

News Release

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IHS MARKIT GLOBAL COPPER USERS PMI™

Growth at copper users moderates

KEY FINDINGS

Output rises for third month running

New orders increase only marginally

Input inventories contract at fastest rate in over six years

Operating conditions at global copper users remained in expansion territory in November, as firms were supported by higher new orders and a modest rise in output. However, the rate of improvement was marginal, with demand increasing only slightly from October. Greater output meanwhile reduced stocks of purchases at the quickest rate in over six years.

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 – posted 50.4 in November, down from 50.9 in October, indicating a marginal improvement in the health of the global copper-using industry.

Manufacturers using copper reported a modest rise in production levels midway through the fourth quarter. This marked the third upturn in as many months, albeit the slowest observed in this period.

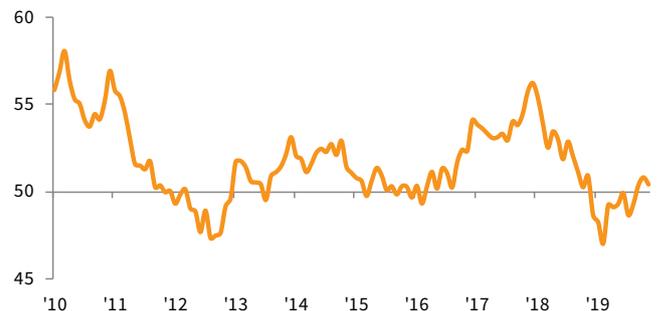
US users raised output sharply during November, the fastest seen in a year. However, this was offset by slower production growth across the Asian copper-using industry. European users reduced output for the thirteenth successive month, albeit at the slowest rate since April.

Demand

Total new orders grew for the second month running in November, driven by higher demand at US and Asian users.

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

That said, the latest upturn was marginal and softer than in October. Firms that saw an increase linked this to improving economic conditions and larger orders.

Meanwhile, manufacturers continued to report slowing export demand conditions. However, the latest downturn was the softest since October 2018.

Capacity

Employment at global copper users increased for the first time in three months in November. Respondents often attributed this to filling vacant roles in response to higher business volumes. As such, backlogs were kept unchanged, following a moderate rise in capacity pressures in October.

Greater production levels also weighed on stocks of purchases, which fell at the fastest rate in over six years. Input buying increased, but only marginally.

Prices

Overall input costs were unchanged in November, as rising expenses at US copper users was offset by falling cost burdens faced by European users. The former noted that tariffs inflated fees during the month, while the latter mentioned lower raw material prices. A lack of cost pressures allowed copper users to reduce output charges, although the rate of decrease was fractional.

COMMENT

David Owen, Economist at IHS Markit said:

"After the upsurge in the Global Copper Users PMI in recent months, November data stilled the excitement of manufacturers hopeful of a strong rebound. New order growth was only slight, compared with a moderate upturn during October, while output increased at the softest pace so far in the current expansion period. This may have stemmed the potential rise in employment, which, despite still growing, did so only marginally. More notably, stocks of purchases fell at the fastest rate since July 2013, showing that firms remain cautious that the sector could tip back into decline.

"A key trend to watch over the coming months will be new export orders. Despite falling in November, the rate of decrease was the softest for over a year, and marginal. Asian copper users notably reported the first increase in export sales since April 2018, before US tariffs initiated a lengthy downturn. Whilst the overall rise in foreign orders was slight, it signalled that Asian firms could begin to see a recovery in trading conditions."

CONTACT

IHS Markit

David Owen
Economist
T: +44 207 064 6237
[david.owen@ihsmarkit.com](mailto: david.owen@ihsmarkit.com)

Katherine Smith
Public Relations
T: +1 781 301 9311
[katherine.smith@ihsmarkit.com](mailto: katherine.smith@ihsmarkit.com)

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. To learn more go to [ihsmarkit.com/products/pmi.html](http: //ihsmarkit.com/products/pmi.html).