

# 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 rises to 49.5 in January

### Output, Expanding.

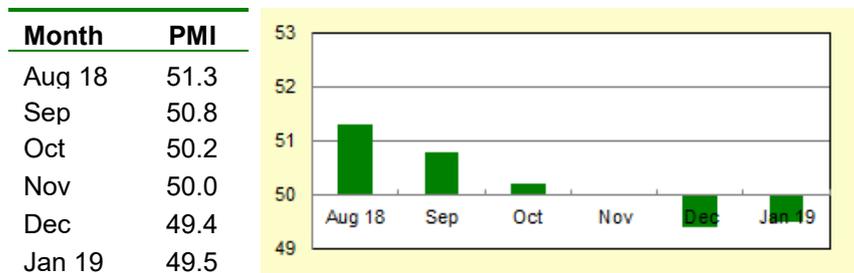
**New Orders, New Export Orders, Stocks of Finished Goods, Purchases of Inputs, Stocks of Major Inputs, Backlogs of Orders, Imports, Contracting.**

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

**Suppliers' Delivery, Faster.**

**Business Expectations, Optimistic.**

## China Manufacturing PMI, seasonally adjusted



China's manufacturing PMI came in at 49.5 in January, staying below the critical 50-mark for two consecutive months. The latest reading indicates a continuous contraction of the manufacturing sector amid the sluggish domestic and export demand.

7 of the 13 sub-indices were lower than their respective levels in the previous month. The new orders index dropped slightly by 0.1 pts from the previous month to 49.6 in January, indicating a continuous contraction of new orders. Meanwhile, the new export orders index rebounded from its recent low of 46.6 in December to 46.9 in January, showing that new export orders have decreased at a slower pace. Also noteworthy is that the output index went up slightly by 0.1 pts from the previous month to 50.9 in January, above the critical 50-mark, showing that output managed to maintain positive month-on-month growth in January. Against this backdrop, the ex-factory prices index came in at 44.5 in January, indicating a fall in ex-factory prices of industrial products in the month.

By size of enterprises, the PMI of 'large enterprises' came in at 51.3 in January, up from 50.1 in December. The PMI of 'medium enterprises' fell to 47.2 in January from 48.4 in December. The PMI of 'small enterprises' went down to 47.3 in January from 48.6 in December.

The output index was 50.9 in January, up slightly from 50.8 in December. The output index of 'large enterprises' rose to 53.7 in January from 52.1 in December; the output index of 'medium enterprises' was 47.6 in January, down from 48.9 in December; the output index of 'small enterprises' fell to 47.0 in January from 49.5 in December.

The new orders index went down slightly to 49.6 in January from 49.7 in December. By size of enterprises, the new orders index of 'large enterprises' rose to 52.5 in January from 50.8 in December. Meanwhile, the new orders index of 'medium enterprises' dropped to 46.2 in January, compared to 48.4 in December; the new orders index of 'small enterprises' came in at 45.5 in January, down from 48.4 in December.

The new export orders index came in at 46.9 in January, up from 46.6 in December. The new export orders indices of 'large enterprises' and 'medium enterprises' registered 47.0 and 45.6 respectively in January, below the critical 50-mark. Meanwhile, the new export orders index of 'small enterprises' was 50.6 in the same month.

The backlogs of orders index was 43.7 in January, down from 44.1 in December. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 46.5, 40.2 and 40.1 respectively in January.

The stocks of finished goods index was 47.1 in January, down from 48.2 in December. 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 47.9, 46.5 and 45.3 respectively in January.

The purchases of inputs index was 49.1 in January, down from 49.8 in December. The purchases of inputs index of 'large enterprises' stayed in the expansionary zone, registering 52.2 in January. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' were 45.4 and 45.0 respectively in the same month.

The imports index went up to 47.1 in January from 45.9 in December. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 47.0, 47.6 and 46.0 respectively in January.

The input prices index came in at 46.3 in January, up from 44.8 in December. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were below 50, registering 46.4, 45.8 and 47.0 respectively in January.

The stocks of major inputs index went up to 48.1 in January, compared to 47.1 in December. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.4, 46.5 and 46.5 respectively in January.

The ex-factory prices index was 44.5 in January, up from 43.3 in December.<sup>1</sup> The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 43.7, 45.2 and 46.1 respectively in the month.

The employment index was 47.8 in January, down from 48.0 in December. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.5, 46.5 and 47.9 respectively in January.

The suppliers' delivery time index came in at 50.1 in January, down from 50.4 in December. 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 50.4, 50.2 and 48.9 respectively in January.

The business expectations index fell to 52.5 in January from 52.7 in December.<sup>2</sup> The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 55.4, 48.3 and 50.0 respectively in January.

<sup>1</sup> The ex-factory prices index has been published since January 2017.

<sup>2</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 — January 2019**

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	49.5	Higher	Contracting
Output	50.9	Higher	Expanding
New Orders	49.6	Lower	Contracting
New Export Orders	46.9	Higher	Contracting
Backlogs of Orders	43.7	Lower	Contracting
Stocks of Finished Goods	47.1	Lower	Contracting
Purchases of Inputs	49.1	Lower	Contracting
Imports	47.1	Higher	Contracting
Input Prices	46.3	Higher	Falling
Ex-factory Prices	44.5	Higher	Falling
Stocks of Major Inputs	48.1	Higher	Contracting
Employment	47.8	Lower	Contracting
Suppliers' Delivery Time	50.1	Lower	Quickening
Business Expectations	52.5	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.

Fung Business Intelligence was established in the year 2000.

The **Fung Group** is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs over 42,150 people across 40 economies worldwide, generating total revenue of over US\$22.66 billion in 2017. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

Please visit [www.funggroup.com](http://www.funggroup.com) for more about the Fung Group.

---

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](mailto:fbicgroup@fung1937.com)

© Copyright 2019 Fung Business Intelligence. All rights reserved.

Though Fung Business Intelligence endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of Fung Business Intelligence is prohibited.