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## IHS MARKIT GLOBAL COPPER USERS PMI™

### Growth strengthens among copper users as PMI reaches 25-month high

#### KEY FINDINGS

Output and new orders rise at fastest rates in two-and-a-half years

Employment stabilises

Input prices up sharply

The Global Copper Users PMI™ reached its highest in over two years in August, as stronger uplifts in output and new orders signalled a continued recovery from the downturn seen earlier in the year. Notably, employment stabilised after an eight-month run of decline. Rising input demand and efforts to keep staff led to a sharp rate of cost inflation, with charges ticking up only marginally.

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 – posted at 52.8 in August, up from 51.1 in July, to signal a second successive month of growth in the global copper-using industry. The rate of expansion was notably the fastest seen for more than two years.

Output across the sector continued to increase in August, as manufacturers made further steps to recover from the coronavirus disease 2019 (COVID-19) pandemic. The rise in production was the most marked since February 2018, albeit only the second monthly expansion since lockdown measures were put in place.

All three monitored regions saw an increase in output levels midway through the quarter. Asia saw by far the largest upturn, with both the US and Europe registering only slight growth.

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Demand

After a renewed rise in July, new orders received by global copper users continued to increase in August. As was the case for output, the rate of growth was the strongest for two-and-a-half years. Firms attributed the upturn to improving economic activity and the starting of new projects. Higher exports were recorded for the first time since May 2018.

#### Capacity

Job numbers were stable midway through the third quarter, after having fallen in each of the prior eight months. Asian and US companies raised employment, counteracting a fall at European users. Notably, firms saw a slight increase in backlogs, leading some to expand their workforces.

Input purchases increased solidly in August, which firms attributed to the rise in new orders. As a result, inventories of purchased goods fell at the slowest rate in 23 months.

Vendor performance continued to weaken amid supply chain difficulties. However, the rate of deterioration was the joint-softest since January.

#### Prices

Input costs at global copper users rose for the third month running, and at a sharp pace. Output charges increased only mildly though as some firms continued to offer discounts.

## COMMENT

David Owen, Economist at IHS Markit said:

*“Copper users saw a solid improvement in operating conditions during August, shown by the PMI reaching its highest in 25 months. Growth in output and new orders notably accelerated to the quickest in two-and-a-half years. That said, by comparing with the sharp downturn seen in the second quarter amid the COVID-19 pandemic, these figures do not suggest that copper users have returned to 'normal' activity.*

*“At the regional level, much of the increase in production was driven by Asian users in August. These firms recorded a sharp upturn in new orders, as demand both at home and abroad strengthened.*

*“Meanwhile, output growth at European copper users slowed to just a marginal rate, while new orders fell slightly, as fresh outbreaks curbed business confidence in the region. Sales momentum in the US also softened as the country maintained efforts to contain the spread of the virus.”*

## 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.  
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