

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 rises to 51.6 in February

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

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

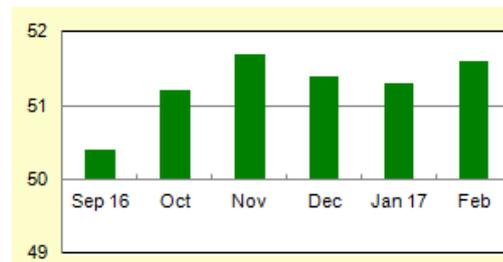
Input Prices, Ex-factory Prices, Rising.

Suppliers' Delivery, Faster.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Sep 16	50.4
Oct	51.2
Nov	51.7
Dec	51.4
Jan 17	51.3
Feb	51.6



China's manufacturing PMI rose from 51.3 in January to a three-month high of 51.6 in February, indicating that the manufacturing sector in China has expanded at a faster pace recently.

10 of the 13 sub-indices were higher than their respective levels in the previous month. The output index rebounded by 0.6 pts from the previous month to 53.7 in February, indicating a reacceleration in output growth. Besides, the new orders index went up to 53.0 in February from 52.8 in January, showing quicker growth of new orders.¹ It is noteworthy that the new export orders index climbed to 50.8 in February, the highest level since August 2014, indicating an improvement in the export demand. Meanwhile, the input prices index stayed high at 64.2 in February, showing that the prices of production inputs have continued to rise at a fast pace.

By size of enterprises, the PMI of 'large enterprises' went up to 53.3 in February from 52.7 in January. The PMI of 'medium enterprises' fell to 50.5 in February from 50.8 in January, while the PMI of 'small enterprises' came in at 46.4 in February, the same as in January.

The output index was 53.7 in February, up from 53.1 in January. The output index of 'large enterprises' went up to 56.6 in February from 55.1 in January; the output index of 'medium enterprises' was 51.6 in February, down from 53.1 in January; the output index of 'small enterprises' rebounded to 45.6 in February from 44.8 in January.

¹ 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 rose to 53.0 in February, compared to 52.8 in January. By size of enterprises, the new orders index of 'large enterprises' was 55.8 in February, up from 55.4 in January. The new orders index of 'medium enterprises' was 51.5 in February, the same as in January. Meanwhile, the new orders index of 'small enterprises' dropped slightly to 44.2 in February from 44.3 in January.

The new export orders index went up to 50.8 in February, compared to 50.3 in January. The new export orders index of 'large enterprises' remained above the critical 50-mark, registering 52.1 in February. Meanwhile, the new export orders indices of 'medium enterprises' and 'small enterprises' were 49.0 and 41.9 respectively in February.

The backlogs of orders index fell to 46.0 in February, compared to 46.3 in January. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 46.8, 47.2 and 40.3 respectively in February.

The stocks of finished goods index came in at 47.6 in February, up from 45.0 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 49.2, 46.9 and 42.3 respectively in February.

The purchases of inputs index was 51.4 in February, down from 52.6 in January. The purchases of inputs indices of 'large enterprises' and 'medium enterprises' were in the expansionary zone, registering 53.8 and 50.5 respectively in February. Meanwhile, the purchases of inputs index of 'small enterprises' was 42.8 in February.

The imports index was 51.2 in February, up from 50.7 in January. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 51.9, 48.4 and 53.2 respectively in February.

The input prices index went down slightly to 64.2 in February, compared to 64.5 in January. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 65.2, 64.2 and 60.0 respectively in February.

The stocks of major inputs index came in at 48.6 in February, up from 48.0 in January. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 49.4, 48.6 and 45.0 respectively in February.

The ex-factory prices index was 56.3 in February, up from 54.7 in January.² The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above the neutral level of 50, registering 57.8, 54.8 and 52.5 respectively in February.

The employment index came in at 49.7 in February, up from 49.2 in January. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 50.5, 49.0 and 47.5 respectively in February.

The suppliers' delivery time index rose to 50.5 in February from 49.8 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 51.2, 50.2 and 48.4 respectively in February.

The business expectations index went up from 58.5 in January to 60.0 in February, indicating that purchasing managers have become more optimistic recently.³ The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 61.7, 59.1 and 54.9 respectively in February.

² Ex-factory prices index has been published since January 2017.

³ 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 2017

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	51.6	Higher	Expanding
Output	53.7	Higher	Expanding
New Orders	53.0	Higher	Expanding
New Export Orders	50.8	Higher	Expanding
Backlogs of Orders	46.0	Lower	Contracting
Stocks of Finished Goods	47.6	Higher	Contracting
Purchases of Inputs	51.4	Lower	Expanding
Imports	51.2	Higher	Expanding
Input Prices	64.2	Lower	Rising
Stocks of Major Inputs	48.6	Higher	Contracting
Ex-factory Prices	56.3	Higher	Rising
Employment	49.7	Higher	Contracting
Suppliers' Delivery Time	50.5	Higher	Quickening
Business Expectations	60.0	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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