

News Release

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S&P Global Copper Users PMI™

Stronger improvement in operating conditions masks underlying weaknesses in copper-using sector

Key findings

Output falls at fastest pace since May 2020

Outstanding business rises the most for six months

Series record extension of average lead times

Global copper users indicated a stronger improvement in operating conditions at the start of the second quarter of 2022. However, the improved headline figure masks a solid reduction in production levels that was the sharpest since May 2020, while new orders fell for the fourth consecutive month, albeit at a more marginal pace. Reports indicated that material shortages, higher prices and delivery delays placed additional strain on copper users, as backlogs of work rose at the strongest rate since last October. Moreover, extended COVID-19 restrictions in China and a continuation of the war in Ukraine resulted in the sharpest deterioration in supplier delivery times in the survey 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 – rose from 50.4 in March to 51.1 in April, signalling a mild improvement in the health of the sector. Regionally, there was a softer decline among Asia-based firms while European firms saw the weakest expansion for 17 months. On the other hand, firms in the US saw operating conditions improve at the quickest pace since last August.

Copper users registered a second successive downturn in output in April, and one that was the fastest for nearly two years. On a regional basis, output fell in Europe for the second time in 22 months, while firms in Asia reported the sharpest contraction since the onset of the pandemic in February 2020. Output growth in the US meanwhile accelerated to a ten-month high.

Demand

April survey data pointed to a further fall in total new work received by global copper users. Positively, the fall eased from March and was only marginal overall. New business in Europe fell at a sharper pace, while there was a further, albeit softer contraction in Asia. Growth in the US eased from

S&P Global Copper Users PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Comment

Usamah Bhatti, Economist at S&P Global, said:

"The global copper-using industry reported an improved PMI reading in April, however this masked underlying fragility in the health of the sector. Panel members reported that output levels fell at the sharpest pace in nearly two years amid a fourth consecutive reduction in new orders. Anecdotal evidence suggested that the Ukraine war and strict COVID-19 restrictions in China dampened client confidence, while exacerbating supply chain disruptions impacted production. Regional data pointed a renewed decline in output in Europe that was only the second since June 2020, while the reduction in Asia was the sharpest in over two years. That said, US firms saw the fastest rate of output growth since last June."

"Widespread reports of supply chain disruption were evident among copper users, with firms most concerned about the impact that the prolongation of both COVID-19 restrictions and the Ukraine war. As a result, suppliers' delivery times lengthened to the greatest extent since the series began in May 2007."

PMI™

by S&P Global

March's recent peak but remained marked. Concurrently, new export business fell for the seventh month running, and at a sharp pace.

Capacity

Firms in the copper-using industry reported a renewed reduction in employment in the latest survey period, the fifth in the past six months. That said, the decrease in job numbers was only fractional. There was evidence of increased pressure on capacity however, as backlogs of work rose at the quickest pace since last October.

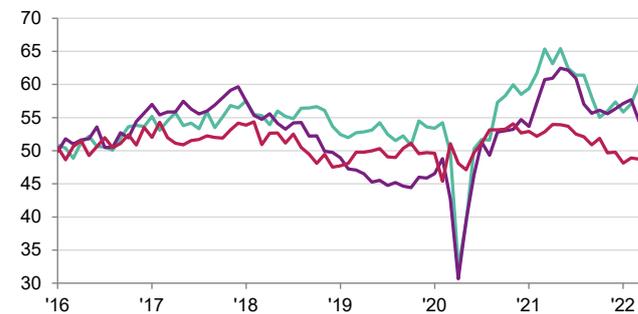
Purchasing activity deteriorated for the second month running and at the sharpest pace since June 2020 as firms noted that declining orders, higher prices and supplier delays due to material shortages had weighed on input buying. Meanwhile, the time taken for inputs to be delivered lengthened to the greatest extent in the survey history.

Prices

Global copper users signalled a further rise in average input costs in April. The rate of inflation eased from March but remained well above the series average. This led to a further steep uptick in selling prices, with the rate of charge inflation the sharpest since last December.

Copper Users PMI by region

■ Europe ■ USA ■ Asia
sa, >50 = improvement since previous month



Source: S&P Global.

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Survey methodology

The Global Copper Users PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of copper. The sample is selected from S&P Global's worldwide PMI survey panels, covering over 40 countries.

Survey responses are weighted by country, based on national copper consumption figures sourced from S&P Global'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.

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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. ihsmarkit.com/products/pmi.html.