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## IHS MARKIT GLOBAL STEEL USERS PMI™

### Operating conditions improve at slightly quicker rate

#### KEY FINDINGS

Output levels stabilise amid renewed rise in new orders

Employment growth remains subdued

Marked easing in input price inflation

Global steel users indicated a further improvement in operating conditions in December, with the rate of growth quickening slightly from November's 17-month low. Production levels stabilised amid a renewed expansion in incoming orders. That said, subdued growth momentum discouraged firms from taking on additional staff, as the rate of job creation stagnated at the end of the year. Positively, reports of supply chain delays and material shortages eased slightly, which contributed to a considerable easing in input price and factory gate charge inflation. However, delays in receiving inputs were still marked and led to a further slowdown in purchasing activity growth.

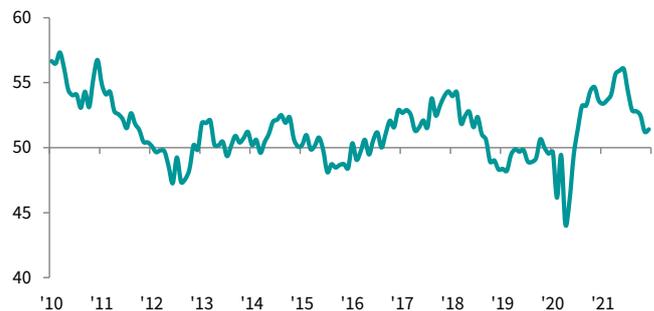
The seasonally adjusted Global Steel Users Purchasing Managers Index™ (PMI™) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of steel – rose from 51.2 in November to 51.4 in December. Although modest in comparison to the average seen in 2021, the headline PMI reading improved for the first time since June.

Steel users registered a stabilisation in output in December following a decline in the previous month. Where output increased, this was attributed to rising new orders, but was offset by rising COVID-19 cases and material shortages. On a regional basis, output reduced further at Asian firms, while US and European steel users saw stronger expansions.

#### Demand

December survey data pointed to a renewed rise in total new work received by global steel users. That said, the reversal of

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



Source: IHS Markit.

November's decline was only mild and among the softest seen in the past 18 months. New business in Asia broadly stabilised, while incoming order growth in Europe and the US quickened for the second month running. Meanwhile, new export business decreased for the fourth consecutive month, albeit only fractionally.

#### Capacity

Firms in the steel-using industry reported a subdued rate of employment growth at the end of the year. The increase in job numbers was unchanged from November's nine-month low and only slight. At the same time, backlog accumulation eased for the sixth successive month and was marginal overall.

With new work growth only mild, purchasing activity expanded marginally in December, and at the softest pace in the current 18-month growth sequence. Firms cited difficulty receiving inputs had made them hesitant to purchase inputs due to a robust lengthening in suppliers' delivery times. That said, the rate of decline in lead times was the softest since March. Inventories of inputs were broadly stable, despite a record increase in Europe amid efforts to build safety stocks and protect against future delays.

#### Prices

Global steel users signalled a considerably softer rise in average input costs during December. The rate of inflation was the slowest since November 2020, but remained robust overall. This led to a slower, yet still sharp uptick in selling prices.

## COMMENT

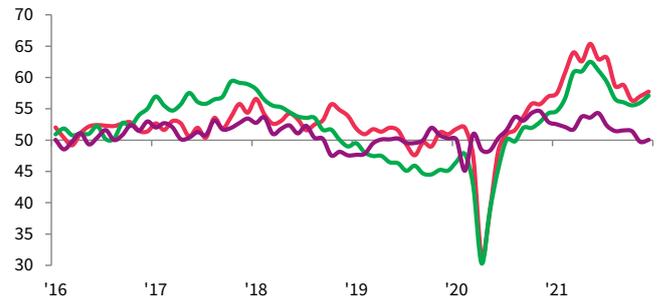
Usamah Bhatti, Economist at IHS Markit said:

*“The global steel-using industry saw growth momentum pick up from the 17 month low seen in the previous survey period at the end of 2021. Panel members reported that output levels had stabilised as new orders returned to expansion territory, leading to the first uptick in the headline PMI since June. Anecdotal evidence suggested that demand was held back by sustained, albeit easing, supply chain pressures and rising COVID-19 cases related to the Omicron variant. Regional data pointed to a softer fall in output in Asia, while the US and Europe report three and five-month highs respectively. That said, uncertainty surrounding the duration of supply chain disruption and the impact of the latest COVID-19 wave is likely to weigh on the overall health of the sector in the months ahead.*

*“Prices data meanwhile signalled a further, albeit softer, squeeze on operating margins at global steel users, as input costs rose at a quicker rate than selling prices. That said, the rate of input cost inflation eased substantially to a 13-month low at the end of 2021.”*

## Global Steel Users PMI Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

## 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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