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## IHS MARKIT GLOBAL STEEL USERS PMI™

### Steel PMI signals strongest improvement in over a decade

#### KEY FINDINGS

Output and new order growth quicken

Strongest rate of job creation since February 2018 amid pressure on capacity

Record rise in charges as input price inflation soars

The global steel-using industry registered the quickest improvement in overall operating conditions since December 2010 in May, according to the latest PMI™ data, amid sustained expansions in output and new orders. Growth rates of both segments quickened in comparison to April, and were strong overall. Businesses commonly associated expansions with the continued recovery in demand as COVID-19 restrictions eased. Higher production requirements and pressure on capacity encouraged firms to increase employment levels at the quickest pace in over three years. At the same time, sustained increases in raw material prices contributed to the steepest rise in output prices on record.

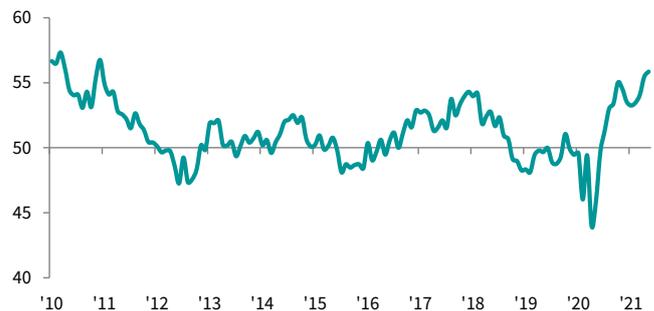
At 55.9 in May, the seasonally adjusted Global Steel Users Purchasing Managers Index™ (PMI™) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of steel – rose from 55.5 in April, signalling a strong improvement in the overall health of the sector. Notably, steel users in the US and Europe saw the sharpest upturns in operating conditions on record (since May 2007), while growth at Asia-based firms was unchanged and solid.

Production at global steel users rose at a strong pace, with growth quickening to the fastest since January 2011. The expansion was broad-based across all three monitored regions, with a record upturn seen in Europe.

#### Demand

Global steel users indicated that client demand continued

Global Steel Users PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

to increase in May, as shown by a further expansion in new business. The pace of growth quickened to the fastest for seven months, and was strong overall. A sharper upturn was recorded by steel users in both the US and Europe, with Asian firms signalling a robust pace of growth that was unchanged from April. Moreover, new export orders rose for the fourth month in a row, and at the fastest pace since March 2010.

#### Capacity

Employment at global steel users rose for the fourth consecutive month in May. Moreover, the pace of job creation was the quickest since February 2018, albeit only modest overall. The improvement reflected a series-record increase in employment in the US and a faster rate of hiring activity in Europe. Pressure on existing capacity was also evident, as panellists signalled the steepest expansion in backlogs of work since March 2011.

Sustained new order growth led to a sharp increase in purchasing activity in May. Higher purchases were increasingly linked to concerns about worsening supply chain disruptions, as signalled by a rapid lengthening in delivery times. Notably, the US and Europe indicated the worst deteriorations in vendor performance on record.

#### Prices

Average input costs increased at a rapid pace in May, amid a record rise in Europe and accelerations in the US and Asia. This contributed to the quickest rise in output charges since the survey began in 2007.

## COMMENT

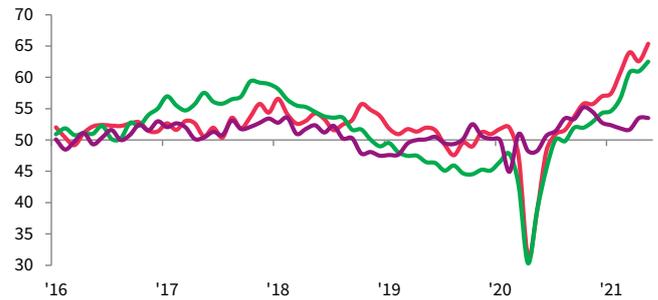
Usamah Bhatti, Economist at IHS Markit said:

*“The Global Steel Users PMI posted above the 50.0 no-change threshold for the eleventh month in a row in May, to signal a strong improvement in business conditions. The latest data pointed to the steepest upturn since December 2010, as pandemic-related disruption gave way to sustained increases in demand. Growth was broad-based across the US, Europe and Asia, with US and European firms registering the strongest rates of growth in the series history (since May 2007).”*

*“Steel users continued to report further increases in production and incoming business, while export orders grew at the fastest pace since March 2010. Moreover, pressure on capacity encouraged firms to increase hiring, which resulted in the fastest rise in employment levels since February 2018. At the same time, cost burdens faced by steel users rose rapidly, which was widely attributed to higher raw material prices amid severe shortages. As a result, output charges rose at the fastest pace on record in May.”*

## Global Steel Users PMI Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

## CONTACT

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### Methodology

The Global Steel Users PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of steel. 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 steel 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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