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## IHS MARKIT GLOBAL COPPER USERS PMI™

### New orders and employment fall at copper users

#### KEY FINDINGS

PMI drops below 50.0...

... amid declines in sales, employment and inventories

Output expands modestly

The global copper-using industry fell back into contraction at the end of 2019, with December data signalling a moderate drop in new orders and the quickest fall in job numbers since February 2016. Output continued to expand, however, driven partly by efforts to reduce work-in-hand. Selling charges remained subdued, as relatively weak metal prices brought down total costs.

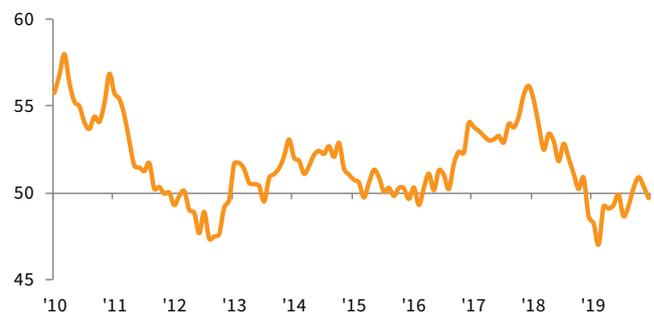
The seasonally adjusted Global Copper Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of copper – fell from 50.3 in November to 49.7 in December, slipping below the 50.0 neutral mark and indicating the first deterioration in operating conditions since last August. On the other hand, the rate of decline was marginal and softer than the average seen during 2019.

Business conditions continued to weaken at European users of copper in December, with the rate of deterioration remaining sharp. Asian users recorded a broadly unchanged operating performance, while US users saw another solid improvement.

Production levels at global copper users expanded for the fourth month running, despite companies observing a renewed decline in new orders. However, the rate of output growth was the joint-weakest in this period, and modest.

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Demand

Meanwhile, manufacturers using copper saw a moderate drop in total new orders in December, as falling demand at European and Asian users offset a sharp upturn at US manufacturers. Panellists attributed the downturn to weak automotive orders and lower foreign sales, with the latter contracting for the nineteenth month in a row.

#### Capacity

The drop in demand allowed firms to work on outstanding business during December, with backlogs falling for the first time in three months. However, this weighed negatively on hiring activity, as employment fell at the quickest pace since February 2016, albeit one that was marginal overall.

Stocks of inputs also continued to decrease as firms scaled back their purchasing volumes. However, the rate of decline was the weakest in four months.

#### Prices

Amid soft demand for raw materials, input prices were again subdued in December, leading to the second decrease in cost burdens for three months. Businesses often linked the reduction to relatively subdued metal prices. As a result, output charges ticked up only fractionally, after staying broadly unchanged in November.

## COMMENT

David Owen, Economist at IHS Markit said:

*"Global copper users reported a slight deterioration in business conditions during December, putting a dampener on the recent recovery as new orders slipped back into decline and employment also fell. However, the overall deterioration was only slight and partially offset the improvement seen between September and November.*

*"Looking ahead, copper users have much to be optimistic about, as the US and China struck a "phase one" trade deal in mid-December to reduce some of their goods tariffs while seeking to lower others through talks in 2020. Copper prices have since soared which, while adding some cost pressures, is suggestive of much more positive sentiment for the industry's future prospects."*

## 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).