

Embargoed until 08:00 UTC 7 October 2019

IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

Business conditions broadly unchanged in September

KEY FINDINGS

Output increases marginally

Softest decline in new orders for a year

Job numbers fall for first time since May

Global aluminium-using manufacturers were encouraged to expand output levels at the end of the third quarter, as the decline in new orders slowed to only a fractional pace. Employment numbers fell, however, whilst purchasing activity continued to contract. Cost pressures remained subdued, as firms raised selling charges marginally.

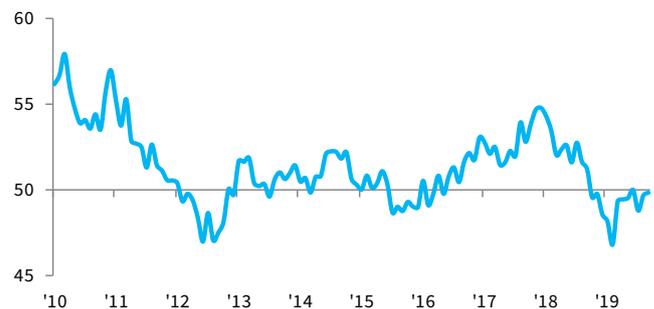
The seasonally adjusted Global Aluminium Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of aluminium – rose from 49.7 in August to 49.9 in September, fractionally below the 50.0 neutral threshold and indicating broadly unchanged business conditions at global aluminium users.

Manufacturers kept conditions stable due in part to a slight increase in production in September, only the second in 12 months. The expansion was most prominent among Asian firms, with some panellists in Japan relating this to last-minute orders before the rise in consumption tax. US aluminium users also noted growth in output, but it was only marginal.

Meanwhile, aluminium-using firms in Europe reported another sharp decline in output, with the rate of deterioration accelerating to the second-fastest in nearly seven years (softer than in June). Panellists linked this to a stronger drop in sales.

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Demand

Whilst the latest survey data signalled a further decrease in new orders at global aluminium users in September, the rate of decline was fractional and the softest in the current 12-month sequence of contraction. Higher demand at Asian-using firms compared with further falls at US and European users.

Notably, demand at European firms fell at the sharpest pace in seven years. Respondents linked this to postponed investment in the manufacturing sector, with many citing uncertainty surrounding Brexit.

Capacity

Despite output increasing, global aluminium users were reluctant to hire new workers in September. Employment dropped for the first time in four months, albeit only marginally.

Companies also reduced input purchases for the third month in a row, leading to lower inventories. At the same time, there was a slight deterioration in vendor performance.

Prices

Input price inflation remained subdued during September amid weaker demand for input goods. That said, all three key regions reported higher costs for the first time since May. The rise encouraged firms to set higher charges, although they increased only slightly from the previous month.

COMMENT

David Owen, Economist at IHS Markit said:

"The Global Aluminium Users PMI posted at 49.9 in September, nearing ever closer to the 50.0 threshold that separates growth from decline. The slight rise from August was driven by higher output for the first time since June, and was particularly noticeable among Asian users. Chinese firms saw an uplift in activity, while some Japanese companies noted a rush of orders before the rise in consumption tax.

"Output growth among US users was marginal, as demand fell for the second month running. European firms meanwhile saw a deeper decline in new orders. Adding to weak manufacturing firms, panellists are citing a reduction in investment as they await the resolution to Brexit.

"Nevertheless, with Asia leading the way in the metal-using industry, and being the first region to enter into decline last October, it is possible that a continued resurgence could lift the rest of the sector out of contraction. Future data releases will show whether this transpires."

CONTACT

IHS Markit

David Owen
Economist
T: +44 207 064 6237
david.owen@ihsmarkit.com

Joanna Vickers
Corporate Communications
T: +44-207-260-2234
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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

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.