

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.

The Fung Business Intelligence Centre

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PMI fell to 50.3 in November

Output, New Orders, Purchases of Inputs, expanding.

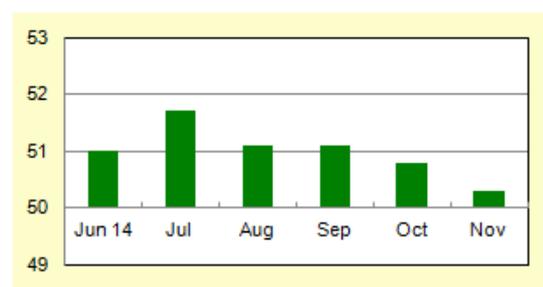
New Export Orders, Stocks of Finished Goods, Backlogs of Orders, Imports, Stocks of Major Inputs, contracting.

Input Prices, falling.

Suppliers' Delivery, faster

China Manufacturing PMI, seasonally adjusted

2014	PMI
Jun	51.0
Jul	51.7
Aug	51.1
Sep	51.1
Oct	50.8
Nov	50.3



China's manufacturing PMI fell from 50.8 in October to 50.3 in November, decreasing for two consecutive months. The November PMI indicates that the growth of China's manufacturing sector has continued to slow.

Except the suppliers' delivery time index, all sub-indices were lower than their respective levels in the previous month. The new orders index and the new export orders index fell by 0.7 pts and 1.5 pts respectively in November, suggesting a moderation in both the domestic and the foreign demand. Against this backdrop, the output growth decelerated in November: The output index dropped to a seven-month low of 52.5 in the month. Meanwhile, the input prices index remained below the critical 50-mark in November, indicating the continuous fall in prices of production inputs.

By size of enterprises, the PMI of 'large enterprises' edged down to 51.6 in November from 51.9 in October. The PMI of 'medium enterprises' came in at 48.4 in November, down from 49.1 in October. Meanwhile, the PMI of 'small enterprises' fell to 47.6 in November, compared to 48.5 in October.

The output index dropped to 52.5 in November from 53.1 in October. The output index of 'large enterprises' was 54.6 in November. Meanwhile, the output indices of 'medium enterprises' and 'small enterprises' remained in the contractionary zone, registering 49.5 and 47.7 respectively in November.

The new orders index was 50.9 in November, down from 51.6 in October. By size of enterprises, the new orders index of 'large enterprises' fell to 52.7 in November, compared to 53.5 in October. The new orders index of 'medium enterprises' was 48.3 in November, down from 48.7 in October. Meanwhile, the new orders index of 'small enterprises' went down to 47.2 in November, compared to 48.3 in October.

The new export orders index dropped to 48.4 in November, compared to 49.9 in October. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50 in November, ranging from 44.4 to 49.8.

The backlogs of orders index declined to 43.9 in November, compared to 44.7 in October. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50 in November, ranging from 38.6 to 45.3.

The stocks of finished goods index came in at 47.2 in November, down from 47.9 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 in November, ranging from 47.1 to 47.3.

The purchases of inputs index edged down to 50.5 in November, compared to 50.7 in October. Both the purchases of inputs indices of 'medium enterprises' and 'small enterprises' registered 47.2 in November. Meanwhile, the purchases of inputs index of 'large enterprises' was 52.4 in the month, staying above the critical 50-mark.

The imports index was 47.3 in November, down from 47.9 in October. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below 50 in November, ranging from 44.1 to 48.2.

The input prices index went down to 44.7 in November, compared to 45.1 in October. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50 in November, ranging from 43.4 to 47.9.

The stocks of major inputs index came in at 47.7 in November, down from 48.4 in October. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50 in November, ranging from 44.2 to 48.4.

The employment index came in at 48.2 in November, down slightly from 48.4 in October. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50 in November, ranging from 46.7 to 48.8.

The suppliers' delivery time index edged up to 50.3 in November, compared to 50.1 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' were all above the neutral level of 50 in November, ranging from 50.2 to 50.6.

The business expectations index fell to 52.2 in November from 54.1 in October, indicating that purchasing managers have become less optimistic about the near term outlook for their respective industries. The business expectations indices of 'large enterprises' and 'small enterprises' were above the neutral level of 50 in November. Meanwhile, the business expectations index of 'medium enterprises' dropped to 49.5 in the month.

China Manufacturing at a Glance — November 2014

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.3	Lower	Expanding
Output	52.5	Lower	Expanding
New Orders	50.9	Lower	Expanding
New Export Orders	48.4	Lower	Contracting
Backlogs of Orders	43.9	Lower	Contracting
Stocks of Finished Goods	47.2	Lower	Contracting
Purchases of Inputs	50.5	Lower	Expanding
Imports	47.3	Lower	Contracting
Input Prices	44.7	Lower	Falling
Stocks of Major Inputs	47.7	Lower	Contracting
Employment	48.2	Lower	Contracting
Suppliers' Delivery Time	50.3	Higher	Quickening
Business Expectations	52.2	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). 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.

Survey responses reflect the change of each indicator, if any, in the current month compared to the previous month. There are 12 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 Expectation. For each of the indicators, this report shows the percentage of enterprises reporting each response, the difference between the percentage of responses in the positive economic direction and the negative economic direction, and the diffusion index. The diffusion index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indices have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. An index reading above 50 indicates an overall positive change in that variable; below 50, an overall negative change.

The PMI is a composite index based on the seasonally adjusted diffusion indices for five of the 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 22 countries and regions conducting the PMI survey and compilation, based on an internationally standardized methodology.

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