

# 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 Centre

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## PMI came in at 49.8 in October

**Output, New Orders, expanding.**

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

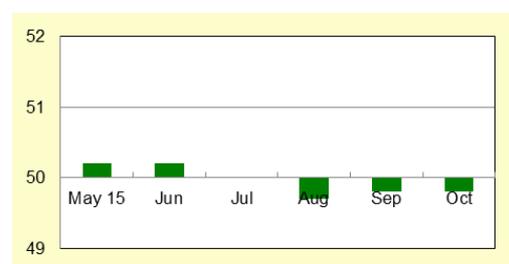
**Input Prices, falling.**

**Suppliers' Delivery, faster.**

**Business Expectations, optimistic.**

## China Manufacturing PMI, seasonally adjusted

2015	PMI
May	50.2
Jun	50.2
Jul	50.0
Aug	49.7
Sep	49.8
Oct	49.8



China's manufacturing PMI came in at 49.8 in October, the same as in September. The PMI was slightly below the critical 50-mark, indicating the slow contraction of the manufacturing sector in China.

4 of the 12 sub-indices were higher than their respective levels in the previous month. The new orders index went up to 50.3 in October, rising for two consecutive months. The recent uptrend indicates an improvement in the demand for industrial products.<sup>1</sup> Meanwhile, the input prices index dropped from 45.8 in September to 44.4 in October, indicating that the prices of production inputs have fallen at a faster pace recently.

By size of enterprises, the PMI of 'large enterprises' went down slightly to 51.0 in October from 51.1 in September, while the PMI of 'small enterprises' dropped to 46.6 in October from 46.8 in September. In contrast, the PMI of 'medium enterprises' went up to 48.7 in October from 48.5 in September.

The output index was 52.2 in October, down slightly from 52.3 in September. The output indices of 'large enterprises' and 'medium enterprises' were 54.0 and 50.6 respectively in October. Meanwhile, the output index of 'small enterprises' remained in the contractionary zone, registering 47.0 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 50.3 in October, up slightly from 50.2 in September. By size of enterprises, the new orders index of 'large enterprises' was 52.2 in October, up slightly from 52.1 in September. The new orders index of 'medium enterprises' rose to 48.5 in October from 48.1 in September, while that of 'small enterprises' went up to 45.7 in October from 45.6 in September.

The new export orders index dropped to 47.4 in October, compared to 47.9 in September. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 48.4, 45.6 and 43.3 respectively in October.

The backlogs of orders index went up to 44.4 in October, compared to 43.8 in September. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 45.4, 42.2 and 44.0 respectively in October.

The stocks of finished goods index came in at 47.2 in October, up from 46.8 in September. 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 48.1, 46.9 and 43.7 respectively in October.

The purchases of inputs index rose slightly to 48.8 in October, compared to 48.6 in September. The purchases of inputs index of 'large enterprises' came in at 50.6 in October. The purchases of inputs indices of 'medium enterprises' and 'small enterprises' were below the neutral level of 50, registering 47.1 and 44.2 respectively in October.

The imports index was 47.5 in October, down from 48.1 in September. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 47.6, 47.8 and 44.5 respectively in October.

The input prices index went down to 44.4 in October, compared to 45.8 in September. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 43.2, 45.8 and 46.9 respectively in October.

The stocks of major inputs index came in at 47.2 in October, down from 47.5 in September. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.7, 46.8 and 45.5 respectively in October.

The employment index came in at 47.8 in October, down slightly from 47.9 in September. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 48.3, 47.7 and 46.0 respectively in October.

The suppliers' delivery time index fell slightly to 50.6 in October, compared to 50.8 in September. 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 50.2, 51.4 and 50.6 respectively in October.

The business expectations index came in at 52.5 in October, still above the critical 50-mark. The latest index reading indicates that purchasing managers are still optimistic about the near term outlook for their respective industries. The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 53.8, 51.3 and 48.9 respectively in October.

### China Manufacturing at a Glance — October 2015

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	49.8	Same	Contracting
Output	52.2	Lower	Expanding
New Orders	50.3	Higher	Expanding
New Export Orders	47.4	Lower	Contracting
Backlogs of Orders	44.4	Higher	Contracting
Stocks of Finished Goods	47.2	Higher	Contracting
Purchases of Inputs	48.8	Higher	Contracting
Imports	47.5	Lower	Contracting
Input Prices	44.4	Lower	Falling
Stocks of Major Inputs	47.2	Lower	Contracting
Employment	47.8	Lower	Contracting
Suppliers' Delivery Time	50.6	Lower	Quickening
Business Expectations	52.5	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). 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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