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## IHS MARKIT GLOBAL STEEL USERS PMI™

### Softer deterioration at steel-using firms in September

#### KEY FINDINGS

New orders fall marginally

Businesses raise production levels at slight rate

Hiring activity sees renewed decline

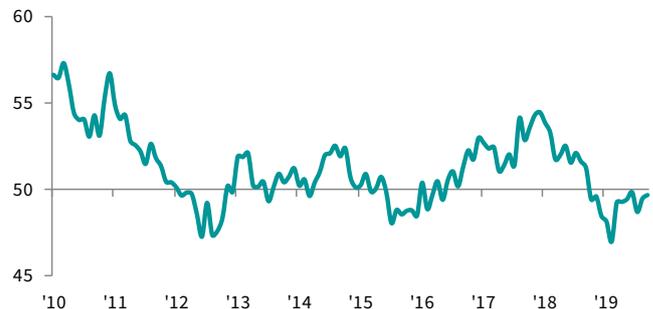
Latest data signalled a twelfth successive monthly deterioration in the health of the global steel-using industry in September. However, a weaker fall in new orders and a slight upturn in output meant that the overall rate of decline slowed to a fractional pace. Hiring activity still fell though, while firms also cut back on input purchases.

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 – increased for the second month running from 49.5 in August to 49.7 in September, indicating a further softening of the decline in business conditions among steel users. Nonetheless, this extended the current sequence of deterioration to a whole year.

At the regional level, US and European steel users noted a further weakening of operating conditions, albeit with the rate of decline at US companies slowing to a marginal pace. The most positive data came from Asian users, recording back-to-back monthly improvements for the first time in 12 months.

Stronger market conditions among Asian panellists led them to increase output moderately. Despite falling activity in the US and Europe, this drove a marginal expansion in production at the global level.

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



Source: IHS Markit.

#### Demand

Meanwhile, new orders received by steel-using firms continued to decrease, as has been the case since last October. That said, the latest decline was the weakest in this period.

Notably, European users saw an ever steeper downturn in demand that was the sharpest since the financial crisis. Respondents that noted lower new orders cited continued weakness in the automotive sector and reduced investment in the midst of poor market conditions.

#### Capacity

Steel users reported a marginal reduction in job numbers in September, following the first monthly increase for 12 months during August. Lower hiring activity was observed in all three main regions and often attributed to continued demand weakness.

Businesses limited their input purchases during the month, with the pace of reduction softening from August. Inventories also decreased as some stocks were used for production.

#### Prices

Cost pressures remained subdued at the end of the third quarter, with only a few firms seeing an increase in raw material prices. That said, the rate of inflation picked up slightly from August's recent low. Concurrently, output prices rose marginally in September.

## COMMENT

David Owen, Economist at IHS Markit said:

*"While September data pointed to the twelfth successive month where the Global Steel Users PMI was below 50.0, a reading of 49.7 signalled that it was only just in contraction territory. This suggested that the decline in business conditions at steel users worldwide is slowing, and possibly nearing an end.*

*"Production levels rose slightly for only the second time in 12 months, while new orders fell at the weakest pace in the current downturn sequence. Asian firms recorded the best performance, with output and new orders both growing. However, US and European users saw further declines.*

*"While it appears that the outlook for the steel-using industry has improved, growing concerns around the world economy suggest a different projection. For instance, the world's top iron-ore exporter, Australia, has markedly reduced its forecast for global steel demand, citing economic uncertainty and continued trade tensions. This suggests that hopes of strong growth at steel users in the near future are limited."*

## 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. To learn more go to [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).