

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, William Kong

(852) 2300 2471

helenchin@fung1937.com

williamkong@fung1937.com

PMI stays unchanged at 50.2 in December
Output, New Orders, New Export Orders, Purchases of Inputs, Expanding.

Backlogs of Orders, Stocks of Finished Goods, Stocks of Major Inputs, Imports, Employment, Contracting.

Input Prices, Rising.

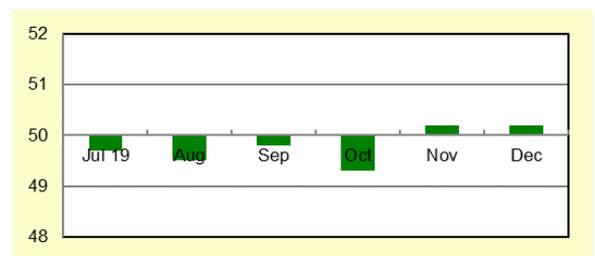
Ex-factory Prices, Falling.

Suppliers' Delivery, Faster.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Jul 19	49.7
Aug	49.5
Sep	49.8
Oct	49.3
Nov	50.2
Dec	50.2



China's manufacturing PMI came in at 50.2 in December, the same as in November. The PMI stayed above the critical 50-mark, indicating a continued expansion of the manufacturing sector in China.

8 of the 13 sub-indices were higher than their respective levels in the previous month. For example, the output index increased by 0.6 pts from the previous month to 53.2 in December, indicating that the growth of production activities has quickened. Moreover, the new export orders index rose above the critical 50-mark in December, returning to the expansionary zone for the first time since May 2018. In contrast, the new orders index edged down from 51.3 in November to 51.2 in December, indicating that the new orders have increased at a slower pace lately.

By size of enterprises, the PMI of 'large enterprises' came in at 50.6 in December, down from 50.9 in November. The PMI of 'medium enterprises' rose to 51.4 in December from 49.5 in November. The PMI of 'small enterprises' went down to 47.2 in December from 49.4 in November.

The output index came in at 53.2 in December, up from 52.6 in November. The output indices of 'large enterprises' and 'medium enterprises' stayed above the critical 50-mark, registering 53.6 and 56.3 respectively in December. Meanwhile, the output index of 'small enterprises' dipped below the critical 50 mark, registering 47.5 in the month.

The new orders index edged down to 51.2 in December from 51.3 in November. By size of enterprises, the new orders indices of 'large enterprises' and 'medium enterprises' remained in the expansionary zone, registering 51.9 and 53.2 respectively in the month. Meanwhile, the new orders index of 'small enterprises' came in at 46.3 in December, down from 50.2 in November.

The new export orders index was 50.3 in December, up from 48.8 in November. The new export orders indices of 'large enterprises' and 'medium enterprises' rose above the neutral level of 50, registering 50.9 and 50.3 respectively in December. Meanwhile, the new export orders index of 'small enterprises' came in at 46.1.

The backlogs of orders index came in at 45.0 in December, up from 44.9 in November. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the critical 50-mark, registering 45.3, 45.1 and 43.9 respectively in December.

The stocks of finished goods index was 45.6 in December, down from 46.4 in November. The stocks of finished goods indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed below the neutral level of 50, registering 46.5, 46.0 and 42.5 respectively in December.

The purchases of inputs index went up to 51.3 in December from 51.0 in November. The purchases of inputs indices of 'large enterprises' and 'medium enterprises' came in at 52.4 and 52.5 respectively in December. Meanwhile, the purchases of inputs index of 'small enterprises' remained in the contractionary zone, registering 46.4 in the month.

The imports index edged up to 49.9 in December from 49.8 in November. The imports indices of 'medium enterprises' and 'small enterprises' rose above the critical 50-mark, registering 52.3 and 50.4 respectively in December. Meanwhile, the imports index of 'large enterprises' was 49.0.

The input prices index went up to 51.8 in December from 49.0 in November. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 51.3, 52.4 and 52.2 respectively in December.

The ex-factory prices index was 49.2 in December, up from 47.3 in November.¹ The ex-factory prices indices of 'large enterprises' and 'medium enterprises' remained below the neutral level of 50, registering 48.9 and 49.2 respectively in December. Meanwhile, the ex-factory prices index of 'small enterprises' came in at 50.0.

The stocks of major inputs index went down to 47.2 in December from 47.8 in November. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 47.8, 47.8 and 44.7 respectively in December.

The employment index was 47.3 in December, the same as in November. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 47.7, 46.7 and 47.1 respectively in December.

The suppliers' delivery time index came in at 51.1 in December, compared with 50.5 in November. A reading above 50 implies faster delivery; below 50, slower delivery. The suppliers' delivery time indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 51.4, 51.4 and 50.0 respectively in December.

The business expectations index went down to 54.4 in December from 54.9 in November.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 56.6, 53.6 and 49.5 respectively in December.

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 — December 2019			
Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.2	Unchanged	Expanding
Output	53.2	Higher	Expanding
New Orders	51.2	Lower	Expanding
New Export Orders	50.3	Higher	Expanding
Backlogs of Orders	45.0	Higher	Contracting
Stocks of Finished Goods	45.6	Lower	Contracting
Purchases of Inputs	51.3	Higher	Expanding
Imports	49.9	Higher	Contracting
Input Prices	51.8	Higher	Rising
Ex-factory Prices	49.2	Higher	Falling
Stocks of Major Inputs	47.2	Lower	Contracting
Employment	47.3	Unchanged	Contracting
Suppliers' Delivery Time	51.1	Higher	Quickening
Business Expectations	54.4	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.



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

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments 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 consulting 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.

Fung Business Intelligence was established in the year 2000.

About Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. The Fung Group comprises 42,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

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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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