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## IHS MARKIT GLOBAL STEEL USERS PMI™

### Operating conditions improve at slowest rate for 15 months

#### KEY FINDINGS

Output and new order growth soften from September

Rate of job creation quickens to four-month high

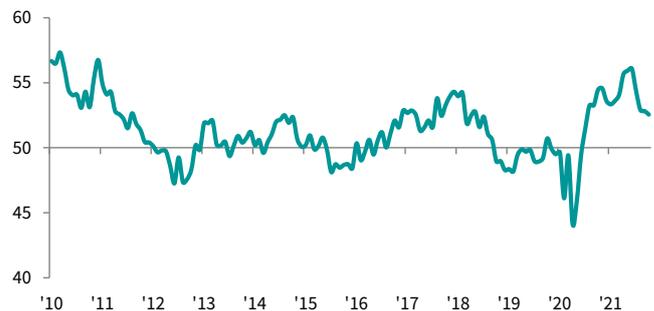
Record delivery delays drive acceleration in costs

Global steel users indicated a further improvement in demand conditions in October, though the rate of growth eased to a 15-month low amid softer increases in output and new work. The ongoing expansion encouraged firms to expand staff hiring at the fastest pace since June. Supply chain delays persisted however, as delivery times lengthened at a survey-record pace, which led to a steep acceleration in cost burdens. Inventories of both inputs and finished goods meanwhile declined due to difficulties in obtaining materials. Finally, factory gate prices rose again and at the fastest pace for five 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 – edged down from 52.8 in September to 52.6 in October. Although consistent with a modest improvement in business conditions, the latest reading was the lowest recorded since July 2020.

Steel users registered a marginal uplift in output at the start of the fourth quarter, with the rate of growth the slowest recorded since June 2020. Where output increased, this was attributed to production rising in line with new business. However, this was partially offset by material shortages and delivery delays. On a regional basis, output increased at weaker rates in Europe and Asia, and declined for the first time since June 2020 in the US.

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



Source: IHS Markit.

#### Demand

October survey data pointed to a slower and marginal upturn in total new work received by global steel users. The expansion was the softest seen in the current 16-month sequence, with all three regions monitored seeing slower growth rates. Notably, new export business decreased for the second month running and at the fastest pace since June 2020.

#### Capacity

Firms in the steel-using industry increased their employment levels for the ninth successive month in October. Moreover, the rate of staff hiring was the strongest since June, albeit modest overall. At the same time, capacity pressures were unchanged, with backlogs of work rising for the sixteenth month in a row.

In line with the trend for new work, purchasing activity expanded at a slower pace in October, and the softest since July 2020. However, material shortages and shipping delays led to a new record lengthening of suppliers' delivery times. Supply chain delays were much more widespread in the US and Europe, though Asian firms highlighted the fourth-fastest lengthening of delivery times in the survey history. As a result, stocks of both pre-and post-production items fell in October.

#### Prices

Global steel users signalled a sharper increase in average input costs during October. This led to another marked upturn in selling prices, which rose at the quickest pace since May.

## COMMENT

Usamah Bhatti, Economist at IHS Markit said:

*“The Global Steel Users PMI slipped to a 15-month low in October, signalling a sustained softening of growth momentum. Panel members reported slower gains in output and new work in comparison to those seen throughout the year to date, as rates of expansion were hampered by reports of sustained material shortages and supply chain delays. Regional data indicated that the slowdown was broad based across Asia, Europe and the US, which each saw two, nine and 11-month lows respectively. Uncertainty surrounding how long supply chain disruption will continue is likely to weigh on the overall health of the sector in the months ahead.*

*“Prices data meanwhile signalled a further squeeze on operating margins at global steel users, as input costs continued to rise at a quicker rate than selling prices. Nevertheless, both input price and output charge inflation accelerated to the sharpest since May.”*

## 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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