

# PMI Report on China Manufacturing

## CFLP

### 中國物流與採購聯合會

China Federation of Logistics & Purchasing (CFLP) is the logistics and purchasing industry association approved by the State Council. CFLP's mission is to push forward the development of the logistics industry and the procurement businesses of both government and enterprises, as well as the circulation of factors of production in China. The government authorizes the CFLP to produce industry statistics and set industry standards. CFLP is also China's representative in the Asian-Pacific Logistics Federation (APLF) and the International Federation of Purchasing and Supply Management (IFPSM).

## NBS

### 國家統計局

The National Bureau of Statistics (NBS), an agency directly under the State Council in China, is in charge of the country's statistics. It is responsible for formulating statistical policies and establishing the national statistical system, drafting and enforcing the statistical laws and regulations, setting up and improving the national economic accounting system, conducting censuses, as well as making statistical analyses and forecasts of the macroeconomy, social development, scientific advancement, resources and environment.

## China Manufacturing PMI

### 中國製造業採購經理指數

The CFLP China Manufacturing Purchasing Managers' Index (PMI) provides an early indication each month of economic activities in the Chinese manufacturing sector. The CFLP and the NBS collaborate to collect data, compile and publish the index.

## Global Sourcing

### Fung Business Intelligence

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## PMI falls to 51.4 in April

**Output, New Orders, New Export Orders, Purchases of Inputs, Imports, Expanding.**

**Stocks of Finished Goods, Stocks of Major Inputs, Backlogs of Orders, Contracting.**

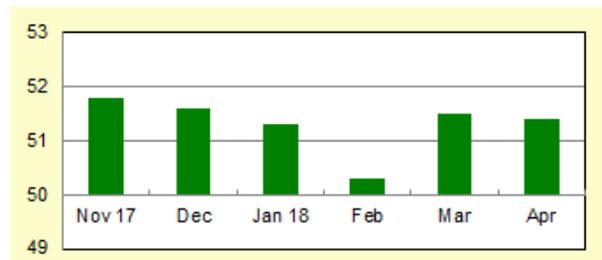
**Input Prices, Ex-factory Prices, Rising.**

**Suppliers' Delivery, Faster.**

**Business Expectations, Optimistic.**

## China Manufacturing PMI, seasonally adjusted

Month	PMI
Nov 17	51.8
Dec	51.6
Jan 18	51.3
Feb	50.3
Mar	51.5
Apr	51.4



China's manufacturing PMI came in at 51.4 in April, down slightly from 51.5 in March. The April reading indicates that the manufacturing sector in China has expanded at a relatively stable pace recently.

9 of the 13 sub-indices were lower than their respective levels in the previous month, while 3 sub-indices were higher than their respective levels in the previous month. The new orders and the new export orders indices dropped by 0.4 pts and 0.6 pts respectively in April, showing a recent moderation in the growth of new orders and new export orders.<sup>1</sup> Meanwhile, the output index came in at 53.1 in April, the same as in March, indicating that the output has maintained stable growth lately. Also noteworthy is that, for the first time in three months, the ex-factory prices index went up above the critical 50-mark, registering 50.2 in April. The latest reading shows a rise in ex-factory prices of finished goods.

By size of enterprises, the PMI of 'large enterprises' came in at 52.0 in April, down from 52.4 in March. The PMI of 'medium enterprises' rose to 50.7 in April from 50.4 in March, while the PMI of 'small enterprises' went up to 50.3 in April from 50.1 in March.

The output index was 53.1 in April, the same as in March. The output index of 'large enterprises' went down slightly to 54.1 in April from 54.2 in March; the output index of 'medium enterprises' was 52.1 in April, up from 52.0 in March; the output index of 'small enterprises' rose to 51.4 in April from 50.6 in March.

<sup>1</sup> The 'new orders index' covers both domestic and export orders. That is to say, the manufacturers are not asked to differentiate between domestic and export orders when filling in questionnaires.

The new orders index went down to 52.9 in April, compared to 53.3 in March. By size of enterprises, the new orders index of 'large enterprises' fell to 54.0 in April from 54.4 in March. Meanwhile, the new orders index of 'medium enterprises' went down to 51.9 in April, compared to 52.2 in March; the new orders index of 'small enterprises' came in at 51.0 in April, up from 50.9 in March.

The new export orders index fell to 50.7 in April, compared to 51.3 in March. The new export orders index of 'large enterprises' was 52.2 in April. Meanwhile, the new export orders indices of 'medium enterprises' and 'small enterprises' remained below the critical 50-mark, registering 48.7 and 43.9 respectively in April.

The backlogs of orders index went up to 46.2 in April, compared to 46.0 in March. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.2, 45.2 and 44.7 respectively in April.

The stocks of finished goods index dropped slightly to 47.2 in April, compared to 47.3 in March. By size of enterprises, the stocks of finished goods indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.8, 45.7 and 47.8 respectively in April.

The purchases of inputs index was 52.6 in April, down from 53.0 in March. The purchases of inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were in the expansionary zone, registering 53.5, 51.0 and 52.4 respectively in April.

The imports index went down to 50.2 in April from 51.3 in March. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 50.5, 48.5 and 53.0 respectively in April.

The input prices index came in at 53.0 in April, down from 53.4 in March. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 51.8, 53.1 and 56.9 respectively in April.

The stocks of major inputs index went down slightly to 49.5 in April, compared to 49.6 in March. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.0, 50.4 and 49.5 respectively in April.

The ex-factory prices index was 50.2 in April, up from 48.9 in March.<sup>2</sup> The ex-factory prices index of 'large enterprises' remained below the neutral level of 50, registering 49.6 in April. Meanwhile, the ex-factory prices indices of 'medium enterprises' and 'small enterprises' were 50.4 and 51.8 respectively in the month.

The employment index was 49.0 in April, down slightly from 49.1 in March. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.7, 47.5 and 49.2 respectively in April.

The suppliers' delivery time index came in at 50.2 in April, up from 50.1 in March. A reading above 50 implies faster delivery; below 50, slower delivery time. The suppliers' delivery time indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 50.3, 49.7 and 50.7 respectively in April.

The business expectations index was 58.4 in April, well above the critical 50-mark, indicating that purchasing managers have been optimistic recently.<sup>3</sup> The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 58.8, 58.2 and 57.3 respectively in April.

<sup>2</sup> The ex-factory prices index has been published since January 2017.

<sup>3</sup> Since January 2017, a new method of seasonal adjustment to the business expectations index has been adopted; and accordingly, the historical readings of the index have been revised.

**China Manufacturing at a Glance — April 2018**

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	51.4	Lower	Expanding
Output	53.1	Unchanged	Expanding
New Orders	52.9	Lower	Expanding
New Export Orders	50.7	Lower	Expanding
Backlogs of Orders	46.2	Higher	Contracting
Stocks of Finished Goods	47.2	Lower	Contracting
Purchases of Inputs	52.6	Lower	Expanding
Imports	50.2	Lower	Expanding
Input Prices	53.0	Lower	Rising
Ex-factory Prices	50.2	Higher	Rising
Stocks of Major Inputs	49.5	Lower	Contracting
Employment	49.0	Lower	Contracting
Suppliers' Delivery Time	50.2	Higher	Quickening
Business Expectations	58.4	Lower	Optimistic

## About China Manufacturing PMI:

China Manufacturing Purchasing Managers' Index (PMI) provides an early indication each month of economic activities in the Chinese manufacturing sector. It is jointly published by China Federation of Logistics & Purchasing (CFLP) and the National Bureau of Statistics (NBS). Fung Business Intelligence is responsible for drafting and disseminating the English PMI report.

Every month questionnaires are sent to 3,000 manufacturing enterprises all over China. The data presented herein is compiled from the enterprises' responses about their purchasing activities and supply situations. CFLP makes no representation regarding the data collection procedures, nor does it disclose any data of individual enterprises. The PMI should be compared to other economic data sources when used in decision-making.

3,000 manufacturing enterprises in 31 industries from Eastern, Northeastern, Central and Western China are surveyed. The sampling of the enterprises involves the use of Probability Proportional to Size Sampling (PPS), which means the selection of enterprises surveyed is largely based on each industry's contribution to GDP, and the representation of each geographical region.

There are 13 sub-indicators in the survey: Output, New Orders, New Export Orders, Backlogs of Orders, Stocks of Finished Goods, Purchases of Inputs, Imports, Input Prices, Stocks of Major Inputs, Ex-factory Prices, Employment, Suppliers' Delivery Time and Business Expectations. An index reading above 50 indicates an overall positive change in a sub-indicator; below 50, an overall negative change.

The PMI is a composite index based on the seasonally adjusted indices for five of the sub-indicators with varying weights: New Orders—30%; Output—25%; Employment—20%; Suppliers' Delivery Time—15%; and Stocks of Major Inputs—10%. A PMI reading above 50 indicates an overall expansion in the manufacturing sector; below 50, an overall contraction.

Currently there are more than twenty countries and regions conducting the PMI survey and compilation, based on an internationally standardized methodology.



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