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## IHS MARKIT GLOBAL COPPER USERS PMI™

### Global Copper PMI at highest level since December 2010

#### KEY FINDINGS

Output and new orders rise at quicker rates

Fastest rise in export orders in 11 years

Record rise in output charges as input price inflation surges

Business conditions faced by global copper users improved at a stronger rate in May, according to the latest Global Copper Users PMI™ data. Production expanded at the fastest rate since December 2017, while new order growth quickened to a seven-month high amid the sharpest expansion in export sales since April 2010. At the same time, supply chain pressures persisted as material shortages continued to hinder vendor performance, which in turn placed further upward pressure on input costs. As a result, higher costs were passed through to clients as output charges increased at a survey-record pace.

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 55.9 in April to 56.4 in May. The reading indicated a strong improvement in business conditions that was the sharpest recorded since December 2010.

May survey data revealed a further increase in output at global copper users, thereby stretching the current period of growth to 11 months. Companies that recorded higher production often linked this to rising inflows of new work. All three monitored regions noted an acceleration in output growth, led by firms based in the US.

#### Demand

New orders at copper users worldwide rose at a strong pace during May. The rate of increase was the fastest seen for seven months. Data broken down by region indicated a

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

broad-based acceleration in sales growth, led by a survey-record increase at European firms.

Total new order growth was supported by a tenth consecutive rise in new export sales. Moreover, the pace of growth was the fastest recorded since April 2010, as firms in Asia and the US reported a sharper rise in international orders. Overall growth was led by European firms, who noted a slightly softer, though still marked, rise in external sales.

#### Capacity

Staff numbers at global copper users rose for the fifth month running in May. The rate of job creation eased from April and was moderate overall. Both US and Asia-based firms signalled sustained, albeit softer, expansions in employment compared to April, while European copper users were the only ones to signal an acceleration. In line with rising new orders, pressure built on production capacity as outstanding business rose at the sharpest rate since December 2017.

Rising demand and difficulties in procuring raw materials led to an eleventh consecutive rise in purchasing activity, while a survey record lengthening in delivery times in both the US and Europe led to the worst supplier performance since February 2020.

#### Prices

May data indicated a further sharp increase in input costs, with the rate of inflation the fastest since July 2008. Consequently, output charges rose at the steepest pace on record, as firms sought to partially pass rising costs on to clients.

## COMMENT

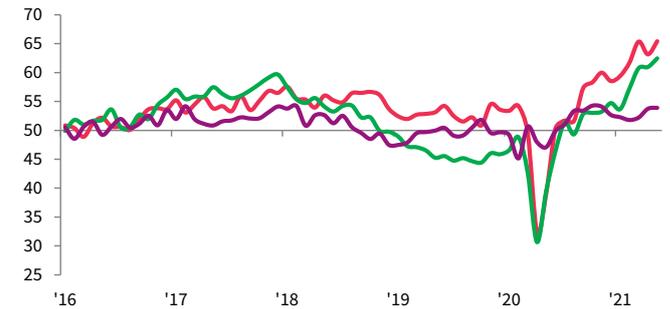
Usamah Bhatti, Economist at IHS Markit said:

*“Growth at global copper users gathered further momentum midway through the second quarter, with firms signalling faster increases in both output and new orders. Notably, production levels expanded at the strongest rate since December 2017. The expansion in new orders was supported by a sharper uptick in new export sales, which increased at the fastest pace in over 11 years. Nonetheless, supply chain disruption was widespread among global copper users in the latest survey period, which contributed to a rapid rise in cost burdens. In turn, output charges rose at the sharpest pace since the survey began in May 2007.*

*“A stronger upturn in production was seen in all three monitored regions, with overall growth led by firms in the US. Furthermore, output levels at European firms rose at the quickest pace since December 2017, while Asia-based firms saw the sharpest uptick for six months.”*

## Global Copper Users PMI Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

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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.

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