

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

IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

PMI reaches 31-month high in September, as job numbers rise

KEY FINDINGS

Output and new order growth strengthen

Workforces expand at quickest pace in over two years

Margins remain under pressure as input prices rise sharply

The rate of growth in the aluminium-using industry quickened in September, according to the latest PMI™ data, amid accelerated increases in both output and new orders. Expansions were broad-based across the key manufacturing regions, leading to the strongest rise in employment in over two years.

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 53.1 in August to 53.9 in September, signalling a third successive month of growth in the global aluminium-using industry. Furthermore, the rate of improvement strengthened to the most marked since February 2018.

All three monitored regions registered solid upturns at the end of the third quarter, driven by sharp increases in output and improving global demand. Europe and the US notably saw renewed growth, after broad stagnations in August.

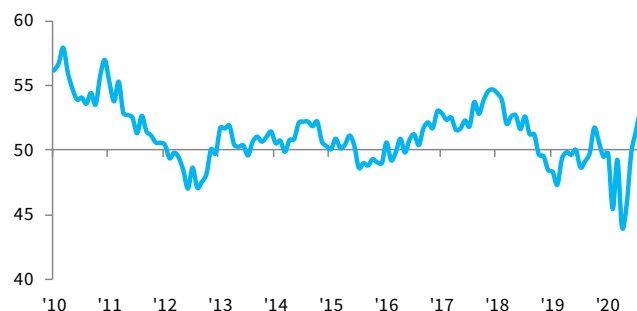
Output at global aluminium users rose for the fourth month in a row in September, with growth quickening to the fastest since the start of 2018. Panellists often linked the expansion to improving demand both at home and abroad.

Demand

Firms in the aluminium-using industry saw a further uptick in new order inflows during September. Moreover, the rate of growth was steep and the joint-fastest for over three years. At the same time, export orders rose for the second consecutive month, but only at a moderate pace.

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

European and Asian users led the upturn in total demand, which panellists related to improved economic conditions, extra government funding and higher orders from the automotive sector.

Capacity

For the first time since August 2019, there was a notable increase in employment at aluminium users in September. The upturn was also the fastest since July 2018 and often attributed to higher sales. Backlogs of work grew for the third month running, but at the weakest pace in this sequence.

Input purchases rose sharply during the month, although delivery delays and efforts to streamline stocks meant inventories continued to decline. Stocks of finished goods fell at a quicker rate than in August, linked to stronger demand.

Prices

Input price inflation remained steep in September, as firms faced higher prices for metals and other raw materials. Meanwhile, output charges ticked up only slightly, reflecting further pressure on company margins.

COMMENT

David Owen, Economist at IHS Markit said:

"The Global Aluminium Users PMI indicated an even stronger improvement in manufacturing conditions across the sector in September, posting the highest reading since February 2018. The upturn was mainly driven by sharp rises in output and new orders. Moreover, these expansions were broad-based across USA, Europe and Asia, with the former seeing the first rise in demand since June.

"The recovery in sales led businesses to increase employment meaningfully for the first time since August 2019, after broadly stabilising in the previous month. This showed that firms are ready to expand their payroll bases and invest in additional capacity, signalling increased confidence that economic conditions will continue to recover from the COVID-19 crisis."

CONTACT

IHS Markit

David Owen
Economist
T: +44 207 064 6237
david.owen@ihsmarkit.com

Katherine Smith
Public Relations
T: +1 781 301 9311
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.

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. 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