

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

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PMI falls to 49.2 in February

New Orders, Expanding.

Output, New Export Orders, Stocks of Finished Goods, Purchases of Inputs, Stocks of Major Inputs, Backlogs of Orders, Imports, Contracting.

Ex-factory Prices, Falling.

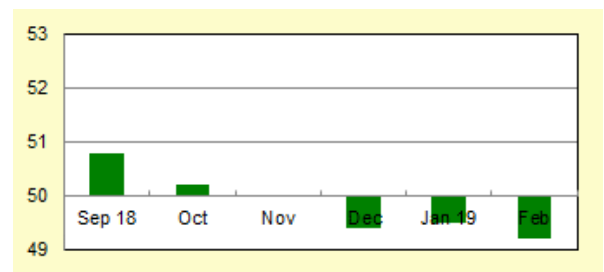
Input Prices, Rising.

Suppliers' Delivery, Slower.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Sep 18	50.8
Oct	50.2
Nov	50.0
Dec	49.4
Jan 19	49.5
Feb	49.2



China's manufacturing PMI fell to 49.2 in February from 49.5 in January, indicating that the manufacturing sector has contracted at a faster pace lately.

9 of the 13 sub-indices were lower than their respective levels in the previous month. For example, the output index went down by 1.4 pts from the previous month to 49.5 in February, dropping below the critical 50-mark for the first time in ten years. The latest reading indicates that output has started to contract recently. Moreover, the new export orders index fell from 46.9 in January to 45.2 in February, showing that new export orders have dropped at a quicker pace. In contrast, the new orders index rose from 49.6 in January to 50.6 in February, indicating an improvement in the domestic demand. Also noteworthy is that the input prices index jumped by 5.6 pts to 51.9 in February, showing a rebound in prices of production inputs in the month. Against this backdrop, prices of industrial products dropped at a slower pace in February: The ex-factory prices index rose sharply to 48.5 in February from 44.5 in January.

By size of enterprises, the PMI of 'large enterprises' came in at 51.5 in February, up slightly from 51.3 in January. The PMI of 'medium enterprises' fell to 46.9 in February from 47.2 in January. The PMI of 'small enterprises' went down to 45.3 in February from 47.3 in January.

The output index was 49.5 in February, down from 50.9 in January. The output index of 'large enterprises' fell to 52.7 in February from 53.7 in January; the output index of 'medium enterprises' was 46.8 in February, down from 47.6 in January; the output index of 'small enterprises' dropped to 43.4 in February from 47.0 in January.

The new orders index went up to 50.6 in February from 49.6 in January. By size of enterprises, the new orders index of 'large enterprises' rose to 55.0 in February from 52.5 in January. Meanwhile, the new orders index of 'medium enterprises' advanced to 46.6 in February, compared to 46.2 in January; the new orders index of 'small enterprises' came in at 42.8 in February, down from 45.5 in January.

The new export orders index came in at 45.2 in February, down from 46.9 in January. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 46.3, 44.0 and 38.9 respectively in February, below the critical 50-mark.

The backlogs of orders index was 43.6 in February, down slightly from 43.7 in January. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.4, 40.3 and 36.6 respectively in February.

The stocks of finished goods index was 46.4 in February, down from 47.1 in January. 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 48.3, 45.4 and 41.8 respectively in February.

The purchases of inputs index was 48.3 in February, down from 49.1 in January. The purchases of inputs index of 'large enterprises' stayed in the expansionary zone, registering 51.0 in February. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' were 46.7 and 41.8 respectively in the same month.

The imports index went down to 44.8 in February from 47.1 in January. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 45.6, 43.6 and 39.4 respectively in February.

The input prices index came in at 51.9 in February, up sharply from 46.3 in January. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 52.6, 51.2 and 50.8 respectively in February.

The stocks of major inputs index went down to 46.3 in February, compared to 48.1 in January. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.0, 45.8 and 41.3 respectively in February.

The ex-factory prices index was 48.5 in February, up markedly from 44.5 in January.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.0, 47.8 and 48.1 respectively in the month.

The employment index was 47.5 in February, down from 47.8 in January. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 47.8, 46.2 and 48.9 respectively in February.

The suppliers' delivery time index came in at 49.8 in February, down from 50.1 in January. 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 49.8, 50.5 and 48.5 respectively in February.

The business expectations index rose to 56.2 in February from 52.5 in January.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 57.8, 54.2 and 54.1 respectively in February.

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 — February 2019

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	49.2	Lower	Contracting
Output	49.5	Lower	Contracting
New Orders	50.6	Higher	Expanding
New Export Orders	45.2	Lower	Contracting
Backlogs of Orders	43.6	Lower	Contracting
Stocks of Finished Goods	46.4	Lower	Contracting
Purchases of Inputs	48.3	Lower	Contracting
Imports	44.8	Lower	Contracting
Input Prices	51.9	Higher	Rising
Ex-factory Prices	48.5	Higher	Falling
Stocks of Major Inputs	46.3	Lower	Contracting
Employment	47.5	Lower	Contracting
Suppliers' Delivery Time	49.8	Lower	Slowing
Business Expectations	56.2	Higher	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.

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Fung Business Intelligence was established in the year 2000.

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