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## IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

### Aluminium PMI signals strongest improvement in over a decade

#### KEY FINDINGS

Output and new order growth quicken

Second-fastest rise in backlogs amid capacity pressure

Input cost inflation softens to four-month low

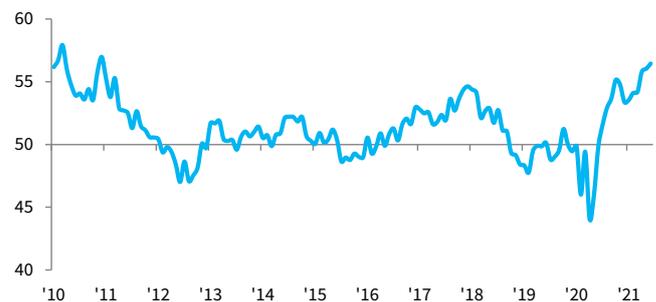
The global aluminium-using industry registered the quickest improvement in overall operating conditions since December 2010 in June, according to the latest PMI™ data, amid sustained expansions in output and new orders. Growth rates of both measures quickened in comparison to May, and were strong overall. Businesses commonly associated expansions with the continued recovery in demand as COVID-19 restrictions eased. That said, higher production requirements and pressure on capacity led to the second-fastest increase in outstanding business since the series began. At the same time, the rate of increase in average cost burdens faced by aluminium users eased to the slowest since February, but remained well above the series average.

At 56.5 in June, 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 – rose from 56.0 in May, signalling a strong improvement in the overall health of the sector. Notably, aluminium users in Asia saw the fastest upturn in operating conditions for seven months, while growth at US and Europe-based firms eased slightly from record highs in May but remained marked overall.

Production at global aluminium users rose at a strong pace, with growth quickening to the fastest since January 2011. The expansion was broad-based across all three monitored regions, led by Europe, while Asian firms indicated the fastest rise for seven months.

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Demand

Global aluminium users indicated that client demand continued to rise in June, as shown by a further expansion in new business. Growth quickened to the fastest for eight months, and was strong overall. A sharper upturn was recorded at firms in Asia, while users in the US and Europe noted softer, albeit marked rates of expansion. Moreover, new export orders rose for the fifth month running, and at a sharp pace.

#### Capacity

Employment at global aluminium users rose for the fifth consecutive month in June. However, the pace of job creation eased to a three-month low. This reflected a softer rise in the US and Europe, while Asian firms noted a slight acceleration. Pressure on capacity was evident, as panellists signalled the steepest expansion in backlogs of work since March 2011, and the second-fastest overall.

Sustained new order growth led to a sharp increase in purchasing activity in June. Higher purchases were increasingly linked to raw material shortages amid severe supply chain disruption. Delivery times for materials lengthened at a further rapid rate, with firms in Europe signalling a series record deterioration.

#### Prices

Average input costs increased at a rapid pace in June, amid a record rise in Europe. That said, the rate of input cost inflation eased to a four-month low due to softer rises in the US and Asia. This contributed to a further rise in output charges, albeit one that was the softest since February.

COMMENT

Usamah Bhatti, Economist at IHS Markit said:

*“The Global Aluminium Users PMI posted above the neutral 50.0 threshold for a full year at the end of the second quarter, to signal a strong improvement in business conditions. The latest data pointed to the steepest upturn since December 2010, as pandemic-related disruption gave way to sustained increases in demand. Growth was broad-based across the US, Europe and Asia, with the latter registering the sharpest improvement in conditions for seven months. Rates of growth in the US and Europe eased from record highs in May, but remained marked overall.*

*“Aluminium users continued to report strong increases in production and incoming business, while export orders also continued its current growth trend. However, pressure on capacity became more apparent as a steep rise in backlogs was coupled with a softer rise in employment levels. At the same time, cost burdens faced by aluminium users rose rapidly, though the rate of inflation was the softest since February.”*

Global Aluminium Users PMI  
Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

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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.

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