

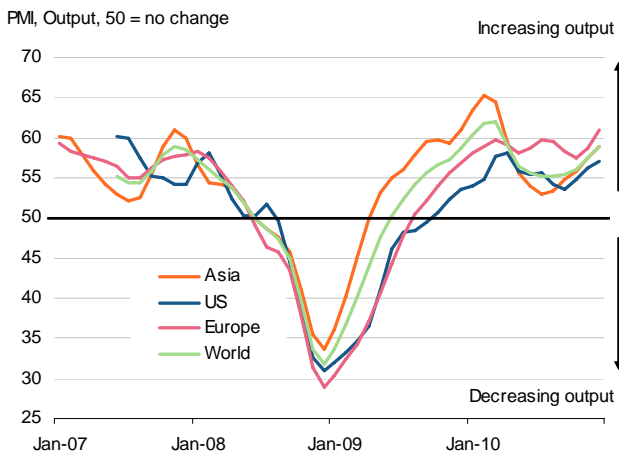
# Commodities / metals

## Rising metal prices underpinned by stronger demand from industrial users

- **Strong production growth at metals-intensive manufacturers support price rises.**
- **Record high copper prices reflect combination of robust demand, tightening supply and speculation.**

Markit's commodities PMI data indicated an acceleration in output growth at worldwide users of industrial metals in December. The latest rises in production specifically at aluminium and steel users were the fastest in the respective series' histories, while copper users signalled the strongest increase since April.

### Output of copper-using manufacturers



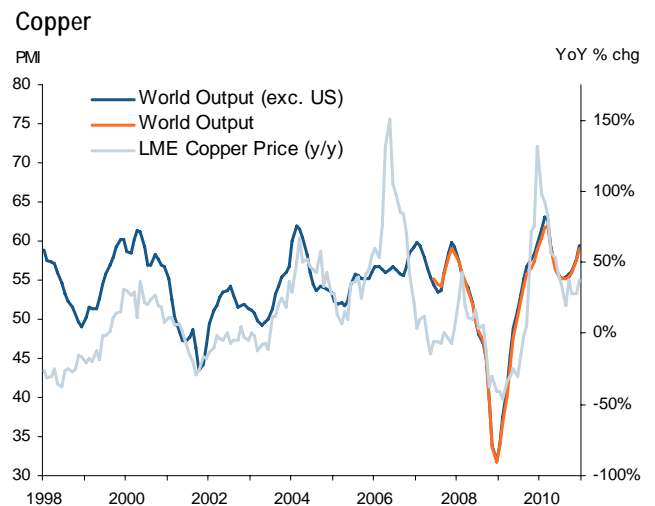
Source: Markit.

The latest data illustrate the continued improvement in demand fundamentals which is helping underpin rising metals prices. Copper was \$9,400 at the time of writing, some 28% higher than one year previously, having hit a fresh record high of \$9,754 a tonne in early January. Meanwhile, aluminium is currently trading at its highest price for over two years, at around \$2,500 a tonne.

While copper has been the stellar performer of late in terms of prices, PMI data indicate that output growth in the copper-using sector has actually been less impressive than at aluminium and steel intensive users,

primarily reflecting a more subdued trend at Asian copper-using firms relative to the other two metals. This offers further evidence that supply constraints and speculative factors have contributed to copper's ascent. A number of the world's largest copper mines are ageing and in decline, while worries over supply have been compounded by a mystery trader building up a dominant position on the LME copper market.

### Copper users' output v LME copper price

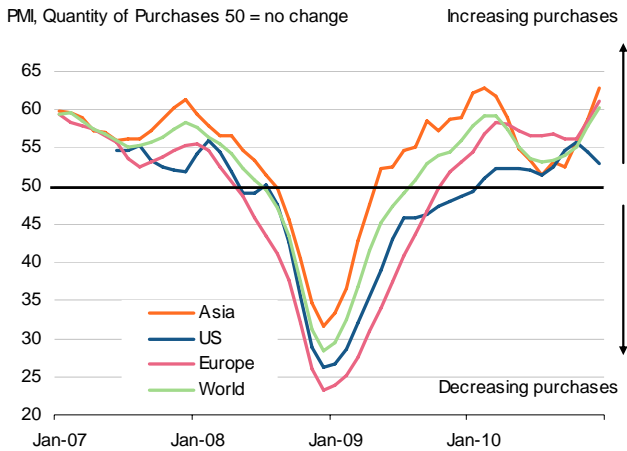


Sources: Markit, Reuters EcoWin.

While aluminium has not benefited from favourable supply-side factors to the same extent as copper, its price rise has nevertheless been steady over recent months. PMI data illustrate the strengthening demand factors which have underpinned this. Mirroring the trend for output at aluminium-intensive users, purchasing activity and stocks also increased at series-record rates in December.

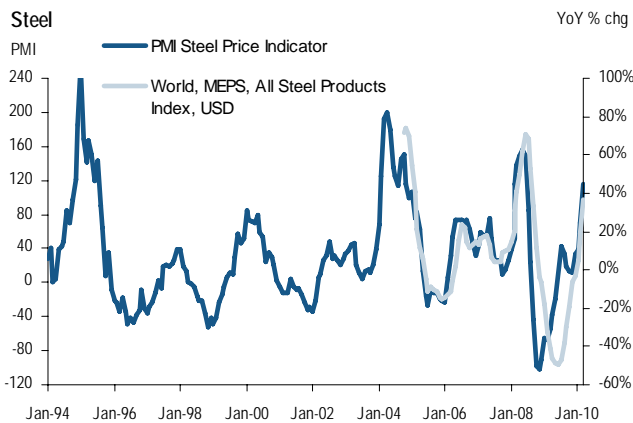
Steel users likewise indicated record increases in both input buying and inventories, led by buoyant growth of purchasing among Asian firms. Data from Markit's monthly PMI surveys have highlighted widespread price increases for steel items in recent months.

**Purchasing activity at aluminium-using manufacturers**



Source: Markit.

**PMI Steel Price Indicator**



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**PMI data provide key guide to metals demand fundamentals**

Using data from our established survey panels across Asia, Europe and the US, Markit produce data tracking trends at copper, aluminium and steel intensive goods producers. Data cover indexes for output, new orders, new export orders, input purchasing, stock holdings, prices, vendor delivery times and employment.

For further information on commodities PMI data, please contact [economics@markit.com](mailto:economics@markit.com).

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