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## IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

### Business conditions decline further in April

#### KEY FINDINGS

Quicker drop in new orders at aluminium users...

...but weaker fall in output

Producer prices down for first time in 32 months

Global users of aluminium registered another downturn in operating conditions during April, albeit one that was subdued compared to the start of the year. New orders declined at a sharper rate, countering a slower fall in output.

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 – slipped fractionally from 49.3 in March down to 49.2 in April.

This signalled a deterioration in business conditions for the seventh month running, albeit one that was much softer than seen earlier this year.

Production at aluminium users fell further in April. However, the rate of decline was marginal and the softest for six months. This was driven by milder drops in output at Asian and European users.

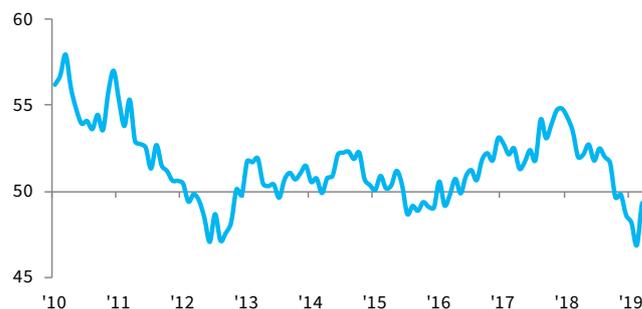
At the same time though, US aluminium users reported the first contraction in output since July 2017. According to anecdotal reports, this was related to subdued demand growth and oversupplied customer markets.

#### Demand

By comparison, new orders at global aluminium users declined at a faster rate during April. The pace of decrease remained modest though and softer than the average for the first quarter. New work from abroad also fell at a sharper rate

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

than in the previous month.

Regionally, demand at Asian and European users remained in contraction territory, with panellists partly attributing this to a sustained decline in new orders from the car industry. Demand growth at US users meanwhile slowed to only a marginal rate.

#### Capacity

Global aluminium users continued to report a fall in purchases in April, with latest data indicating a modest drop. At the same time, stocks of purchases decreased at the least marked rate for seven months.

The employment sub-index noted another marginal fall in workforce numbers, marking the eighth successive monthly decline in jobs. Nevertheless, weak levels of demand meant that firms were still able to reduce backlogs.

#### Prices

Companies using aluminium were led to reduce output prices in April for the first time in 32 months. Hampered by low demand, many survey respondents lowered charges in order to attract new customers.

That said, firms were helped by cooler inflationary pressure on input costs. The rate of inflation dipped to the second-lowest in over three years, due to softer price increases for US and European users.

## COMMENT

David Owen, Economist at IHS Markit said:

*"Heavy users of aluminium reported another fall in output during April. However, as with March data, the rate of decline was markedly softer than earlier this year. This will put some businesses at ease, as it appears that the downturn at Asian manufacturers has softened for now.*

*"On the flip side, regional data signalled the first drop in output at US aluminium users since July 2017. Demand growth also slowed, signalling headwinds to US factory orders after official data marked a seven-month high in March.*

*"The continued run of weaker new orders globally seems to have impacted aluminium prices in April. Prices dropped by around 4% over the month, and the PMI Input Prices Index also slid down. This allowed surveyed companies to reduce output charges for the first time in 32 months, illustrating their growing need for a rebound in sales."*

## CONTACT

### IHS Markit

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

Joanna Vickers  
Corporate Communications  
T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### 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](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).