

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 falls to 50.8 in September

Output, New Orders, Purchases of Inputs, Expanding.

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

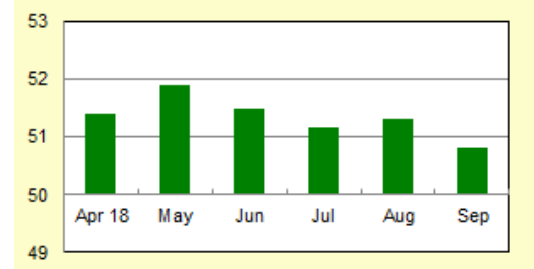
Input Prices, Ex-factory Prices, Rising.

Suppliers' Delivery, Slower.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Apr 18	51.4
May	51.9
Jun	51.5
Jul	51.2
Aug	51.3
Sep	50.8



China's manufacturing PMI fell to a seven-month low of 50.8 in September from 51.3 in August, indicating that the manufacturing sector grew at a relatively slow pace in the month amid the escalating China-US trade war.

10 of the 13 sub-indices were lower than their respective levels in the previous month, while 2 sub-indices were higher than their respective levels in the previous month. The new export orders index dropped by 1.4 pts from the previous month to 48.0 in September, the lowest level since March 2016, suggesting that the escalating China-US trade war may have weakened export demand for Chinese products. In comparison, the new orders index dropped slightly by 0.2 pts in September, implying that the domestic demand fared relatively well in the month. Meanwhile, the output index slid 0.3 pts in September, showing a moderation in the output growth in September. Also noteworthy is that the input prices index rose to 59.8 in September, well above the critical 50-mark, indicating a fast rise in prices of production inputs in the month.

By size of enterprises, the PMI of 'large enterprises' came in at 52.1 in September, the same as in August. The PMI of 'medium enterprises' fell to 48.7 in September from 50.4 in August. Meanwhile the PMI of 'small enterprises' went up to 50.4 in September from 50.0 in August.

The output index was 53.0 in September, down from 53.3 in August. The output index of 'large enterprises' climbed to 54.7 in September from 54.3 in August; the output index of 'medium enterprises' was 50.2 in September, down from 52.7 in August; the output index of 'small enterprises' rose to 52.2 in September from 51.0 in August.

The new orders index went down slightly to 52.0 in September from 52.2 in August. By size of enterprises, the new orders index of 'large enterprises' rose to 54.1 in September from 53.0 in August. Meanwhile, the new orders index of 'medium enterprises' went down to 49.0 in September, compared to 51.4 in August; the new orders index of 'small enterprises' came in at 50.2 in September, down from 50.9 in August.

The new export orders index came in at 48.0 in September, down from 49.4 in August. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 49.6, 44.8 and 44.8 respectively in September, below the critical 50-mark.

The backlogs of orders index went down to 45.2 in September, compared to 46.7 in August. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 46.1, 44.2 and 44.1 respectively in September.

The stocks of finished goods index was 47.4 in September, the same as 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 48.6, 45.0 and 47.5 respectively in September.

The purchases of inputs index was 51.5 in September, down from 51.8 in August. The purchases of inputs indices of 'large enterprises' and 'small enterprises' stayed in the expansionary zone, registering 53.3 and 52.0 respectively in September. Meanwhile, the purchases of inputs index of 'medium enterprises' was 47.6 in the same month.

The imports index went down to 48.5 in September from 49.1 in August. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.9, 46.5 and 52.0 respectively in September.

The input prices index came in at 59.8 in September, up from 58.7 in August. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 60.5, 58.5 and 59.8 respectively in September.

The stocks of major inputs index went down to 47.8 in September, compared to 48.7 in August. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.0, 45.2 and 48.2 respectively in September.

The ex-factory prices index was 54.3 in September, the same as in August.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above the neutral level of 50, registering 54.9, 53.8 and 53.2 respectively in the month.

The employment index was 48.3 in September, down from 49.4 in August. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.9, 46.5 and 49.5 respectively in September.

The suppliers' delivery time index came in at 49.7 in September, up slightly from 49.6 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, 49.0 and 49.5 respectively in September.

The business expectations index dropped by 0.6 pts from the previous month to 56.4 in September, indicating that purchasing managers have less optimistic recently.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 58.5, 53.2 and 54.8 respectively in September.

¹ The ex-factory prices index has been published since January 2017.

² Since January 2017, a new method of seasonal adjustment to the business expectations index has been adopted; and accordingly, the historical readings of the index have been revised.

China Manufacturing at a Glance — September 2018

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.8	Lower	Expanding
Output	53.0	Lower	Expanding
New Orders	52.0	Lower	Expanding
New Export Orders	48.0	Lower	Contracting
Backlogs of Orders	45.2	Lower	Contracting
Stocks of Finished Goods	47.4	Unchanged	Contracting
Purchases of Inputs	51.5	Lower	Expanding
Imports	48.5	Lower	Contracting
Input Prices	59.8	Higher	Rising
Ex-factory Prices	54.3	Lower	Rising
Stocks of Major Inputs	47.8	Lower	Contracting
Employment	48.3	Lower	Contracting
Suppliers' Delivery Time	49.7	Higher	Slowing
Business Expectations	56.4	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). 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 31 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 13 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, Ex-factory Prices, 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 collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

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Fung Business Intelligence was established in the year 2000.

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