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## IHS MARKIT GLOBAL COPPER USERS PMI™

### Output at global copper users falls again in August

#### KEY FINDINGS

Output and new orders drop, but at weaker rates

Job numbers rise for first time since March

Input price inflation softens to 41-month low

August survey data signalled a decline in output at global copper users for the second month running, as the volume of new business fell again. Firms responded with a stronger reduction in output charges. That said, employment conditions strengthened, while input cost inflation softened to the weakest in nearly three-and-a-half years.

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 – increased from 48.7 in July to 49.1 in August, indicating a slightly softer decline in the health of the global copper-using industry. This extended the current sequence of deterioration to nine months.

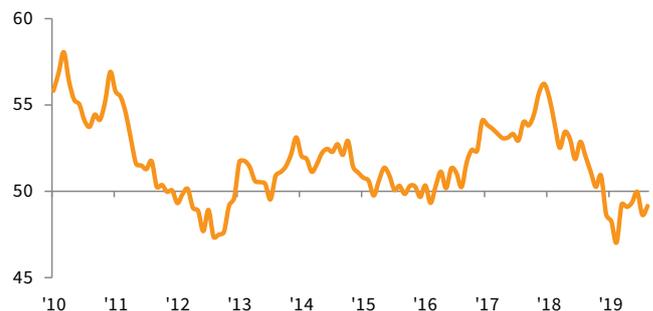
Production levels were reduced again by companies in the sector, although the rate of contraction was modest. By region, the US recorded a solid upturn in output, which contrasted with declines in Europe and Asia.

#### Demand

The fall in output was linked to a moderate drop in new orders received by copper-using businesses. Asian users recorded a decline for the second month in a row, with respondents citing a reduction in orders from both domestic and foreign clients. The escalation of the US-China trade war was also mentioned.

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Similarly, European users saw another steep fall in sales, as weaker trade and de-stocking were noted by companies as key factors. Meanwhile, US users saw a sixth successive rise in new orders, although the latest increase was only modest.

#### Capacity

Employment at global copper-using firms grew for the first time since March. The increase was marginal but nonetheless the strongest since last November. Firms that hired additional workers sometimes linked this to filling vacant roles.

Stocks of purchased goods were broadly unchanged during August, while stocks of finished goods fell for the ninth successive month on the back of reduced production. Purchasing activity was also curtailed, albeit at a weakened pace since July.

#### Prices

The rate of input cost inflation slowed for the second month running in August to the weakest in the current 41-month sequence. This was in part due to reduced cost pressures at US copper users, as suppliers reportedly cut prices in light of continued tariffs.

Weaker inflationary cost pressure and falling global demand led copper-using companies worldwide to lower output charges. It was the fourth monthly reduction in a row, and the sharpest since March 2016.

## COMMENT

David Owen, Economist at IHS Markit said:

*"Business conditions among global copper users remained subdued in August, with the headline PMI indicating another slight deterioration. Whilst Asian and European users saw softer declines, the rate of growth at US users slowed to a three-year low."*

*"With demand still falling across the global copper-using industry, firms reduced their output prices for the fourth month running. This might place pressure on profit margins. However, cost pressures are also softening, particularly as recent reports show copper prices dropping to the lowest level since the middle of 2017 as the commodity follows the demand trend. Input price inflation subsequently slowed to the weakest in nearly three-and-a-half years. As such, businesses may be able to lower prices further in order to drive up new orders."*

## CONTACT

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### Methodology

The Global Copper Users PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of copper. 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 copper 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).