

Embargoed until 09:00 UTC 05 February 2021

IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

Business conditions continue to improve at strong rate

KEY FINDINGS

Output and new orders continue to rise markedly

Employment stabilises after December's decline

Input prices increase sharply amid delivery delays

January PMI data pointed to a further improvement in business conditions faced by aluminium users worldwide, as the global economy continued to grapple with the coronavirus disease 2019 (COVID-19) pandemic. The latest upturn was underpinned by further expansions in both output and new orders. Employment stabilised after a slight drop in December, while purchasing activity continued to rise. On the supply-side, there was evidence of severe disruption as input delivery times lengthened to the greatest extent since last April 2020.

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 – was little-changed at 53.7 in January, up fractionally from 53.6 in December. The latest reading pointed to another solid improvement in business conditions faced by aluminium users. The result was underpinned by marked rises in both output and new orders.

Each of the three monitored regions registered an increase in activity in the opening month of 2021. Firms in the US recorded the sharpest expansion and their strongest since July 2014. Europe and Asia also saw marked growth, although the rates of expansion were substantially slower than seen in the US.

New orders received by aluminium users continued to rise in January, extending the current run of growth that began last July. Albeit the softest for six months, the rate of increase

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

remained historically marked. At the regional level, US firms saw the sharpest improvement in demand conditions, although growth in both Europe and Asia was also strong. Notably, the increases in the US and Europe were the quickest for three months.

Despite an overall upturn in new business, there was a fresh decline in new export orders during January. The marginal reduction was driven by declines in the US and Asia, while European firms posted an increase for the fifth month running.

Following the first decrease for five months during December, employment at global aluminium users stabilised in January. This was accompanied by a further upturn in purchasing activity, albeit the softest since last August.

With staffing levels stable, backlogs rose at a more modest pace at the start of 2021. Meanwhile, disruption related to COVID-19 saw input delivery times lengthen sharply and to the greatest extent since lockdowns were first introduced globally last April.

Cost burdens faced by aluminium users continued to rise at a marked rate in January, however, the rate of input price inflation eased from December's 38-month high. Additional costs were partially passed on to clients through higher output charges, which rose at the quickest pace since September 2017.

COMMENT

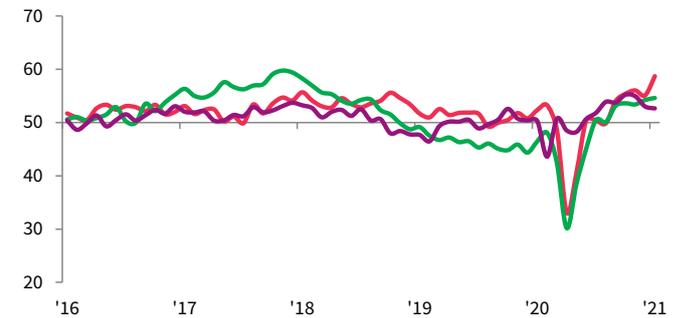
Eliot Kerr, Economist at IHS Markit said:

“Global aluminium users saw another improvement in business conditions at the start of the year, as the global economy continues to recover from the sharp downturn seen in the second quarter of 2020. Growth was broad-based at the regional level, with the US seeing a sharp upturn in output from December, while Europe and Asia both maintained marked rates of expansion. Trends were similar for new orders, however, there was some divergence on the jobs front, with increases in Europe and the US counterbalancing a marginal decline in Asia.”

“On the supply-side, latest data pointed to a severe deterioration in vendor performance, led by the US. In fact, aluminium users in the world's largest economy saw input delivery times lengthen at the sharpest rate since data collection began in May 2007.”

Global Aluminium Users PMI
Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

CONTACT

IHS Markit

Eliot Kerr
Economist
T: +44-2031-593-381
eliot.kerr@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 © 2021 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