

News Release

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IHS MARKIT GLOBAL COPPER USERS PMI™

Copper PMI signals strong improvement in operating conditions

KEY FINDINGS

Output and new order growth quickens

Employment levels rise for third month running

Fastest rise in output charges since July 2008

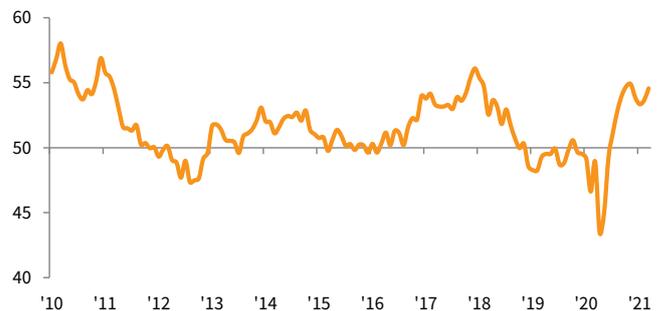
The global copper-using industry registered a further improvement in overall operating conditions in March, according to the latest PMI™ data, amid continued expansions in output and new orders. Growth rates of both indicators quickened in comparison to February, and were strong overall. Businesses commonly associated expansions with the gradual recovery in demand as coronavirus disease 2019 (COVID-19) restrictions eased and allowed postponed projects to resume. Improved production and new orders meant firms increased employment levels at the quickest pace since July 2018. At the same time, sustained increases in cost burdens resulted in the sharpest rise in output charges since July 2008.

At 54.6 in March, 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 53.7 in February, signalling a sharp improvement in the overall health of the sector. Notably, copper users in the US saw the sharpest upturn in operating conditions on record (since May 2007), while growth at European firms almost reached the series peak set in December 2010. Firms in Asia reported that the rate of improvement in operating conditions was broadly unchanged from February, and only modest.

Production at global copper users rose at a strong pace in March, with growth quickening to a four-month high. The expansion was broad-based across all three monitored regions, with the fastest upturn seen in the US.

Global Copper Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Demand

Global copper users indicated that client demand continued to increase in March, as shown by a further expansion in new orders. The pace of growth quickened from the previous survey period and was sharp overall. A stronger upturn was recorded by copper users in both Europe and the US, while Asian firms signalled that growth was broadly unchanged, rising at a modest pace overall. Moreover, new export orders rose for the eighth month in a row, and at the fastest pace since September 2020.

Capacity

Employment at global copper users rose for the third consecutive month in March. Moreover, the pace of job creation was the quickest since July 2018, albeit only modest overall. The improvement reflected an acceleration in hiring activity in the US and Europe, and a renewed rise in staffing levels across Asia. Panellists also signalled an expansion in backlogs of work, with the pace of growth the fastest since February 2018.

Sustained new order growth led to a solid increase in purchasing activity in March. That said, supply chain disruptions, particularly in the US and Europe, meant that delivery times lengthened at a marked rate.

Prices

Average input costs increased at a rapid pace in March, amid considerable rises in the US and Europe. This contributed to the quickest increase in output charges since July 2008.

COMMENT

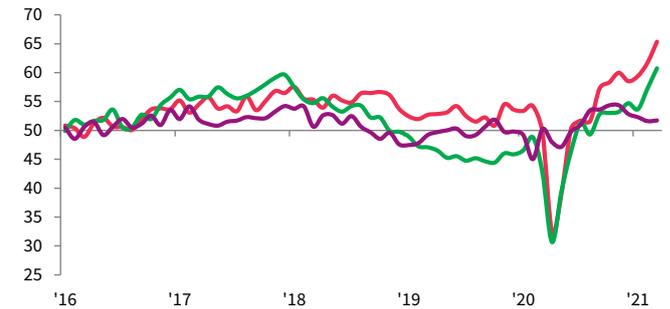
Usamah Bhatti, Economist at IHS Markit said:

“The Global Copper Users PMI posted above the neutral 50.0 threshold for the ninth month in a row in March, to signal a sharp improvement in business conditions. The latest data pointed to a sustained recovery from pandemic-related disruption in 2020 as expansions were broad-based across Asia, Europe and the US with the latter registering the strongest rate of growth in the series history (since May 2007).”

“Copper users continued to report further increases in production and incoming business, while export orders grew at the fastest pace for six months. Moreover, businesses recorded the fastest rise in employment levels since July 2018, and the third in as many months. At the same time, cost burdens faced by copper users rose rapidly, which were partially passed on to clients through the sharpest uptick in output charges for close to 13 years.”

Global Copper Users PMI Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

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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.

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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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