

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 drops to 50.0 in June

Output, New Orders, Purchases of Inputs, Expanding.

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

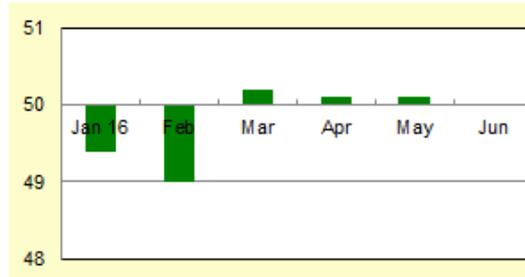
Input Prices, Rising.

Suppliers' Delivery, Faster.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

2016	PMI
Jan	49.4
Feb	49.0
Mar	50.2
Apr	50.1
May	50.1
Jun	50.0



China's manufacturing PMI edged down from 50.1 in May to a four-month low of 50.0 in June. The latest PMI reading indicates that China's manufacturing sector lacks growth momentum.

10 of the 12 sub-indices were lower than their respective levels in the previous month. The new orders index and the new export orders index fell by 0.2 pts and 0.4 pts from the previous month to 50.5 and 49.6, respectively, in June, indicating the moderating domestic and export demand.¹ The input prices index dropped sharply by 4.0 pts from the previous month to 51.3 in June, showing that upstream cost pressure has eased recently. Meanwhile, the business expectations index fell to 53.3 in June, the lowest level since February this year, indicating that purchasing managers have become less optimistic about the near term outlook for their respective industries.

By size of enterprises, the PMI of 'large enterprises' went up to 51.0 in June from 50.3 in May. In contrast, the PMI of 'medium enterprises' fell to 49.1 in June from 50.5 in May, while the PMI of 'small enterprises' dropped to 47.4 in June from 48.6 in May.

The output index was 52.5 in June, up from 52.3 in May. The output index of 'large enterprises' rose to 54.3 in June from 52.8 in May. In contrast, the output indices of 'medium enterprises' and 'small enterprises' were 51.1 and 47.8 in June, down from 52.8 and 49.6, respectively, in May.

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 was 50.5 in June, down from 50.7 in May. By size of enterprises, the new orders index of 'large enterprises' was 52.3 in June, up from 50.9 in May. The new orders index of 'medium enterprises' fell to 49.1 in June from 51.1 in May, while that of 'small enterprises' went down to 45.8 in June from 48.9 in May.

The new export orders index fell to 49.6 in June, compared to 50.0 in May. The new export orders index of 'large enterprises' rose above 50, registering 50.5 in June. Meanwhile, the new export orders indices of 'medium enterprises' and 'small enterprises' dropped to 48.7 and 44.2 respectively in June.

The backlogs of orders index went down slightly to 45.0 in June, compared to 45.1 in May. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 45.5, 44.7 and 43.7 respectively in June.

The stocks of finished goods index came in at 46.5 in June, down from 46.8 in May. 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 46.8, 46.8 and 44.8 respectively in June.

The purchases of inputs index fell to 50.5 in June, compared to 51.2 in May. The purchases of inputs index of 'large enterprises' stayed above 50, registering 51.8 in June. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' were 49.4 and 47.9 respectively in June.

The imports index was 49.1 in June, down from 49.6 in May. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 48.9, 49.8 and 49.2 respectively in June.

The input prices index fell markedly to 51.3 in June, compared to 55.3 in May. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 51.2, 50.9 and 52.5 respectively in June.

The stocks of major inputs index came in at 47.0 in June, down from 47.6 in May. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 46.8, 47.4 and 46.9 respectively in June.

The employment index came in at 47.9 in June, down from 48.2 in May. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 48.2, 47.2 and 48.2 respectively in June.

The suppliers' delivery time index rose to 50.7 in June from 50.4 in May. 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' all registered 50.7 in June.

The business expectations index went down from 55.9 in May to 53.3 in June, indicating that purchasing managers have become less optimistic about the near term outlook for their respective industries. The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 54.0, 53.6 and 50.6 respectively in June.

China Manufacturing at a Glance — June 2016

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.0	Lower	Stable
Output	52.5	Higher	Expanding
New Orders	50.5	Lower	Expanding
New Export Orders	49.6	Lower	Contracting
Backlogs of Orders	45.0	Lower	Contracting
Stocks of Finished Goods	46.5	Lower	Contracting
Purchases of Inputs	50.5	Lower	Expanding
Imports	49.1	Lower	Contracting
Input Prices	51.3	Lower	Rising
Stocks of Major Inputs	47.0	Lower	Contracting
Employment	47.9	Lower	Contracting
Suppliers' Delivery Time	50.7	Higher	Quickening
Business Expectations	53.3	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.



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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