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## IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

### Operating conditions improve for second month running

#### KEY FINDINGS

Output and new orders increase again...

... but growth rates soften from October

Input costs rise while selling prices fall

Aluminium users worldwide pointed to a further improvement in overall manufacturing conditions in November, building on the first expansion in over a year during October. However, rates of growth in both output and new orders slowed. Employment increased for the first time since August, whereas stock levels declined at the quickest pace in nine months.

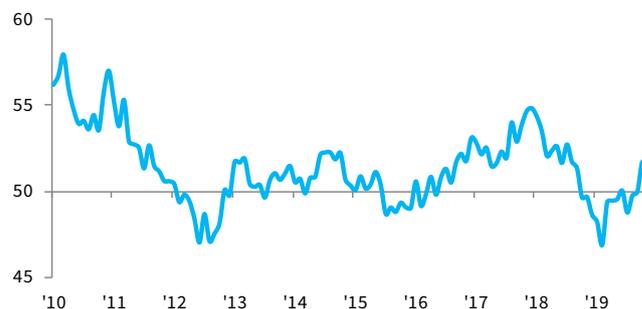
The seasonally adjusted Global Aluminium Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of aluminium – eased back to 50.8 in November, from 51.7 in October, to signal a second consecutive month of improving business conditions. However, the overall rate of growth was slower than at the start of the fourth quarter, and marginal.

On a regional basis, Asian aluminium users reported modest and slower growth in November compared to October, while operating conditions at US users improved at the strongest rate in five months. European aluminium users meanwhile saw another solid decline in operational health.

Output at aluminium-using firms worldwide increased at a moderate pace that was weaker than in the previous month. That said, it was the second-strongest upturn recorded since September 2018.

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Demand

Similarly, new order growth at aluminium users softened in November, registering a marginal rise in business volumes overall. This nonetheless sustained the expansion that began in October after a whole year of decline. US users saw the fastest increase in demand, citing the arrival of new contracts, while Asian users also reported stronger sales.

New orders from abroad continued to decrease, albeit at the weakest rate in the current 19-month run of contraction.

#### Capacity

After higher new orders led to a moderate increase in work-in-hand in October, aluminium users responded by raising job numbers for the first time in three months. That said, the overall upturn was marginal. Consequently, backlogs were broadly unchanged during November.

At the same time, purchasing activity decreased slightly, leading to the fastest drop in pre-production inventories since February.

#### Prices

Global aluminium-using firms reported only a slight increase in total input costs in November, linking this to tariffs and higher raw material prices. Despite this, selling charges were lowered for the first time in three months, notably at Asian and European users.

## COMMENT

David Owen, Economist at IHS Markit said:

*"On the positive side in November, the Global Aluminium Users PMI remained in expansion territory, with both Asian and US users of the metal reporting further uplifts in output and new work. Employment increased for the first time in three months, while the decline in new export orders eased to the weakest in the current 19-month run of contraction.*

*"However, with the PMI dropping from 51.7 in October to 50.8, the data showed that aluminium-using firms expanded to a lesser extent in the latest survey period. New order growth eased to a slower and marginal pace, mainly due to a softer rise in new business received by Asian companies as Chinese stimulus for manufacturers wore off. It will be important to monitor Chinese policy next year, in particular whether to try to drive home an agreement with the US on tariffs, as this would likely help to sustain a recovery in the metals industry."*

## CONTACT

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### 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).

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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).