

IHS MARKIT GLOBAL COPPER USERS PMI™

Headline PMI improves slightly in December

KEY FINDINGS

Renewed rises in output and new orders

Exports fall for third month running

Employment falls at quickest pace for 17 months

The Global Copper Users PMI™ was broadly unchanged from November's 17-month low in December, as firms pointed to renewed, but marginal, expansions in production levels and new orders. Survey panellists highlighted that an improvement in client confidence and a slight easing in supply chain pressure had supported output. That said, material shortages and rising prices continued to dampen demand, as export sales notably decreased for the third consecutive month. In response, job shedding quickened among copper users, with the contraction in employment levels the fastest since July 2020.

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 slightly from 51.3 in November to 51.4 in December. The index signalled a modest improvement in overall operating conditions, though the rate of growth was weaker than that seen on average in 2021. Copper users in Asia reported a stabilisation in operating performance following a decline in November, while there were stronger expansions at US and European firms.

Output returned to expansion territory at global copper users in December. The rate of expansion was only marginal, with regional data indicating a return to growth in all monitored regions, albeit largely concentrated in Europe which recorded a five-month high.

Demand

New orders received by global copper users resumed growth

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

in December. The rate of expansion was only marginal however, and among the softest recorded in the past 18 months. Asia-based firms saw a second successive decline in sales, while growth at European and US firms accelerated over the month. Concurrently, new work from overseas fell for the third month running, though at the softest pace in the current sequence.

Capacity

With demand conditions remaining subdued, global copper users reported a fall in employment levels for the second month running. Notably, Asian firms recorded the sharpest fall in staffing levels for 22 months. By contrast, growth at European firms was broadly unchanged, while US users saw a modest rise in employment. At the same time, soft demand pressures meant that the rate of backlog accumulation eased to the weakest since February.

Purchasing activity rose at a slightly quicker pace in December, while stocks of inputs were raised to the greatest extent since February 2018 following a record rise at European firms. Meanwhile the time taken for inputs to be delivered lengthened markedly, through the rate of deterioration was the softest since January.

Prices

Input costs faced by global copper users increased further in December. That said, the rate of inflation eased to the softest for 13 months. This contributed to a less marked rise in output charges.

COMMENT

Usamah Bhatti, Economist at IHS Markit said:

“The Global Copper Users PMI indicated a turnaround in momentum in the copper-using industry at the end of 2021, as firms registered a renewed rise in both output and new orders. As a result, the headline PMI reading ticked higher from November’s 16-month low. Companies often linked this to improved customer confidence and signs that supply chain disruptions were easing. Both US and European-based firms saw operating conditions improve at a quicker rate in December, while firms in Asia saw a broad stabilisation in the health of the sector.

“That said, demand conditions remained subdued in comparison to that seen on average throughout the year, which had a negative impact on employment, as job numbers declined for the second successive month. Moreover, the rate of job shedding was the quickest for 17 months, led by firms in Asia where staffing levels fell at the fastest rate since February 2020. A lack of hiring helped to balance staff costs, which alongside lower raw material prices contributed to a considerable easing in input price inflation. Whilst still marked, overall cost burdens rose at the softest pace for 13 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.

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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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