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## IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

### Aluminium users signal slowest increase in output for 17 months

#### KEY FINDINGS

Softer increases in output and new orders

Record delivery delays and shortages drive marked rise in costs

Employment expands at strongest rate since July

Aluminium users reported a slower improvement in overall operating conditions in October. Notably, both output and new orders expanded at the softest rates in the respective sequences of growth. Sustained pressure on supply chains exacerbated existing material shortages and extended delivery times at the fastest rate on record, which contributed to a sharp acceleration in operating costs for aluminium users. Despite softer demand conditions, employment levels were raised at the quickest rate since July.

At 52.9 in October, 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 – edged down slightly from 53.1 in September. Although the reading pointed to a further improvement in the health of the sector, the rate of growth was the softest seen for 15 months. Both the US and Europe noted lower PMI readings in October, while the headline reading in Asia was broadly unchanged.

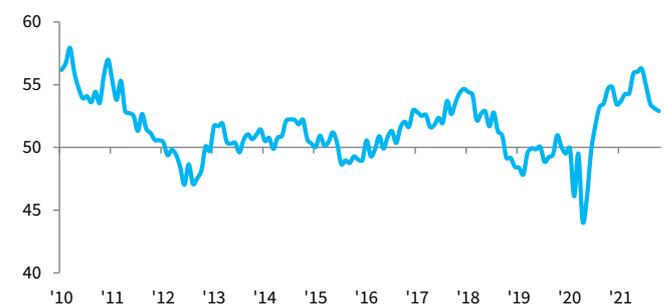
Production levels continued to rise in October, however the growth rate softened to the slowest in the current 17-month period of expansion. Aluminium users in the US noted a slight fall in output for the first time since May 2020, while growth at Asian firms stagnated. European firms also signalled a notable slowdown.

#### Demand

Global aluminium users indicated a sustained rise in new work during October, but the rate of growth eased to the

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

slowest since the current period of expansion began in July 2020. Respondents often linked higher sales to improving client confidence, though this was dampened by sustained material shortages. All three monitored regions registered their weakest readings this year, with the strongest rate of growth seen in the US. New export business meanwhile reduced for the second successive month, and at the fastest pace for 16 months.

#### Capacity

With workloads rising further in October, firms increased staffing levels for the tenth straight month. The rate of job creation quickened to the fastest since July but was only modest overall. Greater intakes of new work and prolonged delivery of materials meanwhile drove a solid increase in backlogs of work.

Supplier performance continued to deteriorate severely in October, with the latest lengthening of delivery times the sharpest on record. Purchasing activity meanwhile rose at the softest pace in 15 months amid material shortages and difficulty in receiving inputs. As a result, stocks of inputs dipped for the fourth month running as firms utilised existing holdings to fulfil orders.

#### Prices

A combination of higher raw material costs and shortages drove a further rise in cost burdens in October. The rate of inflation accelerated to the quickest since May. Concurrently, aluminium users increased their selling prices at the sharpest rate since May's series-record high.

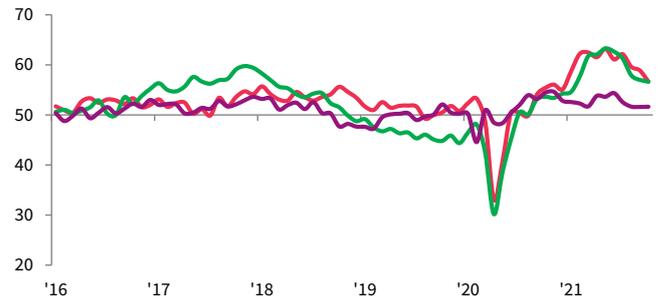
COMMENT

Usamah Bhatti, Economist at IHS Markit said:  
 “Global aluminium users signalled a further loss of momentum at the start of the fourth quarter, with the indices for both output and incoming orders ticking down to the lowest readings of their respective sequences of expansion. Notably, the headline PMI figures dipped in both Europe and the US, with nine- and ten-month lows recorded in each region respectively. At the same time, Asian firms saw a broadly stable rate of growth in operating conditions.

“Companies often indicated that activity and demand had been hindered by ongoing material shortages and severe supply chain disruption, particularly as businesses were still trying to adjust to the fallout from the recent surge in COVID-19 cases. It is likely that supply chains will take considerable time to fully recover, which may dampen prospects for the months ahead.”

Global Aluminium Users PMI  
 Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

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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](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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