

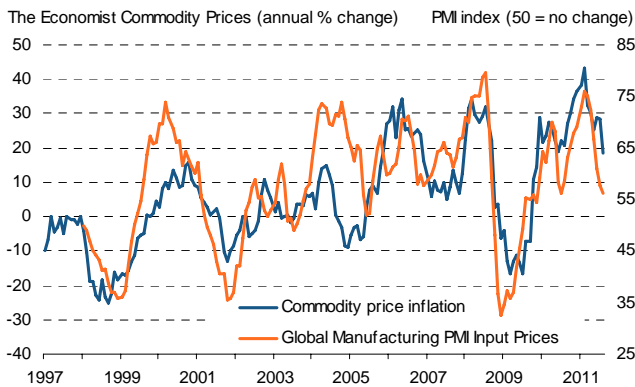
# Price & Supply Monitor

## Majority of commodities see downward price pressures

- Input cost inflation in global manufacturing sector eases further
- Widespread falls in metal and polymer prices
- Supply situation continues to improve

Purchasing executives at the world's factories reported a further moderation in cost pressures during August. The average price paid for inputs and raw materials rose at the slowest pace for 13 months, with inflation having eased considerably from the elevated levels seen earlier in the year.

### Global manufacturing costs and commodity prices

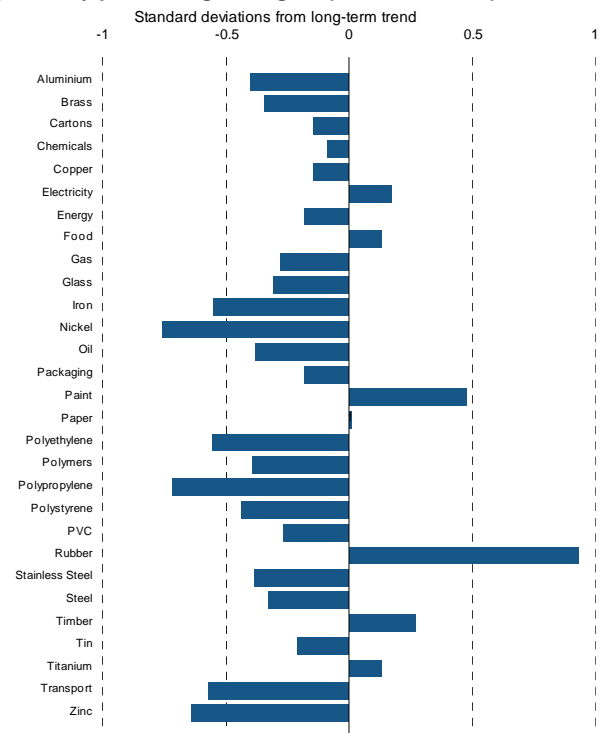


Supply shortages remained much less widespread in August than in the first half of 2011. Average lead times faced by global manufacturers from suppliers lengthened at a similar modest pace to that recorded in July.

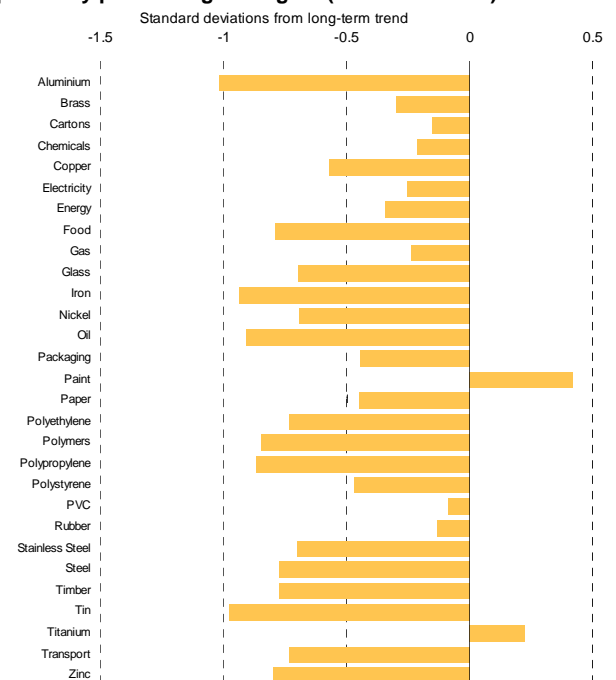
As well as reporting on average input prices and supplier lead-times, purchasing executives on Markit's PMI panels are invited to itemise specific goods which have changed price in the past month or for which supply shortages have developed. This information can be transformed into indicators which show the development of price and supply pressures relative to long-run averages.

These indicators show that, in the three months to August, downward price pressures were particularly strong for metals such as nickel, zinc and iron. Price

### Price pressures reported by purchasing managers (latest 3 months)



### Supply shortages reported by purchasing managers (latest 3 months)



indicators for polymers such as polypropylene, polyethylene and polystyrene were also substantially below their long-run averages. Downward pressure on transport costs was similarly marked.

Rubber and paint remained the only monitored items to record strong upward price pressures during the three months to August.

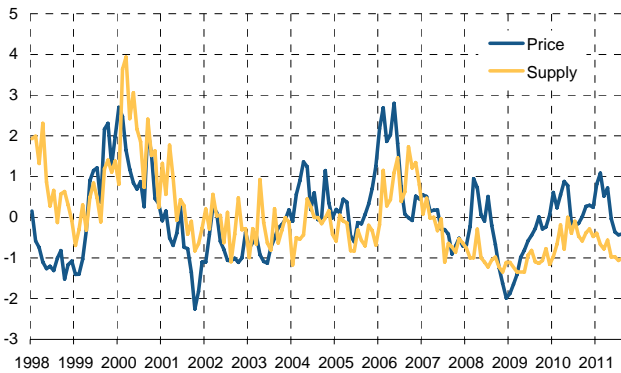
From a supply perspective, incidences of shortages were below historical averages for all commodities with the exception of paint and titanium.

### Key hot spots:

- **Rubber** price pressures remained elevated in the three months to August, amid continuing supply constraints.
- Higher raw material costs and tight supply continued to underpin strong upward **paint** price pressures.
- The prices of **nickel**, **zinc** and **iron** came under substantial downward pressure, as a slowdown in the global manufacturing sector hit demand for metals.
- Downward price pressures for **polymers** remained considerable.

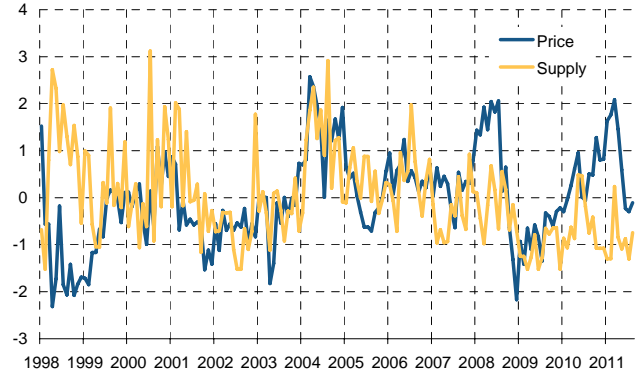
**Metals**

**Aluminium**



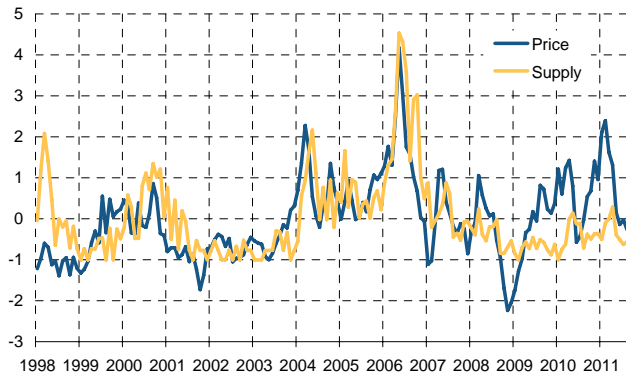
**Tin**

Standard deviations from mean

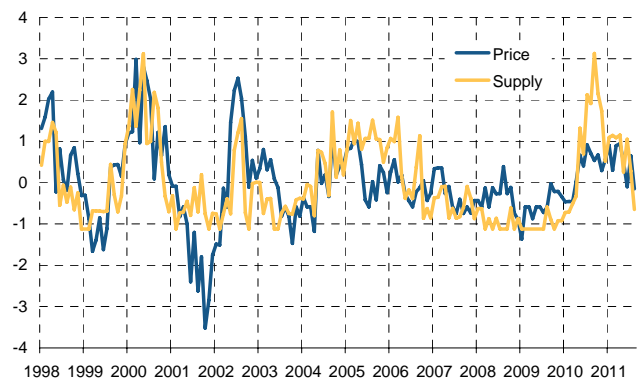


**Copper**

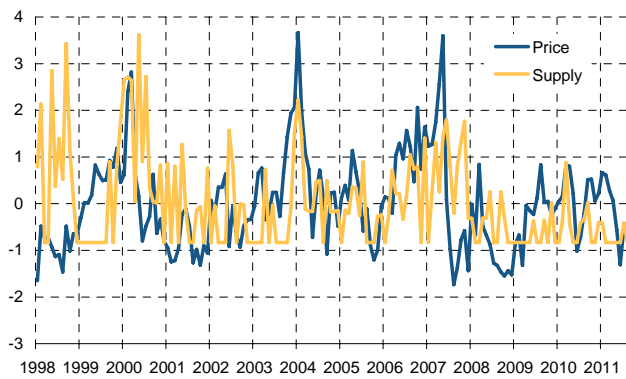
Standard deviations from mean



**Titanium**

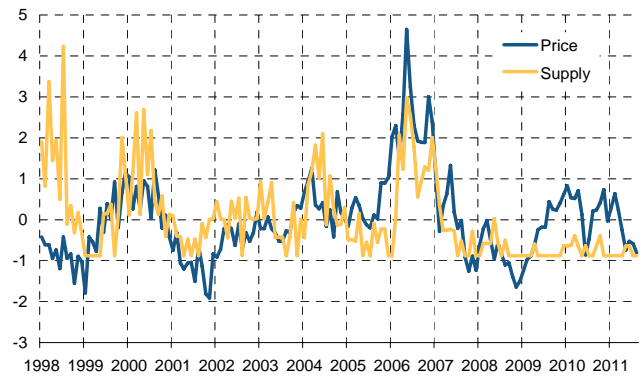


**Nickel**



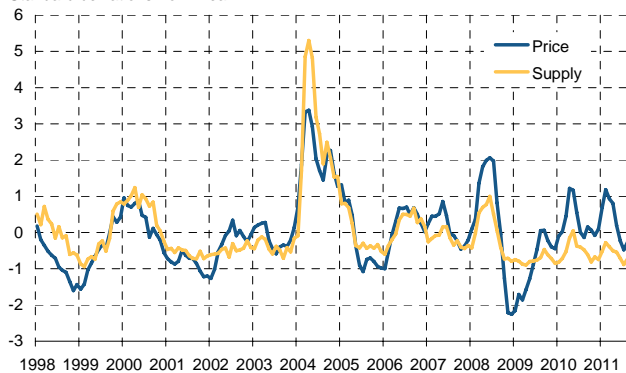
**Zinc**

Standard deviations from mean



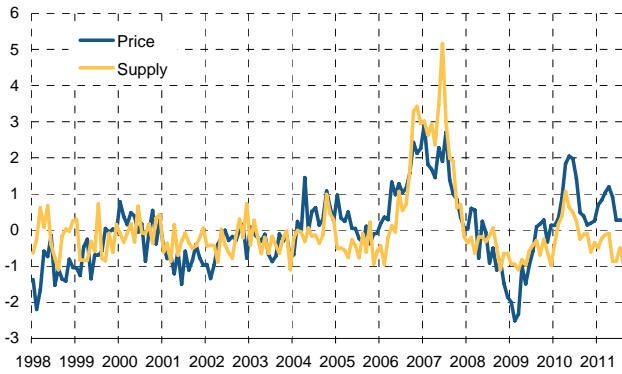
**Stainless steel**

Standard deviations from mean

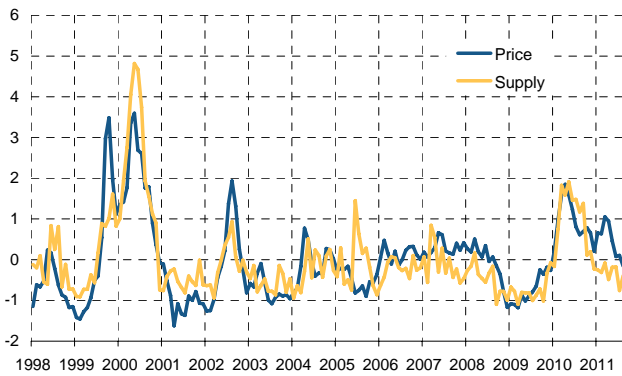


## Timber & timber products

### Timber

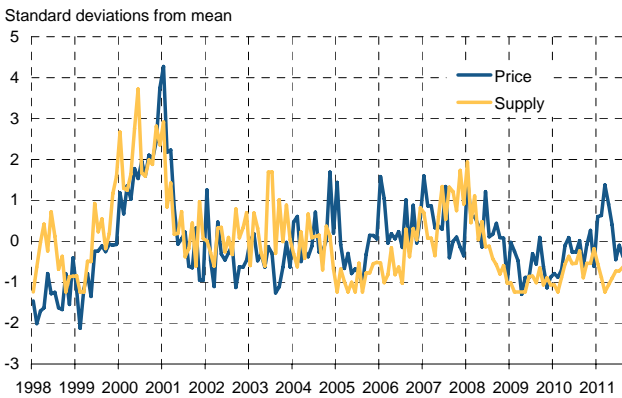


### Paper



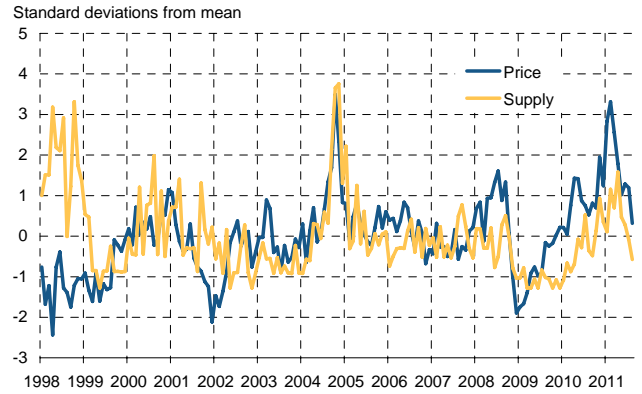
## Glass

### Glass

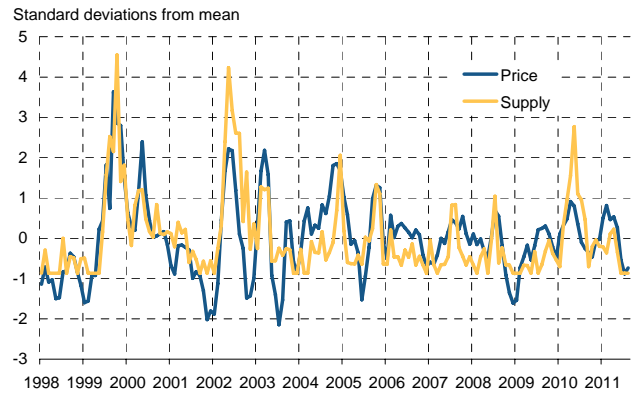


## Chemicals, plastics & rubber

### Rubber

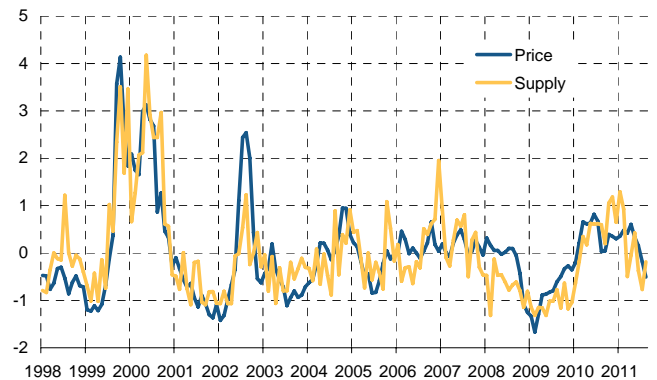


### Polypropylene



## Packaging

### General packaging



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## PMI Survey Price Indices

The Price Indices shown in this report are derived from Markit Economics' monthly Purchasing Managers' Index™ (PMI™) surveys. They are calculated from the number of purchasing managers that report a specific item to have risen in price, less those reporting the item to have fallen in price. Each month's resulting net balance is adjusted to take into account variations in survey response rates.

Countries covered are as follows: UK, Ireland, Germany, France, Italy, Spain, South Korea, Taiwan, US, Russia, Brazil, India and China.

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