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## IHS MARKIT GLOBAL STEEL USERS PMI™

### PMI unchanged at 49.2 in April

#### KEY FINDINGS

Slight deterioration in operating conditions

Output and new orders fall

Firms reduce selling prices slightly

Manufacturing conditions at heavy users of steel worldwide remained subdued in April. Output fell across all key regions, leading to lower employment, weaker input buying and a slight drop in selling prices.

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 – was unchanged at 49.2 in April to signal another slight deterioration in operating conditions. Panellists did report a weaker drop in output but this was offset by a faster rate of job losses.

Production at global steel users eased further in April, falling for the seventh month in a row. Moreover, it was the first time in over six years where all three key monitored regions registered lower output, due to the USA sub-index slipping into contraction.

According to panel reports, US steel users related the downturn to weaker sales growth and oversupply in the market. Elsewhere, firms noted a lack of new orders, particularly from the automotive sector.

#### Demand

Total new orders at global steel users dropped for the seventh consecutive month in April, with the rate of decline unchanged since the end of the first quarter. Panellists attributed the fall in new work to weaker demand from the

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



Source: IHS Markit.

car industry and from foreign markets.

While Asian and European users saw a sustained drop in demand, US users reported an increase in new business, albeit only marginally and at a much softer rate than in March.

#### Capacity

There was a slight reduction in workforce numbers at heavy users of steel in April. This followed a broadly unchanged level in the previous month. While some businesses linked this to weaker order book volumes, others mentioned employees leaving the company. Notably, European users reduced employment at the fastest pace since August 2013.

Meanwhile, firms continued to pare back input purchases at a modest rate. This led to a further easing of inventory levels, albeit at the slowest rate in the current sequence.

#### Prices

Input price inflation was broadly unmoved from March. Latest data showed a subdued rise in costs compared to the series average, but still stronger than December 2018's 30-month low.

As such, survey respondents reported a fall in output prices in April for only the second time in nearly three years. Generally, firms related this to high competition as well as softer cost inflation.

## COMMENT

David Owen, Economist at IHS Markit said:

*"The headline PMI stayed at 49.2 in April, signalling another slight deterioration in operating conditions at global steel users. In one way this is positive news, as the rate of decline seems to have definitively eased since the start of 2019. On the other hand, this marked the seventh month running in which firms saw weaker business conditions than the previous month.*

*"Furthermore, export demand has now declined every month for the past year, whilst tariffs on steel goods abound and US-China trade talks slow down. There could still be a breakthrough in these talks, although recent tensions go some way to dampen these hopes. Moreover, it remains to be seen to what extent a deal pares back tariffs, which could be important in generating extra revenue for struggling businesses."*

## 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).