

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.

Fung Business Intelligence Centre

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PMI rose to 50.1 in March

Output, New Orders, expanding.

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

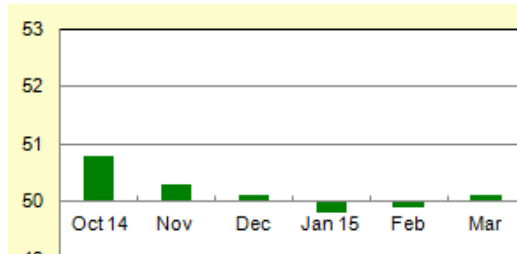
Input Prices, falling.

Suppliers' Delivery, faster.

Business Expectations, optimistic

China Manufacturing PMI, seasonally adjusted

14/15	PMI
Oct	50.8
Nov	50.3
Dec	50.1
Jan	49.8
Feb	49.9
Mar	50.1



China's manufacturing PMI rose slightly from 49.9 in February to 50.1 in March, returning to the expansionary zone. That being said, the March reading was still at a low level, indicating that the growth momentum of the manufacturing sector has remained weak.

9 of the 12 sub-indices were higher than their respective levels in the previous month. In particular, the output index rose to a three-month high of 52.1 in March, suggesting that China's industrial production growth is set to accelerate in the near term. Besides, the business expectations index jumped 7.3 pts from the previous month to 61.3 in March, indicating that confidence among purchasing managers has greatly improved. However, both the new orders index and the new export orders index dropped in March, showing that domestic and foreign demand has continued to soften.

By size of enterprises, the PMI of 'large enterprises' went up to 51.5 in March from 50.4 in February. On the contrary, the PMI of 'medium enterprises' dropped to 48.3 in March from 49.4 in February, while the PMI of 'small enterprises' fell to 46.9 in March from 48.1 in February.

The output index rose to 52.1 in March from 51.4 in February. The output index of 'large enterprises' was 54.5 in March. The output indices of 'medium enterprises' and 'small enterprises' were in the contractionary zone, registering 49.6 and 46.4 respectively in March.

The new orders index was 50.2 in March, down slightly from 50.4 in February. By size of enterprises, the new orders index of 'large enterprises' was 52.7 in March, up from 51.6 in February. On the contrary, the new orders indices of 'medium enterprises' and 'small enterprises' were 47.1 and 45.2 respectively in March, down from 48.4 and 48.2 respectively in February.

The new export orders index dropped slightly to 48.3 in March, compared to 48.5 in February. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, ranging from 46.0 to 49.3 in March.

The backlogs of orders index went up to 44.1 in March, compared to 43.8 in February. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, ranging from 41.8 to 45.2 in March.

The stocks of finished goods index came in at 48.6 in March, up from 47.0 in February. 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, ranging from 47.3 to 49.3 in March.

The purchases of inputs index rose slightly to 49.7 in March, compared to 49.4 in February. The purchases of inputs indices of 'medium enterprises' and 'small enterprises' were both below the neutral level of 50, registering 47.5 and 46.7 respectively in March. Meanwhile, the purchases of inputs index of 'large enterprises' was 51.4 in the month, above the critical 50-mark.

The imports index was 48.1 in March, up from 47.5 in February. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, ranging from 46.6 to 48.6 in March.

The input prices index went up to 45.0 in March, compared to 43.9 in February. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, ranging from 44.0 to 47.0 in March.

The stocks of major inputs index came in at 48.0 in March, down slightly from 48.2 in February. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, ranging from 47.3 to 48.4 in March.

The employment index came in at 48.4 in March, up from 47.8 in February. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, ranging from 47.6 to 48.8 in March.

The suppliers' delivery time index went up slightly to 50.1 in March, compared to 49.9 in February. 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 49.9, 50.4 and 50.0, respectively, in March.

The business expectations index rose markedly from 54.0 in February to 61.3 in March, indicating that purchasing managers have become more optimistic about the near term outlook for their respective industries. The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above the neutral level of 50, ranging from 58.5 to 62.4 in March.

China Manufacturing at a Glance — March 2015

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.1	Higher	Expanding
Output	52.1	Higher	Expanding
New Orders	50.2	Lower	Expanding
New Export Orders	48.3	Lower	Contracting
Backlogs of Orders	44.1	Higher	Contracting
Stocks of Finished Goods	48.6	Higher	Contracting
Purchases of Inputs	49.7	Higher	Contracting
Imports	48.1	Higher	Contracting
Input Prices	45.0	Higher	Falling
Stocks of Major Inputs	48.0	Lower	Contracting
Employment	48.4	Higher	Contracting
Suppliers' Delivery Time	50.1	Higher	Quickening
Business Expectations	61.3	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). The Fung Business Intelligence Centre 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 21 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 12 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, 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.

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