

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 50.0 in November

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, Rising.

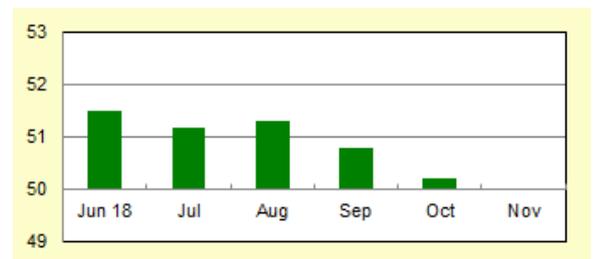
Ex-factory Prices, Falling.

Suppliers' Delivery, Faster.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Jun 18	51.5
Jul	51.2
Aug	51.3
Sep	50.8
Oct	50.2
Nov	50.0



China's manufacturing PMI fell to 50.0 in November, the lowest level since August 2016, from 50.2 in October. The index has dropped for three consecutive months, indicating that the growth of production and economic activities in China has further decelerated amid the intensifying China-US trade frictions.

7 of the 13 sub-indices were lower than their respective levels in the previous month, while 5 sub-indices were higher than their respective levels in the previous month. The new orders index fell by 0.4 pts from the previous month to a 28-month low of 50.4 in November, while the new export orders index stayed low at 47.0 in the month. The figures indicate that both domestic demand and export demand have been weak recently. In the meantime, for the first time since April this year, the ex-factory prices index dropped below the critical 50-mark in the month, showing that Chinese manufacturers have started to reduce the prices of their products lately. This was due partly to an ease in upstream cost pressure: the input prices index fell sharply to 50.3 in November from 58.0 in October.

By size of enterprises, the PMI of 'large enterprises' came in at 50.6 in November, down from 51.6 in October. The PMI of 'medium enterprises' rose to 49.1 in November from 47.7 in October. The PMI of 'small enterprises' went down to 49.2 in November from 49.8 in October.

The output index was 51.9 in November, down slightly from 52.0 in October. The output index of 'large enterprises' dropped to 53.1 in November from 54.1 in October; the output index of 'medium enterprises' was 50.0 in November, up from 48.6 in October; the output index of 'small enterprises' rose to 51.3 in November from 50.8 in October.

The new orders index went down to 50.4 in November from 50.8 in October. By size of enterprises, the new orders index of 'large enterprises' fell to 51.5 in November from 52.8 in October. Meanwhile, the new orders index of 'medium enterprises' rose to 49.5 in November, compared to 47.0 in October; the new orders index of 'small enterprises' came in at 48.5 in November, down from 50.6 in October.

The new export orders index came in at 47.0 in November, up slightly from 46.9 in October. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 47.9, 45.6 and 43.9 respectively in November, below the critical 50-mark.

The backlogs of orders index was 44.3 in November, the same as in October. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 45.6, 41.9 and 44.1 respectively in November.

The stocks of finished goods index was 48.6 in November, up from 47.1 in October. 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 49.3, 48.1 and 47.0 respectively in November.

The purchases of inputs index was 50.8 in November, down from 51.0 in October. The purchases of inputs index of 'large enterprises' stayed in the expansionary zone, registering 52.2 in November. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' were 49.3 and 48.7 respectively in the same month.

The imports index went down to 47.1 in November from 47.6 in October. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.0, 45.0 and 45.1 respectively in November.

The input prices index came in at 50.3 in November, down sharply from 58.0 in October. The input prices indices of 'large enterprises' and 'small enterprises' remained above 50, registering 50.8 and 50.3 respectively in November. Meanwhile, the input prices index of 'medium enterprises' was 49.3 in the month.

The stocks of major inputs index went up to 47.4 in November, compared to 47.2 in October. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.2, 46.2 and 46.9 respectively in November.

The ex-factory prices index was 46.4 in November, down from 52.0 in October.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 45.5, 45.9 and 50.3 respectively in the month.

The employment index was 48.3 in November, up from 48.1 in October. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.3, 48.1 and 48.8 respectively in November.

The suppliers' delivery time index came in at 50.3 in November, up from 49.5 in October. 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 50.5, 49.9 and 50.4 respectively in November.

The business expectations index fell to 54.2 in November from 56.4 in October.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 55.4, 52.6 and 52.8 respectively in November.

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 — November 2018

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.0	Lower	Stable
Output	51.9	Lower	Expanding
New Orders	50.4	Lower	Expanding
New Export Orders	47.0	Higher	Contracting
Backlogs of Orders	44.3	Unchanged	Contracting
Stocks of Finished Goods	48.6	Higher	Contracting
Purchases of Inputs	50.8	Lower	Expanding
Imports	47.1	Lower	Contracting
Input Prices	50.3	Lower	Rising
Ex-factory Prices	46.4	Lower	Falling
Stocks of Major Inputs	47.4	Higher	Contracting
Employment	48.3	Higher	Contracting
Suppliers' Delivery Time	50.3	Higher	Quickening
Business Expectations	54.2	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.

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Fung Business Intelligence was established in the year 2000.

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