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IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

Output growth at aluminium users quickens in March

KEY FINDINGS

Faster rise in production levels

Export sales expand for a second successive month

Input price inflation soars to decade high

March data pointed to a further improvement in business conditions faced by global aluminium users, and one that was quicker than in February as output rose at the fastest pace since last November. While export orders increased for the second month in a row, total new order growth slowed slightly compared to the previous survey period but remained solid overall. More positively, firms reported an increase in employment levels for the second consecutive month, with the pace of job creation the quickest for four months.

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 – ticked up to 54.1 in March from 53.9 in February. The rate of growth was solid overall and the fastest recorded since November 2020. Sustained rises in output and new orders meant that operating conditions have improved in each of the last nine months.

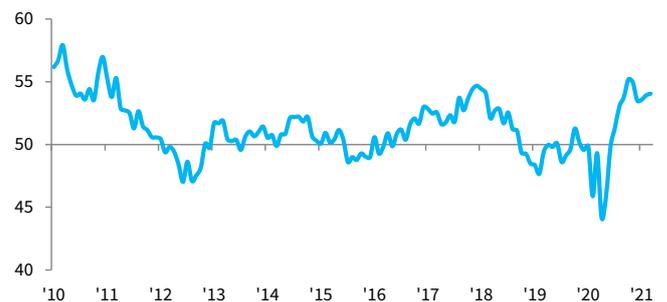
Aluminium users across all three monitored regions registered expansions in output during March, led by the US. Firms in Europe also saw a marked increase in production, while Asia-based firms pointed to a comparatively modest rise in output.

Demand

New orders received by global aluminium users rose at a solid pace in March, and extended the current sequence of expansion to nine months. A faster uptick in both Europe and the US was partially offset by a softer increase at Asian

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

firms. Panellists commonly attributed the rise to continued improvements in demand conditions following coronavirus disease 2019 (COVID-19) related disruption throughout 2020. Moreover, an ongoing recovery in external demand led to the second successive expansion in export sales in March. US-based firms registered the first rise in exports since January 2020, but Asian firms pointed to a renewed decline.

Capacity

In line with ongoing expansions in output, global aluminium users increased their staffing levels for the second month in a row in March. The pace of job creation was modest and the fastest since November 2020. At the same time, survey members reported that a sustained increase in demand led to the fastest rise in outstanding business in three months.

Aluminium users reported ongoing supply chain disruptions during March. Latest data signalled a further marked lengthening in delivery times, in part due to a record deterioration in US supplier performance. Amid difficulty in sourcing raw materials, purchasing activity increased at a softer pace than that seen in February, while stocks of raw materials fell for the fourth month in a row as firms utilised stockpiles to fulfil incoming orders.

Prices

Input prices faced by aluminium users rose for the tenth month running in March. Notably, the rate of inflation was the quickest since March 2011. Higher input prices were partially passed on to clients through increased output charges, which rose to the greatest extent since July 2008.

COMMENT

Usamah Bhatti, Economist at IHS Markit said:
 “The global aluminium-using industry saw a stronger improvement in operating conditions in March as a sustained expansion in production levels kept the latest PMI reading above the 50.0 no-change threshold. While total new order growth eased slightly in comparison to February, new export orders expanded for the second consecutive month. Firms across all three monitored regions registered sales growth, with the US and Europe reporting an accelerated pace of expansion. Meanwhile, firms in Asia pointed to a slower and only modest rise in new orders. Aluminium users were buoyed by improved demand conditions to expand capacity for the second month running in March, with the rate of job creation the fastest since last November.

“The latest PMI indicated that aluminium users are continuing to adjust to COVID-19 restrictions around the world. However, the resurgence of cases and return of restrictions, notably in Europe, may dampen growth in the coming months.”

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.

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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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