

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

Helen Chin, Timothy Cheung

(852) 2300 2471

helenchin@fung1937.com

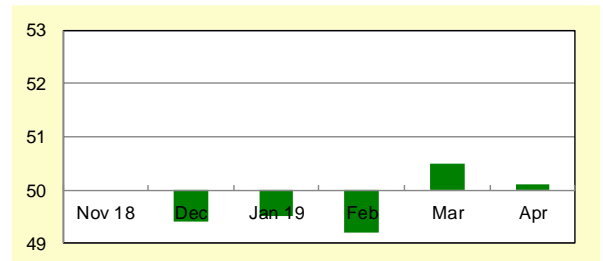
timothycheung@fung1937.com

PMI drops to 50.1 in April

Output, New Orders, Purchases of Inputs, Expanding. New Export Orders, Stocks of Finished Goods, Stocks of Major Inputs, Backlogs of Orders, Imports, Contracting. Input Prices, Ex-factory Prices, Rising. Suppliers' Delivery, Slower. Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Nov 18	50.0
Dec	49.4
Jan 19	49.5
Feb	49.2
Mar	50.5
Apr	50.1



China's manufacturing PMI fell to 50.1 in April from 50.5 in March, indicating a growth moderation of the manufacturing sector in China.

10 of the 13 sub-indices were lower than their respective levels in the previous month. For example, the output index went down by 0.6 pts from the previous month to 52.1 in April, indicating that the output growth has softened recently. Moreover, the new orders index fell by 0.2 pts in April, showing that the growth of new orders has decelerated slightly. In contrast, the new export orders index rose from 47.1 in March to 49.2 in April, indicating that the new orders have dropped at a slower pace lately.

By size of enterprises, the PMI of 'large enterprises' came in at 50.8 in April, down from 51.1 in March. The PMI of 'medium enterprises' fell to 49.1 in April from 49.9 in March. The PMI of 'small enterprises' went up to 49.8 in April from 49.3 in March.

The output index was 52.1 in April, down from 52.7 in March. The output index of 'large enterprises' fell to 53.0 in April from 53.6 in March; the output index of 'medium enterprises' was 51.1 in April, down from 52.0 in March; the output index of 'small enterprises' went up to 51.2 in April from 50.8 in March.

The new orders index went down to 51.4 in April from 51.6 in March. By size of enterprises, the new orders index of 'large enterprises' was 52.5 in April, the same as in March. Meanwhile, the new orders index of 'medium enterprises' dropped to 50.4 in April, compared to 51.2 in March; the new orders index of 'small enterprises' came in at 50.0 in April, up from 49.0 in March.

The new export orders index came in at 49.2 in April, up from 47.1 in March. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 49.7, 49.1 and 46.4 respectively in April, below the critical 50-mark.

The backlogs of orders index was 44.0 in April, down from 46.4 in March. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 43.8, 44.3 and 44.1 respectively in April.

The stocks of finished goods index was 46.5 in April, down from 47.0 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 45.5, 47.7 and 47.3 respectively in April.

The purchases of inputs index was 51.1 in April, down slightly from 51.2 in March. The purchases of inputs index of 'large enterprises' stayed in the expansionary zone, registering 52.7 in April. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' were 49.1 and 49.6 respectively in the month.

The imports index went up to 49.7 in April from 48.7 in March. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 50.5, 47.3 and 49.8 respectively in April.

The input prices index came in at 53.1 in April, down from 53.5 in March. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 53.2, 53.4 and 52.4 respectively in April.

The stocks of major inputs index went down to 47.2 in April, compared to 48.4 in March. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 47.9, 46.1 and 46.9 respectively in April.

The ex-factory prices index was 52.0 in April, up from 51.4 in March.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 53.9, 50.2 and 49.8 respectively in the month.

The employment index was 47.2 in April, down from 47.6 in March. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 47.7, 45.4 and 48.5 respectively in April.

The suppliers' delivery time index came in at 49.9 in April, down from 50.2 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 50.1, 49.7 and 49.6 respectively in April.

The business expectations index fell slightly to 56.5 in April from 56.8 in March.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 57.2, 55.1 and 56.6 respectively in April.

¹ The ex-factory prices index has been published since January 2017.

² 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 2019

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.1	Lower	Expanding
Output	52.1	Lower	Expanding
New Orders	51.4	Lower	Expanding
New Export Orders	49.2	Higher	Contracting
Backlogs of Orders	44.0	Lower	Contracting
Stocks of Finished Goods	46.5	Lower	Contracting
Purchases of Inputs	51.1	Lower	Expanding
Imports	49.7	Higher	Contracting
Input Prices	53.1	Lower	Rising
Ex-factory Prices	52.0	Higher	Rising
Stocks of Major Inputs	47.2	Lower	Contracting
Employment	47.2	Lower	Contracting
Suppliers' Delivery Time	49.9	Lower	Slowing
Business Expectations	56.5	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.



Fung Business Intelligence collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

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For more information, please visit www.funggroup.com.

Fung Business Intelligence.
10/F, Li Fung Tower, 888 Cheung Sha Wan Road, Hong Kong
Tel: (852) 2300 2470 Fax: (852) 2635 1598 E-mail: fbicgroup@fung1937.com

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