

# 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 stays stable at 50.4 in September

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

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

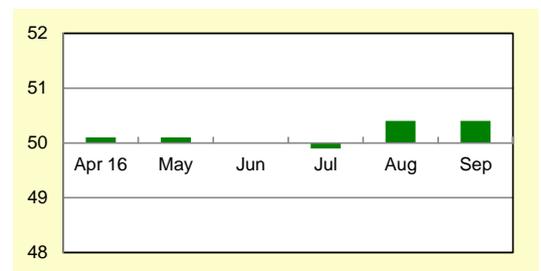
**Input Prices, Rising.**

**Suppliers' Delivery, Slower.**

**Business Expectations, Optimistic.**

### China Manufacturing PMI, seasonally adjusted

2016	PMI
Apr	50.1
May	50.1
Jun	50.0
Jul	49.9
Aug	50.4
Sep	50.4



China's manufacturing PMI came in at 50.4 in September, staying in the expansionary zone for the second consecutive month. The September PMI indicates that the manufacturing sector in China has continued to expand in recent months.

7 of the 12 sub-indices were higher than their respective levels in the previous month. The output index rose to a 15-month high of 52.8 in September, indicating that output growth has been strong recently. Besides, the new export orders index went up by 0.4 pts from the previous month to 50.1 in September, showing that the month-on-month growth of new export orders has turned positive. Meanwhile, the input prices index climbed to 57.2 in September. In fact, the index has risen for three consecutive months, indicating that the prices of production inputs have gone up at a faster pace.

By size of enterprises, the PMI of 'large enterprises' went up to 52.6 in September from 51.8 in August. In contrast, the PMI of 'medium enterprises' fell to 48.2 in September from 48.9 in August, while the PMI of 'small enterprises' dropped to 46.1 in September from 47.4 in August.

The output index was 52.8 in September, up slightly from 52.6 in August. The output index of 'large enterprises' went up to 56.1 in September from 54.9 in August; the output index of 'medium enterprises' was 50.2 in September, up slightly from 50.1 in August; the output index of 'small enterprises' fell to 44.2 in September from 47.8 in August.

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 50.9 in September, down from 51.3 in August. By size of enterprises, the new orders index of 'large enterprises' was 54.5 in September, up from 53.6 in August. The new orders index of 'medium enterprises' fell to 46.9 in September from 49.1 in August, while that of 'small enterprises' went down to 43.9 in September from 46.1 in August.

The new export orders index rose to 50.1 in September, compared to 49.7 in August. The new export orders index of 'large enterprises' stayed above 50, registering 51.1 in September. Meanwhile, the new export orders indices of 'medium enterprises' and 'small enterprises' were 47.8 and 47.2 respectively in September.

The backlogs of orders index went up to 45.2 in September, compared to 45.0 in August. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 46.2, 44.7 and 41.9 respectively in September.

The stocks of finished goods index came in at 46.4 in September, down slightly from 46.6 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 47.5, 45.0 and 44.7 respectively in September.

The purchases of inputs index was 51.9 in September, down from 52.6 in August. The purchases of inputs indices of 'large enterprises' and 'medium enterprises' were in the expansionary zone, registering 54.2 and 50.1 respectively in September. Meanwhile, the purchases of inputs index of 'small enterprises' was 45.9 in September.

The imports index was 50.4 in September, up from 49.5 in August. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 51.2, 48.3 and 48.1 respectively in September.

The input prices index went up to 57.5 in September, compared to 57.2 in August. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 58.4, 56.6 and 55.4 respectively in September.

The stocks of major inputs index came in at 47.4 in September, down slightly from 47.6 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 48.6, 45.5 and 46.2 respectively in September.

The employment index came in at 48.6 in September, up from 48.4 in August. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, recording 49.3, 47.5 and 48.0 respectively in September.

The suppliers' delivery time index fell to 49.9 in September from 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 50.1, 50.0 and 48.8 respectively in September.

The business expectations index went up from 58.2 in August to 58.4 in September, well above the critical 50-mark, indicating that purchasing managers have been optimistic recently. The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 60.6, 56.3 and 53.2 respectively in September.

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

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.4	Unchanged	Expanding
Output	52.8	Higher	Expanding
New Orders	50.9	Lower	Expanding
New Export Orders	50.1	Higher	Expanding
Backlogs of Orders	45.2	Higher	Contracting
Stocks of Finished Goods	46.4	Lower	Contracting
Purchases of Inputs	51.9	Lower	Expanding
Imports	50.4	Higher	Expanding
Input Prices	57.5	Higher	Rising
Stocks of Major Inputs	47.4	Lower	Contracting
Employment	48.6	Higher	Contracting
Suppliers' Delivery Time	49.9	Lower	Slowing
Business Expectations	58.4	Higher	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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