

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 slightly to 50.1 in April

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

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

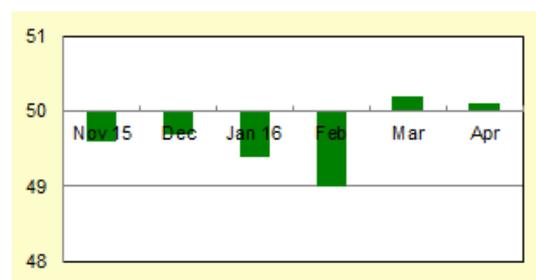
Input Prices, Rising.

Suppliers' Delivery, Faster.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

15/16	PMI
Nov	49.6
Dec	49.7
Jan	49.4
Feb	49.0
Mar	50.2
Apr	50.1



China's manufacturing PMI came in at 50.1 in April, staying above the critical 50-mark for two consecutive months. The latest PMI reading indicates that the manufacturing sector in China has continued to expand recently.

Except the input prices 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 0.4 pts and 0.1 pts respectively from the previous month to 51.0 and 50.1 respectively in April. Both indices remained above 50, indicating positive month-on-month growth of new domestic and export orders.¹ The output index dropped slightly from the recent peak of 52.3 in March to 52.2 in April, showing that the output growth has stayed strong recently. Meanwhile, the input prices index rose from 55.3 in March to 57.6 in April, the highest level since June 2011. The latest figure indicates strong upstream cost pressure on manufacturers.

By size of enterprises, the PMI of 'large enterprises' went down to 51.0 in April from 51.5 in March, while the PMI of 'small enterprises' fell to 46.9 in April from 48.1 in March. In contrast, the PMI of 'medium enterprises' rose to 50.0 in April from 49.1 in March.

The output index was 52.2 in April, down slightly from 52.3 in March. The output indices of 'large enterprises' and 'small enterprises' dropped to 53.3 and 46.9 respectively in April, down from 54.4 and 48.8 respectively in March. In contrast, the output index of 'medium enterprises' was 52.6 in April, up from 50.7 in March.

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 51.0 in April, down from 51.4 in March. By size of enterprises, the new orders index of 'large enterprises' was 52.9 in April, down from 53.5 in March. The new orders index of 'medium enterprises' rose to 50.1 in April from 49.1 in March, while that of 'small enterprises' went down to 45.0 in April from 48.0 in March.

The new export orders index fell slightly to 50.1 in April, compared to 50.2 in March. The new export orders indices of 'large enterprises' and 'medium enterprises' were 50.7 and 50.0 respectively in April. The new export orders index of 'small enterprises' came in at 44.2, still below 50 in April.

The backlogs of orders index went down to 44.8 in April, compared to 45.7 in March. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 45.7, 44.1 and 42.3 respectively in April.

The stocks of finished goods index came in at 45.5 in April, down from 46.0 in March. 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 45.5, 45.8 and 44.8 respectively in April.

The purchases of inputs index went down to 51.0 in April, compared to 52.6 in March. The purchases of inputs index of 'large enterprises' stayed above 50, registering 52.7 in April. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' dropped below 50, registering 49.8 and 46.3 respectively in April.

The imports index was 49.5 in April, down from 50.1 in March. The imports index of 'small enterprises' was 53.2 in April. Meanwhile, the imports indices of 'large enterprises' and 'medium enterprises' were below the neutral level of 50, recording 49.8 and 47.6 respectively in April.

The input prices index went up to 57.6 in April, compared to 55.3 in March. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 58.6, 56.9 and 54.9 respectively in April.

The stocks of major inputs index came in at 47.4 in April, down from 48.2 in March. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.5, 47.3 and 47.0 respectively in April.

The employment index came in at 47.8 in April, down from 48.1 in March. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 47.8, 48.0 and 47.3 respectively in April.

The suppliers' delivery time index dropped slightly to 50.1 in April from 51.3 in March. 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 50.1, 50.3 and 49.8 respectively in April.

The business expectations index went down from 62.6 in March to 60.3 in April. The April reading still stayed well above the critical 50-mark, indicating that purchasing managers are quite optimistic about the near term outlook for their respective industries. The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 62.6, 57.5 and 55.4 respectively in April.

China Manufacturing at a Glance — April 2016

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.1	Lower	Expanding
Output	52.2	Lower	Expanding
New Orders	51.0	Lower	Expanding
New Export Orders	50.1	Lower	Expanding
Backlogs of Orders	44.8	Lower	Contracting
Stocks of Finished Goods	45.5	Lower	Contracting
Purchases of Inputs	51.0	Lower	Expanding
Imports	49.5	Lower	Contracting
Input Prices	57.6	Higher	Rising
Stocks of Major Inputs	47.4	Lower	Contracting
Employment	47.8	Lower	Contracting
Suppliers' Delivery Time	50.1	Lower	Quickening
Business Expectations	60.3	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). 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.



The Fung Group is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs over 46,800 people across 40 economies worldwide, generating total revenue of over US\$24.65 billion in 2014. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

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The Fung Business Intelligence Centre (FBIC) collects and analyses market data on sourcing, supply chains, distribution and retail. It also provides thought leadership on technology and other key issues shaping their future.

Headquartered in Hong Kong, FBIC leverages unique relationships and information networks to track and report on trends and developments in China and other Asian countries. In addition, its New York-based Global Retail & Technology research team follows broader retail and technology trends, specialising in how they intersect and building collaborative knowledge communities around the revolution occurring worldwide at the retail interface.

Since its establishment in 2000, the FBIC (formerly known as the Li & Fung Research Centre) has served as the knowledge bank and think tank for the Fung Group. Through regular research reports and other publications, it makes its market data, impartial analysis and expertise available to businesses, scholars and governments around the world. It also provides advice and consultancy services to colleagues and business partners of the Fung Group on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

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