

# 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 fell to 49.7 in August

**Output, expanding.**

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

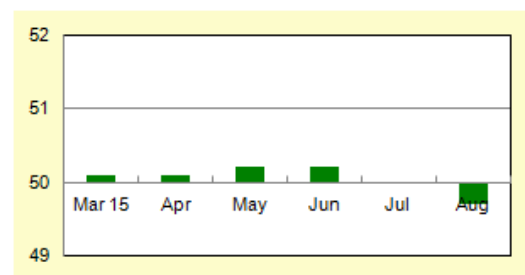
**Input Prices, falling.**

**Suppliers' Delivery, faster.**

**Business Expectations, optimistic.**

## China Manufacturing PMI, seasonally adjusted

2015	PMI
Mar	50.1
Apr	50.1
May	50.2
Jun	50.2
Jul	50.0
Aug	49.7



China's manufacturing PMI fell from 50.0 in July to 49.7 in August, the lowest level since September 2012. The August PMI indicates weakness in the manufacturing sector.

8 of the 12 sub-indices were lower than their respective levels in the previous month. Both the new orders index and the new export orders index remained below the critical 50-mark, indicating sluggish domestic and foreign demand.<sup>1</sup> Against this backdrop, the output index fell by 0.7 pts. from the previous month to a six-month low of 51.7 in August, showing a deceleration in output growth. Besides, the purchases of inputs index dropped below 50 in August, indicating a reduction in purchasing activities of manufacturers.

By size of enterprises, the PMI of 'large enterprises' went down to 49.9 in August from 50.6 in July, while the PMI of 'medium enterprises' fell to 49.8 in August from 50.0 in July. In contrast, the PMI of 'small enterprises' rose to 48.1 in August from 46.9 in July.

The output index was 51.7 in August, down from 52.4 in July. The output indices of 'large enterprises' and 'medium enterprises' were 52.2 and 51.3 respectively in August. Meanwhile, the output index of 'small enterprises' remained in the contractionary zone, registering 49.8 in August.

<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 49.7 in August, down slightly from 49.9 in July. By size of enterprises, the new orders index of 'large enterprises' was 50.1 in August, down from 51.0 in July. The new orders index of 'medium enterprises' rose to 50.4 in August from 49.7 in July, while that of 'small enterprises' went up to 46.6 in August from 45.3 in July.

The new export orders index dropped slightly to 47.7 in August, compared to 47.9 in July. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.9, 46.8 and 48.3 respectively in August.

The backlogs of orders index rose to 44.6 in August, compared to 44.0 in July. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 45.9, 43.2 and 41.5 respectively in August.

The stocks of finished goods index came in at 47.2 in August, down slightly from 47.4 in July. 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 48.0, 46.7 and 44.5 respectively in August.

The purchases of inputs index dropped to 49.4 in August, compared to 50.3 in July. The purchases of inputs index of 'large enterprises' came in at 50.0 in August. The purchases of inputs indices of 'medium enterprises' and 'small enterprises' were below the neutral level of 50, registering 48.8 and 48.3 respectively in August.

The imports index was 47.2 in August, down from 47.8 in July. The imports indices of 'large enterprises' and 'medium enterprises' stayed below the neutral level of 50, recording 47.1 and 46.8 respectively in August. Meanwhile, the imports index of 'small enterprises' rose to 51.3 in August from 48.2 in July, returning to the expansionary zone.

The input prices index went up to 44.9 in August, compared to 44.7 in July. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 43.9, 46.1 and 47.2 respectively in August.

The stocks of major inputs index came in at 48.3 in August, down slightly from 48.4 in July. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 48.3, 48.6 and 47.3 respectively in August.

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

The suppliers' delivery time index rose slightly to 50.6 in August, compared to 50.4 in July. 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 50.6, 51.0 and 49.6, respectively, in August.

The business expectations index improved from 52.9 in July to 54.1 in August. 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 54.7, 53.9 and 52.2 respectively in August.

### China Manufacturing at a Glance — August 2015

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	49.7	Lower	Contracting
Output	51.7	Lower	Expanding
New Orders	49.7	Lower	Contracting
New Export Orders	47.7	Lower	Contracting
Backlogs of Orders	44.6	Higher	Contracting
Stocks of Finished Goods	47.2	Lower	Contracting
Purchases of Inputs	49.4	Lower	Contracting
Imports	47.2	Lower	Contracting
Input Prices	44.9	Higher	Falling
Stocks of Major Inputs	48.3	Lower	Contracting
Employment	47.9	Lower	Contracting
Suppliers' Delivery Time	50.6	Higher	Quickening
Business Expectations	54.1	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). 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.



Find us  
on WeChat



**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.

Please visit [www.funggroup.com](http://www.funggroup.com) for more about the Fung Group.

**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](mailto:fbicgroup@fung1937.com)

© Copyright 2015 The Fung Business Intelligence Centre. All rights reserved.

Though the Fung Business Intelligence Centre endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of the Fung Business Intelligence Centre is prohibited.