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## IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

### Headline PMI dips to 14-month low in September

#### KEY FINDINGS

Output growth quickens, but upturn in new orders slows further

Exports fall for the first time since July 2020

Input cost and output charge inflation remain elevated

The Global Aluminium Users PMI dipped to a 14-month low in September, with firms reporting a softer increase in total new orders and a reduction in foreign demand for the first time since July 2020. A number of panel members mentioned that material shortages and lengthened delivery times had hindered growth. Nevertheless, firms noted a slight acceleration in the rate of production growth, the first since April. Ongoing difficulties in sourcing inputs also led to a sustained increase in input costs, with the rate of inflation remaining marked despite softening further from a multi-year high in May.

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 from 53.4 in August to 53.0 in September. Though the index signalled a continued moderate improvement in overall operating conditions, it was the lowest reading since July 2020. Aluminium users in the US and Europe reported that growth rates slowed during September. Meanwhile, Asian firms signalled a broadly similar improvement in operating conditions to that seen in August.

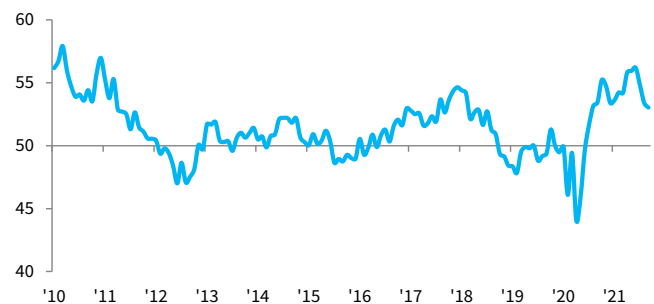
Output expanded at a modest pace at global aluminium users in September, with the rate of growth quickening for the first time in five months. Data broken down by region showed a slight pick-up in the US and Asia, whereas growth in Europe eased to a 13-month low.

#### Demand

New orders received by global aluminium users increased

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

for the fifteenth month running in September. That said, the rate of expansion was the softest since the current growth sequence began. Weaker rises in sales were signalled across the three monitored regions, with Asian firms noting the slowest rate of increase. At the same time, new work from overseas saw a renewed decline, the first in 14 months.

#### Capacity

Despite the slowing trend for new orders, global aluminium users recorded a faster increase in employment for the first time in four months in September. This was wholly due to a renewed rise in staffing among Asian firms, whereas job creation slowed in the US and Europe. At the same time, backlogs of work rose at a softer pace than that seen in August, with the rate of accumulation at a seven-month low.

As has been the case since July 2020, purchasing activity rose further at the end of the third quarter. The rate of expansion was modest and the weakest for 13 months, however. Meanwhile, the time taken for inputs to be delivered continued to lengthen rapidly due to COVID-related delays and material shortages.

#### Prices

Input costs faced by global aluminium users continued to increase sharply in September, with the rate of inflation broadly similar to that seen in August. Price pressures were most severe in the US, where inflation reached a series record. The rate of increase in prices charged remained strong in September, particularly in the US and Europe.

COMMENT

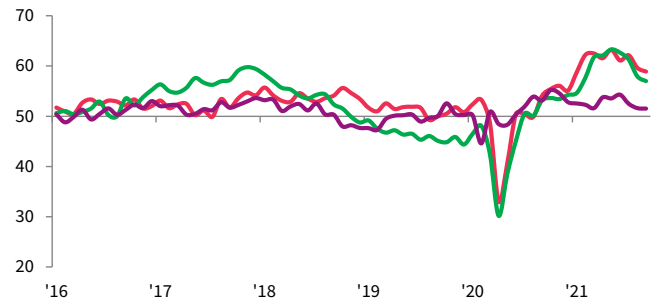
Usamah Bhatti, Economist at IHS Markit said:

“The Global Aluminium Users PMI indicated a further loss of momentum at the end of the third quarter, with firms registering the slowest rise in new orders in the current 15-month sequence of expansion. Companies often linked this to supply chain delays and raw material shortages as firms battled the latest surge of COVID-19 cases. Softer improvements in new orders were signalled across the three monitored regions with Asia seeing the weakest improvement compared to Europe and the US.

“On a positive note, production levels saw a quicker rate of growth for the first time since April, encouraging firms to expand staffing levels at a faster rate. Nevertheless, ongoing supply chain disruption continued to push up input costs in September, with the rate of inflation remaining elevated. As part of efforts to alleviate pressure on margins, aluminium users increased selling prices for the fifteenth month running.”

Global Aluminium Users PMI  
Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

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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.

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