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## IHS MARKIT GLOBAL STEEL USERS PMI™

### Solid improvement in operating conditions in March

#### KEY FINDINGS

Sustained expansions in output and new orders

Renewed rise in employment levels

Output prices increase at fastest pace since July 2008

The Global Steel Users PMI™ pointed to a sustained improvement in operating conditions during March, as output and new orders continued to expand at a sharper pace. Moreover, firms indicated that this growth encouraged them to take on additional capacity, as employment levels among steel users rose for the first time since November 2020. Latest data also signalled that price pressures continued to intensify, as businesses reported the sharpest rise in output charges in close to 13 years.

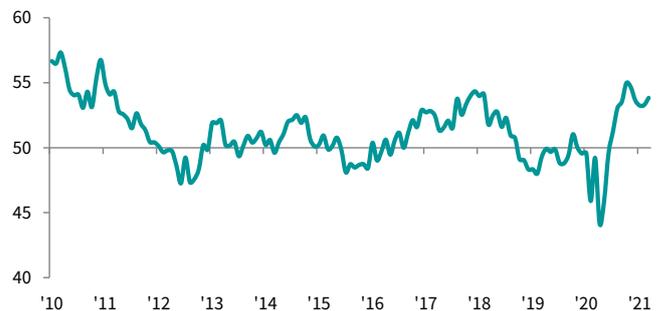
The seasonally adjusted Global Steel Users Purchasing Managers Index™ (PMI™) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of steel – rose from 53.3 in February to 53.8 in March, signalling a quicker and solid expansion overall.

Steel-using businesses indicated a sharp rise in output in March, as firms cited improved market demand and increased new orders amid a recovery from the downturn caused by the coronavirus disease 2019 (COVID-19) pandemic. The rate of growth quickened from February and extended the current sequence of expansion to ten months. Moreover, the pace of growth was the quickest since last November. A stronger upturn was recorded in all three monitored regions, led by a record increase in the US (since May 2007).

#### Demand

Firms in the steel-using industry continued to see increasing

Global Steel Users PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

amounts of new business in March. The pace of growth quickened from February and was the fastest recorded since last December. New order growth accelerated in Europe and the US, but slowed slightly at Asian firms.

At the same time, new export orders rose for the second successive month. The latest expansion remained marginal, but was slightly faster than that seen in February. A return to growth among US-based firms and an acceleration at European firms notably led the improvement.

#### Capacity

Global steel users recorded the first expansion in employment in four months during March. Though marginal, firms across the monitored regions commented that additional capacity was required to prepare for incoming orders. Increased sales resulted in a further rise in purchasing activity, although the rate of growth softened to an eight-month low. Anecdotal evidence suggested that supply chain disruption remained widespread, as delivery times lengthened rapidly once again, with a new record deterioration among US steel users.

#### Prices

Average input costs for global steel users increased further in March, and at a robust pace, pushing the rate of inflation to the fastest since September 2017. Higher cost burdens were cited as a key factor leading firms to raise average output charges to the greatest extent since July 2008.

## COMMENT

Usamah Bhatti, Economist at IHS Markit said:

*“Steel users saw a sustained improvement in operating conditions in March, as the latest PMI data continued to indicate solid growth overall. The expansion marked the ninth consecutive improvement in the performance of the steel-using industry, and one that was quicker than that seen in the previous survey period. Output and new orders both increased at a faster rate, while firms were encouraged to expand employment levels for the first time in four months.*

*“Regional data showed that growth was broad-based in March, with both Europe and the US reporting a quicker improvement in the health of the sector. At the same time, Asian steel users indicated a softer and more modest improvement, as new order growth eased to the weakest since July 2020.”*

## Global Steel Users PMI

Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

## CONTACT

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### Methodology

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