

Embargoed until 09:00 BST (08:00 UTC) 7 September 2020

IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

New order growth strengthens to 31-month high

KEY FINDINGS

Demand growth strengthens amid upturn in exports

Production at aluminium users rises for third month running

Input cost inflation quickens

The global aluminium-using industry registered a strong expansion in August, latest PMI™ data showed, amid the fastest rise in new orders since the start of 2018. Export sales returned to growth, while employment stabilised. Increased demand for inputs drove an accelerated rise in cost burdens. Despite this, output charges rose only marginally.

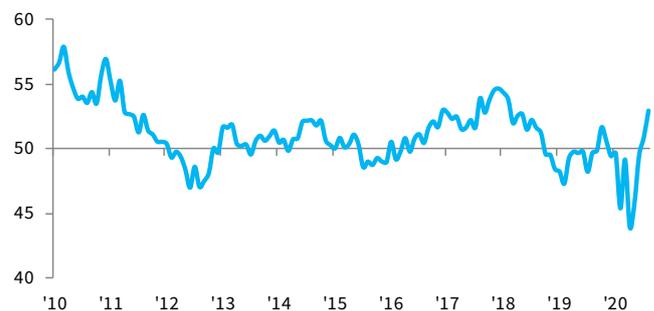
The seasonally adjusted Global Aluminium Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of aluminium – rose from 51.3 in July to 53.0 in August, to signal a further improvement in the performance of the global aluminium-using industry. The rate of growth strengthened from July and showed a continued recovery from the downturn caused by the coronavirus disease 2019 (COVID-19) pandemic.

Asian users drove the upturn in August, recording a solid improvement overall. Meanwhile, Europe and USA saw broadly stable conditions. Despite output increasing in both regions, European firms registered a sharp fall in employment, whilst the USA saw a decline in new order inflows.

Output at global aluminium users expanded at the sharpest rate since February 2018. The latest rise extended the sequence of production growth to three months. Businesses attributed the expansion to improving demand and relaxed COVID-19 restrictions.

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Demand

New orders rose for the second consecutive month in August, and at the quickest pace since January 2018, amid an improvement in client demand and business reopenings. Export sales notably grew for the first time in over two years.

Asian manufacturers saw the quickest rise in total new orders midway through the quarter, followed by Europe. By contrast, US aluminium users saw a further decrease in new work.

Capacity

Firms were encouraged by stronger demand to keep job numbers stable in August, after eight successive months of contraction. Panellists also noted higher backlogs during the month, leading some firms to expand capacity.

Purchasing activity grew for the second month in a row during August. As a result, input stocks decreased at the weakest rate in 16 months. Finished goods inventories fell at the slowest pace since April.

Prices

With demand for inputs rising, cost burdens faced by aluminium users continued to increase in August. The rate of inflation quickened to a 22-month high. Meanwhile, output prices ticked up for a second straight month, albeit only gradually overall.

COMMENT

David Owen, Economist at IHS Markit said:

"The Global Aluminium Users PMI continued to rise above the 50.0 growth threshold in August, posting 53.0 to signal a solid improvement in operating conditions. The latest data showed that the sector is making further progress towards a recovery after COVID-19 restrictions hampered output earlier in the year.

"Asia's aluminium-using industry was the key driver of growth midway through the third quarter. The regional PMI was the only one to register firmly in expansion territory, with businesses reporting sharp increases in output and new sales. PMIs for Europe and the US fell back in August, with the latter close to the neutral 50.0 mark.

"Most notably, export sales grew for the first time in 28 months in August, suggesting that global demand is beginning to pick up. This gives further encouragement of a boost to manufacturing output as plants adapt to the "new normal" and operate alongside national COVID-19 measures."

CONTACT

IHS Markit

David Owen
Economist
T: +44 207 064 6237
[david.owen@ihsmarkit.com](mailto: david.owen@ihsmarkit.com)

Katherine Smith
Public Relations
T: +1 781 301 9311
[katherine.smith@ihsmarkit.com](mailto: katherine.smith@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](mailto: 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 © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto: katherine.smith@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.

ihsmarkit.com/products/pmi.html