

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

Helen Chin, Timothy Cheung

(852) 2300 2471

helenchin@fung1937.com

timothycheung@fung1937.com

PMI rose to 49.8 in September

Output, New Orders, expanding.

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

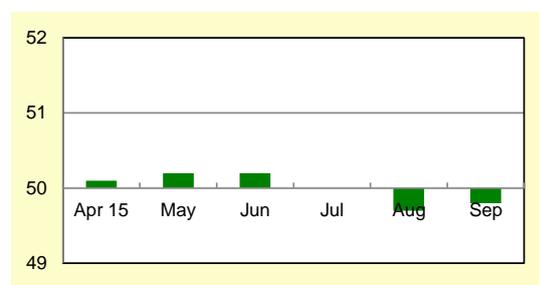
Input Prices, falling.

Suppliers' Delivery, faster.

Business Expectations, optimistic.

China Manufacturing PMI, seasonally adjusted

2015	PMI
Apr	50.1
May	50.2
Jun	50.2
Jul	50.0
Aug	49.7
Sep	49.8



After registering 49.7 in August, China's manufacturing PMI stayed low at 49.8 in September, still below the critical 50-mark. The September PMI indicates the slow contraction of the manufacturing sector in China.

6 of the 12 sub-indices were higher than their respective levels in the previous month, while 5 sub-indices were lower than their respective levels in the previous month. The good news is that the new orders index rose by 0.5 pts. from the previous month to 50.2 in September, returning to the expansionary zone. The latest figure indicates that the month-on-month growth of new orders has turned positive.¹ Besides, the output index rebounded by 0.6 pts. from the previous month to 52.3 in September, showing a reacceleration in output growth.

By size of enterprises, the PMI of 'large enterprises' went up to 51.1 in September from 49.9 in August. In contrast, the PMI of 'medium enterprises' fell to 48.5 in September from 49.8 in August, while the PMI of 'small enterprises' dropped to 46.8 in September from 48.1 in August.

The output index was 52.3 in September, up from 51.7 in August. The output indices of 'large enterprises' and 'medium enterprises' were 54.4 and 50.4 respectively in September. Meanwhile, the output index of 'small enterprises' remained in the contractionary zone, registering 46.5 in September.

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 50.2 in September, up from 49.7 in August. By size of enterprises, the new orders index of 'large enterprises' was 52.1 in September, up from 50.1 in August. The new orders index of 'medium enterprises' dropped to 48.1 in September from 50.4 in August, while that of 'small enterprises' went down to 45.6 in September from 46.6 in August.

The new export orders index rose slightly to 47.9 in September, compared to 47.7 in August. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 48.8, 45.8 and 44.8 respectively in September.

The backlogs of orders index fell to 43.8 in September, compared to 44.6 in August. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 44.6, 42.8 and 42.0 respectively in September.

The stocks of finished goods index came in at 46.8 in September, down from 47.2 in August. 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 48.2, 44.8 and 44.5 respectively in September.

The purchases of inputs index dropped to 48.6 in September, compared to 49.4 in August. The purchases of inputs index of 'large enterprises' came in at 50.4 in September. The purchases of inputs indices of 'medium enterprises' and 'small enterprises' were below the neutral level of 50, registering 46.8 and 44.4 respectively in September.

The imports index was 48.1 in September, up from 47.2 in August. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 48.5, 47.7 and 44.7 respectively in September.

The input prices index went up to 45.8 in September, compared to 44.9 in August. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 45.0, 47.2 and 46.5 respectively in September.

The stocks of major inputs index came in at 47.5 in September, down from 48.3 in August. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.9, 46.5 and 47.7 respectively in September.

The employment index came in at 47.9 in September, the same as in August. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 48.1, 48.0 and 46.9 respectively in September.

The suppliers' delivery time index rose slightly to 50.8 in September, compared to 50.6 in August. 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 50.5, 51.6 and 50.7 respectively in September.

The business expectations index came in at 53.9 in September, 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 55.1, 53.0 and 50.0 respectively in September.

China Manufacturing at a Glance — September 2015

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	49.8	Higher	Contracting
Output	52.3	Higher	Expanding
New Orders	50.2	Higher	Expanding
New Export Orders	47.9	Higher	Contracting
Backlogs of Orders	43.8	Lower	Contracting
Stocks of Finished Goods	46.8	Lower	Contracting
Purchases of Inputs	48.6	Lower	Contracting
Imports	48.1	Higher	Contracting
Input Prices	45.8	Higher	Falling
Stocks of Major Inputs	47.5	Lower	Contracting
Employment	47.9	Unchanged	Contracting
Suppliers' Delivery Time	50.8	Higher	Quickening
Business Expectations	53.9	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.



 Fung Business Intelligence Centre



www.fbicgroup.com

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.

The Fung Business Intelligence Centre.
10/F, Li Fung Tower, 888 Cheung Sha Wan Road, Hong Kong
Tel: (852) 2300 2470 Fax: (852) 2635 1598 E-mail: fbicgroup@fung1937.com

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