

Embargoed until 09:00 BST (08:00 UTC) 7 October 2020

## IHS MARKIT GLOBAL STEEL USERS PMI™

### Strongest output growth at global steel users since December 2017

#### KEY FINDINGS

Production levels rise sharply in September

Sales grow for third month in a row

Job numbers rise at quickest rate since July 2018

Output levels at steel-using companies continued to expand in September, marking a further recovery from the global lockdown that peaked in the second quarter. The upturn was led by a further steep increase in new orders. As a result, firms raised employment at the quickest pace since July 2018, albeit only marginally overall.

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 – increased to 53.6 in September, from 53.1 in August, to indicate a further solid improvement in operating conditions at the end of the third quarter.

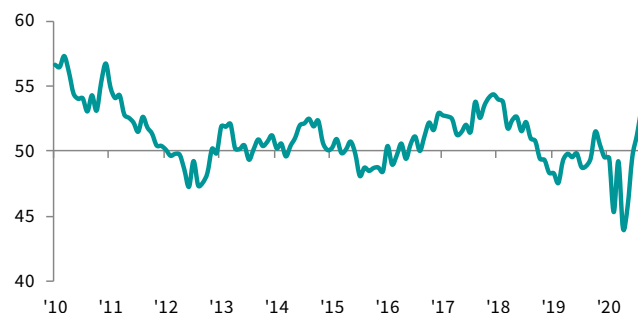
The improvement was driven by further gains in output and new orders, with production growth reaching the most marked since December 2017. Asia registered the fastest upturn of the three key regions, although Europe and the US both saw much stronger increases in output compared to August.

Where an expansion was recorded, panellists linked this to the starting of new projects, higher demand and a restart of production lines following lockdown measures.

#### Demand

Steel-using manufacturers saw a further sharp increase in new orders in September, with growth near-matching

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



Source: IHS Markit.

August's pace. Notably, sales have risen throughout the third quarter after the global coronavirus lockdown.

Firms noted that fewer restrictions and higher client demand helped to drive the latest upturn. Moreover, there was a second consecutive rise in export sales, following 27 months of decline.

#### Capacity

Higher demand at steel-using companies led to a further rise in backlogs during September. However, a renewed increase in workforces helped to soften the impact on capacity. Employment rose more quickly in the US and Asia, offsetting a reduction at European firms. The overall rate of jobs growth was the fastest since July 2018, but only slight overall.

Despite a sharp rise in input buying, reports of firms using up stocks meant that pre-production inventories fell in September. There were also several mentions of firms struggling to source inputs, leading to a solid increase in delivery times.

#### Prices

Input shortages contributed to a sharp rise in cost pressures at steel users, as input prices rose for the fourth month running. Commodities including steel were noted as up in price. Output prices increased only marginally, however, as some firms offered discounts to improve demand.

## COMMENT

David Owen, Economist at IHS Markit said:

*“The steel-using industry saw a further uplift in September, with latest data signalling that output growth was the strongest since the end of 2017. This should encourage businesses that a recovery from the COVID-19 crisis is well under way. Output and new orders both rose sharply, while job numbers grew at the quickest rate in over two years (albeit only slightly overall).*

*“That said, growth momentum showed signs of petering out as the PMI rose only 0.5 points in September, the smallest uptick since April’s recent nadir. Moreover, with Europe seeing a rise in COVID-19 cases, it is clear that the threat of further restrictions remains high.”*

## 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.

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