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## IHS MARKIT GLOBAL COPPER USERS PMI™

### Headline PMI improves slightly in October

#### KEY FINDINGS

Output growth quickens, but upturn in new orders unchanged

Exports fall at fastest pace since June 2020

Input cost and output charge inflation accelerate

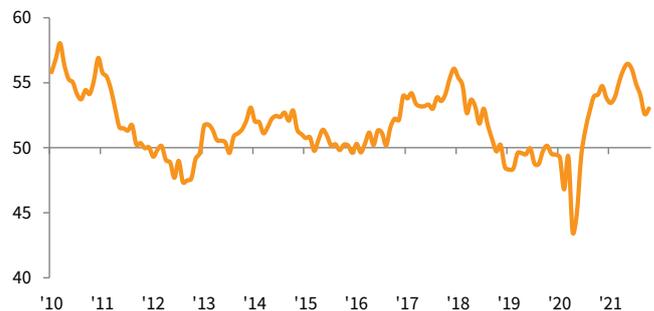
The Global Copper Users PMI ticked up in October, from a 14-month low in September, with firms reporting a slightly stronger increase in production levels while new order growth stabilised. Nevertheless, a number of panel members mentioned that raw material shortages and longer delivery times had again dampened growth. At the same time, foreign demand decreased at the quickest pace for 16 months. Ongoing difficulties in sourcing inputs also led to a sustained increase in input costs, with the rate of inflation accelerating to a five-month high.

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 – rose from 52.6 in September to 53.0 in October. The index signalled a moderate improvement in overall operating conditions, with the rate of growth quickening for the first time since May. Copper users in Europe and Asia reported that growth rates strengthened during October. Meanwhile, US firms signalled the softest increase in operating conditions since August 2020.

Output expanded at a quicker, yet still marginal, pace at global copper users in October, with the rate of growth accelerating for the first time in five months. Data broken down by region showed a slight pick-up in Europe and Asia, whereas US-based-firms signalled the first fall in output since June 2020.

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Demand

New orders received by global copper users increased for the sixteenth month running in October. The rate of expansion was unchanged from September and the joint-lowest in the current growth sequence. Sales growth in the US hit a 14-month low, while European firms also saw a slower overall upturn. Only firms in Asia reported an improvement in new order growth. Concurrently, new work from overseas fell for the first time since July 2020.

#### Capacity

As new order growth stabilised, global copper users recorded a faster increase in employment for the first time in six months in October, due to sustained increases in Europe and Asia. By contrast, firms in the US reduced their workforces for the first time in 15 months. At the same time, backlogs of work rose at a quicker pace than that seen in September, with the rate of accumulation at a three-month high.

Purchasing activity rose at the softest pace for 15 months at the start of the fourth quarter. Meanwhile, the time taken for inputs to be delivered lengthened at the second-sharpest pace on record due to material shortages and logistical delays.

#### Prices

Input costs face by global copper users increased rapidly in October, with the rate of inflation reaching a five-month high. This contributed to a robust upturn in output charges, which rose at the fastest rate since May.

## COMMENT

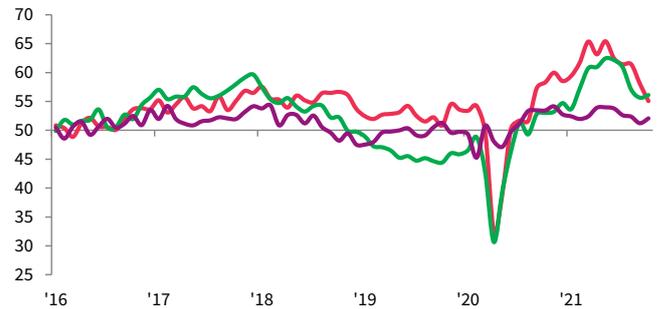
Usamah Bhatti, Economist at IHS Markit said:

*“The Global Copper Users PMI indicated that momentum picked up slightly at the start of the fourth quarter, with firms registering a quicker, albeit still marginal, rise in output in October. That said, the rate of growth in new orders was unchanged at the joint-softest since order books began to improve in July 2020. Companies often linked this to supply chain delays and raw material shortages as firms readjusted to stronger demand conditions as the latest COVID-19 wave passed. Softer improvements in new orders were signalled in both the US and Europe, while Asian firms who were hit hardest by the Delta variant were the only ones to see a quicker upturn.”*

*“Positively, the first acceleration in production growth in five months encouraged firms to expand staffing levels at a faster rate. Nevertheless, ongoing supply chain disruption continued to push up input costs, with the rate of inflation reaching the highest since May. As part of efforts to alleviate pressure on margins, copper users increased selling prices at the steepest rate in five months.”*

## Global Copper Users PMI Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

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### Methodology

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