

# 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

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## PMI rises to 51.7 in November

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

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

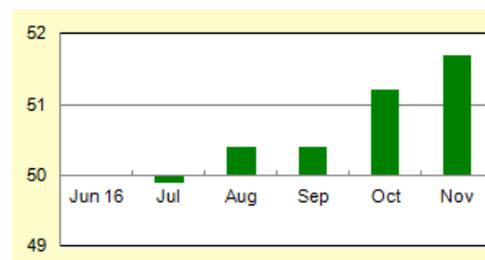
**Input Prices, Rising.**

**Suppliers' Delivery, Slower.**

**Business Expectations, Optimistic.**

### China Manufacturing PMI, seasonally adjusted

2016	PMI
Jun	50.0
Jul	49.9
Aug	50.4
Sep	50.4
Oct	51.2
Nov	51.7



China's manufacturing PMI came in at 51.7 in November, rising for two consecutive months. The uptrend in PMI indicates that the growth of the manufacturing sector in China has accelerated recently.

9 of the 12 sub-indices were higher than their respective levels in the previous month. The new orders index gained 0.4 pts in November. Meanwhile, the new export orders index rose by 1.1 pts from the previous month to 50.3 in November.<sup>1</sup> The index returned to the expansionary zone in November, indicating that the month-on-month growth of new export orders has turned positive recently. In response to increasing orders, manufacturers have expanded their output rapidly: The output index went up to 53.9 in November, the highest level since August 2014. In the meantime, the input prices index jumped from 62.6 in October to 68.3 in November, showing a marked rise in the prices of production inputs in the month.

By size of enterprises, the PMI of 'large enterprises' improved to 53.4 in November from 52.5 in October. The PMI of 'medium enterprises' rose to 50.1 in November from 49.9 in October, while the PMI of 'small enterprises' went down to 47.4 in November from 48.3 in October.

The output index was 53.9 in November, up from 53.3 in October. The output index of 'large enterprises' went up to 57.1 in November from 55.4 in October; the output index of 'medium enterprises' was 50.9 in November, down from 51.4 in October; the output index of 'small enterprises' dropped to 46.4 in November from 48.1 in October.

<sup>1</sup> 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 was 53.2 in November, up from 52.8 in October. By size of enterprises, the new orders index of 'large enterprises' was 55.8 in November, up from 55.2 in October. The new orders index of 'medium enterprises' rose to 51.2 in November from 50.7 in October, while that of 'small enterprises' went down to 46.2 in November from 47.0 in October.

The new export orders index climbed to 50.3 in November, compared to 49.2 in October. The new export orders index of 'large enterprises' rose above the critical 50-mark, registering 51.6 in November. Meanwhile, the new export orders indices of 'medium enterprises' and 'small enterprises' were 48.4 and 43.2 respectively in November.

The backlogs of orders index went up to 46.7 in November, compared to 45.8 in October. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.7, 45.5 and 44.5 respectively in November.

The stocks of finished goods index came in at 45.9 in November, down from 46.9 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, registering 46.7, 45.1 and 44.3 respectively in November.

The purchases of inputs index was 52.9 in November, up from 52.4 in October. The purchases of inputs indices of 'large enterprises' and 'medium enterprises' were in the expansionary zone, registering 55.4 and 51.3 respectively in November. Meanwhile, the purchases of inputs index of 'small enterprises' was 45.6 in November.

The imports index was 50.6 in November, up from 49.9 in October. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 51.5, 48.1 and 48.6 respectively in November.

The input prices index went up to 68.3 in November, compared to 62.6 in October. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 69.5, 67.5 and 65.0 respectively in November.

The stocks of major inputs index came in at 48.4 in November, up from 48.1 in October. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 49.3, 48.2 and 45.2 respectively in November.

The employment index came in at 49.2 in November, up from 48.8 in October. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 49.8, 48.5 and 48.2 respectively in November.

The suppliers' delivery time index dropped to 49.7 in November from 50.2 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 50.0, 49.8 and 48.3 respectively in November.

The business expectations index went down from 58.5 in October to 55.5 in November, indicating that purchasing managers have become less optimistic recently. The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 58.0, 53.1 and 49.7 respectively in November.

**China Manufacturing at a Glance — November 2016**

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	51.7	Higher	Expanding
Output	53.9	Higher	Expanding
New Orders	53.2	Higher	Expanding
New Export Orders	50.3	Higher	Expanding
Backlogs of Orders	46.7	Higher	Contracting
Stocks of Finished Goods	45.9	Lower	Contracting
Purchases of Inputs	52.9	Higher	Expanding
Imports	50.6	Higher	Expanding
Input Prices	68.3	Higher	Rising
Stocks of Major Inputs	48.4	Higher	Contracting
Employment	49.2	Higher	Contracting
Suppliers' Delivery Time	49.7	Lower	Slowing
Business Expectations	55.5	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 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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