

# News Release

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## IHS MARKIT GLOBAL COPPER USERS PMI™

### Virus outbreak rattles copper users

#### KEY FINDINGS

Sharpest drop in production for nearly 11 years

New orders fall markedly amid weaker exports

Lead times increase at strongest rate on record

The global copper-using industry stalled in February, latest PMI™ data showed, as the outbreak of coronavirus led to marked falls in production in key markets such as China. New orders also declined sharply, prompting reductions in both purchases and inventories. Weaker supply chains were also observed, with lead times lengthening at the strongest rate in the series history.

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 – dropped from 49.0 in January to 46.2 in February, to signal a solid deterioration in the health of the copper-using industry. The rate of decline was the quickest since May 2009.

Central to the downturn was the emergence of the coronavirus outbreak in China, which led to a number of factory shutdowns. As a result, output at Asian copper users contracted at the sharpest rate for over 11 years.

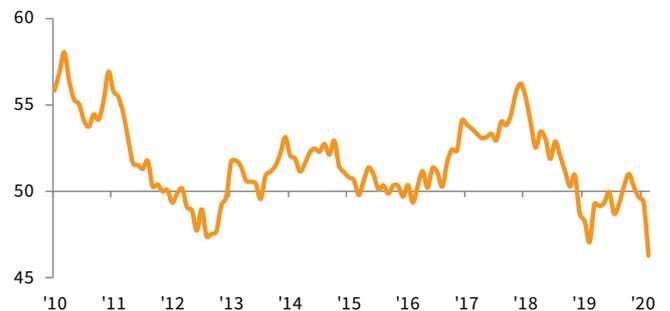
Production at European firms meanwhile fell modestly, with the rate of decline the slowest for 13 months. Concurrently, US users saw a solid expansion in output.

#### Demand

New orders received by global copper users fell sharply during February, having decreased in 14 out of the past 15 months. Moreover, the rate of decline was the quickest since March 2009, as firms highlighted that lower activity reduced sales. Export business also dropped markedly in February,

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

as the virus outbreak hampered global supply chains and reduced firms' willingness to trade.

#### Capacity

Amid the sharp fall in output, copper-using manufacturers reduced purchasing quantities to a large extent in February. The rate of contraction was the fastest for nearly 11 years. As a result, input stocks decreased for the seventeenth month running, and sharply overall.

Meanwhile, input deliveries were notably impacted by the virus outbreak, as lead times deteriorated at the strongest rate on record (since May 2007). Several businesses commented that suppliers in Asia were unable to operate.

There was also a sharp drop in employment in February, with Asian users seeing a notable fall in staffing levels in response to the outbreak. This led to a solid rise in backlogs that was the fastest for two years.

#### Prices

Input price inflation remained solid during February, with firms citing raw material shortages as a key factor leading to higher costs. Despite this, output charges rose only marginally.

## COMMENT

David Owen, Economist at IHS Markit said:

*"February PMI data revealed the true impact of the coronavirus outbreak on the global copper-using industry. The headline PMI index fell to 46.2, the lowest since May 2009, showing that copper users were direly hit by Chinese lockdowns and factory closures.*

*"In fact, the PMI was elevated by the Suppliers' Delivery Times Index in February (which is inverted in the calculation of the headline figure), as lead times lengthened at the quickest rate on record globally. All three key regions saw sharp deteriorations in supplier performance, as many Chinese vendors called force majeure on contracts and freight shipments were delayed.*

*"Meanwhile, output and new orders contracted sharply, while employment also fell quickly as employees struggled to return to work. Demand-side effects were mostly limited to Asia, although European and US users both saw faster declines in export orders.*

*"March PMI data will also be fascinating to see how the spread of the coronavirus outside of Asia impacts copper users worldwide. The next data release will be on 7th April."*

## CONTACT

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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](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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