The global copper-using industry saw an end to its recent sequence of decline in September, as a moderate expansion in output drove an overall improvement in business conditions. New orders and employment were relatively stable, but firms continued to reduce purchasing activity. Output charges fell for the fifth month running, amid a subdued increase in input prices.

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 49.2 in August to 50.4 in September, to signal a slight improvement in performance at global copper-using firms. It marked the first strengthening of business conditions since November 2018.

Growth was observed across both US and Asian users in September, due in part to solid increases in production from the previous month. Firms often attributed this to higher incoming orders. By contrast, output at European copper users remained in sharp decline.

**Demand**

New orders at copper-using companies were relatively unchanged during September. European users saw an eleventh successive monthly contraction, relating this to weaker economic conditions and delayed projects. At the same time, US and Asian firms saw sales increase, albeit at modest rates.

**Capacity**

Despite increases at US and Asian copper-using businesses, a sharper fall in job numbers at European firms meant that overall employment levels were broadly flat in September. Nevertheless, subdued sales allowed for a further reduction in backlogs.

Stocks of both pre- and post-production goods also decreased, while copper users reduced purchasing activity for the third month running.

**Prices**

Selling charges set by global copper-using manufacturers dropped for the fifth successive month in September. Moreover, the rate of decline quickened to the fastest in three-and-a-half years, as all main regions noted a discount in prices.

At the same time, input costs were up only marginally, although the rate of inflation accelerated slightly from August’s recent low. Notably, US users saw the third fall in overall cost burdens in five months.
COMMENT

David Owen, Economist at IHS Markit said:

“The global copper-using industry finally emerged from stagnation at the end of the third quarter, seeing the first improvement in operating conditions for ten months. Despite broadly flat levels of demand and employment, copper users raised output solidly over the course of the month as optimism of a rebound grew.

"Of particular note, the Global Copper Users PMI has begun to outstrip its aluminium and steel counterparts. Regional data showed that output growth among Asian and US copper users was markedly stronger than for aluminium and steel firms, possibly as commodity markets have fared better for copper over the past year (albeit still a notable drop in price). Copper prices remain volatile though, and reactive to news on trade wars and manufacturing conditions, so it is not certain that growth in the industry will prevail."