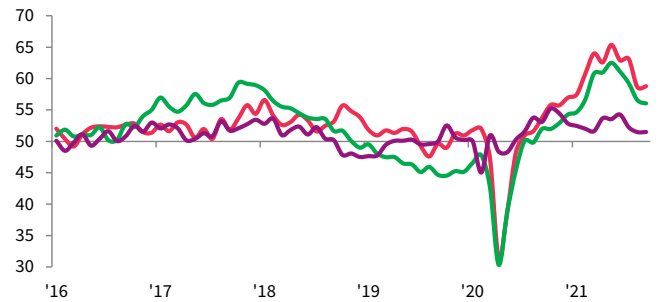
*“While operating conditions at global steel users continued to improve at the end of the third quarter, the latest performance underlined a slowdown in growth from the multi-year highs seen during the second quarter. Notably, new orders expanded at the softest pace in the current sequence of growth that began in July 2020, with the slowdown exacerbated by a fall in exports that was the first since the start of the year. This came as ongoing supply chain disruption continued to hinder activity worldwide, while the rise in COVID-19 cases attributed to the Delta variant also dampened demand. That said, firms noted that the peak of the latest surge appeared to have passed.*

*“More positively, production levels increased at a quicker pace for the first time since May, driven by a faster – but still marginal – rate of expansion at Asian steel users. US-based steel users saw the strongest rise overall, though the rate of growth was unchanged from August and the joint-weakest in 2021 so far.”*

## Global Steel Users PMI

Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

## CONTACT

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### Methodology

The Global Steel Users PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of steel. 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 steel 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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