

# News Release

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## IHS MARKIT GLOBAL COPPER USERS PMI™

### Operating conditions decline at softest rate since January

#### KEY FINDINGS

Output and new orders fall at much weaker rates in June

Fewest job losses seen for three months

Uptick in input costs drives slower fall in output prices

Copper-using manufacturers saw a softer downturn in operating conditions in June, as relaxed public health measures meant many businesses were able to return to work. Output and new orders both fell at slower rates, while employment numbers were curbed at the weakest pace since March. Cost pressures started to rise, however, leading to a slower cut in output charges.

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 – rose from 44.7 in May to 49.0 in June, to signal a slower decline in manufacturing conditions at the end of the second quarter.

The headline reading was the highest since January, and marginally below the neutral 50.0 threshold. Nevertheless, it pointed to a seventh successive month of deteriorating conditions, following a marked downturn from the coronavirus disease 2019 (COVID-19) pandemic.

Driving the latest decline was a broad-based fall in output at copper users across all three key regions. However, the rate of contraction was the slowest in five months as factories began to restart operating lines, with some panellists highlighting a rise in demand.

#### Demand

New orders continued to fall in June, but the speed of decline was far softer than in May. Notably, US copper users reported a modest rise in new business, the first seen in four months. European and Asian manufacturers both saw slower falls in

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

demand, helped by a further relaxing of domestic lockdown measures. However, these regions recorded sharp drops in export sales as global demand remained weak.

#### Capacity

For the third month in a row, lower intakes of new work allowed copper users to reduce backlogs in June. The additional capacity led firms to cut employment at a solid rate, albeit one that was the slowest since March.

Purchases and inventories of both raw and finished items declined further in the latest survey period, hampered by lower sales. Meanwhile, delivery times slowed, although the rate of deterioration was the weakest since January as some suppliers faced fewer restrictions on travel.

#### Prices

Copper users saw a moderate rise in input prices during June, reportedly driven by a rebound in metal costs. Output prices fell further, but pressure on margins meant the rate of reduction was the slowest in four months, and marginal.

## COMMENT

David Owen, Economist at IHS Markit said:

*"The Copper Users PMI rose to 49.0 in June, its highest level since the start of the year. However, it still pointed to declining conditions overall, as the copper-using industry remains weak from the impact of the COVID-19 pandemic.*

*"The outlook looks slightly more positive, with countries now emerging from strict lockdowns and reviving industrial activity. Output fell at slower rates in the US, Europe and Asia in June, with a similar trend seen for new orders. In fact, the US recorded an uplift in demand for the first time since February. However, global export orders continued to fall sharply, suggesting that businesses are not yet ready to resume normal trade.*

*"Increased pressure on costs at copper users were seen for the first time in four months, which led some firms to reverse price discounting. However, more companies continued to lower charges, hoping this will help global demand recover in the coming months."*

## 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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