

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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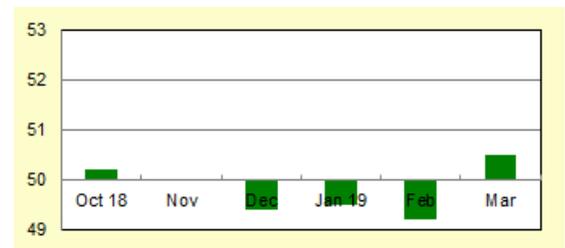
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PMI rises to 50.5 in March

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, Faster. Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Oct 18	50.2
Nov	50.0
Dec	49.4
Jan 19	49.5
Feb	49.2
Mar	50.5



China's manufacturing PMI came in at 50.5 in March, rising above the critical 50-mark for the first time since November last year. The latest figure indicates an expansion of the manufacturing sector in China.

All the sub-indices were higher than their respective levels in the previous month. For example, the output index went up sharply by 3.2 pts from the previous month to 52.7 in March, indicating that the month-on-month growth of output turned positive in the month. Moreover, the new orders and the new export orders indices gained 1.0 pt and 1.9 pts respectively in March. Meanwhile, the input prices index went up by 1.6 pts to 53.5 in March, showing an increase in prices of production inputs in the month. Against this backdrop, prices of industrial products rebounded in March: The ex-factory prices index rose to 51.4 in March from 48.5 in February.

By size of enterprises, the PMI of 'large enterprises' came in at 51.1 in March, down from 51.5 in February. The PMI of 'medium enterprises' rose to 49.9 in March from 46.9 in February. The PMI of 'small enterprises' went up to 49.3 in March from 45.3 in February.

The output index was 52.7 in March, up from 49.5 in February. The output index of 'large enterprises' rose to 53.6 in March from 52.7 in February; the output index of 'medium enterprises' was 52.0 in March, up from 46.8 in February; the output index of 'small enterprises' went up to 50.8 in March from 43.4 in February.

The new orders index went up to 51.6 in March from 50.6 in February. By size of enterprises, the new orders index of 'large enterprises' fell to 52.5 in March from 55.0 in February. Meanwhile, the new orders index of 'medium enterprises' advanced to 51.2 in March, compared to 46.6 in February; the new orders index of 'small enterprises' came in at 49.0 in March, up from 42.8 in February.

The new export orders index came in at 47.1 in March, up from 45.2 in February. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 48.6, 44.6 and 41.7 respectively in March, below the critical 50-mark.

The backlogs of orders index was 46.4 in March, up from 43.6 in February. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.0, 45.9 and 45.2 respectively in March.

The stocks of finished goods index was 47.0 in March, up from 46.4 in February. 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 47.2, 45.7 and 48.8 respectively in March.

The purchases of inputs index was 51.2 in March, up from 48.3 in February. The purchases of inputs index of 'large enterprises' stayed in the expansionary zone, registering 52.3 in March. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' were 49.8 and 49.9 respectively in the same month.

The imports index went up to 48.7 in March from 44.8 in February. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.2, 45.7 and 54.3 respectively in March.

The input prices index came in at 53.5 in March, up from 51.9 in February. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 53.4, 53.5 and 53.9 respectively in March.

The stocks of major inputs index went up to 48.4 in March, compared to 46.3 in February. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.2, 48.3 and 49.3 respectively in March.

The ex-factory prices index was 51.4 in March, up from 48.5 in February.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 52.4, 51.3 and 49.8 respectively in the month.

The employment index was 47.6 in March, up slightly from 47.5 in February. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 48.6, 45.6 and 47.5 respectively in March.

The suppliers' delivery time index came in at 50.2 in March, up from 49.8 in February. 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, 49.5 and 50.3 respectively in March.

The business expectations index rose to 56.8 in March from 56.2 in February.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 57.1, 56.5 and 56.5 respectively in March.

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 — March 2019

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	50.5	Higher	Expanding
Output	52.7	Higher	Expanding
New Orders	51.6	Higher	Expanding
New Export Orders	47.1	Higher	Contracting
Backlogs of Orders	46.4	Higher	Contracting
Stocks of Finished Goods	47.0	Higher	Contracting
Purchases of Inputs	51.2	Higher	Expanding
Imports	48.7	Higher	Contracting
Input Prices	53.5	Higher	Rising
Ex-factory Prices	51.4	Higher	Rising
Stocks of Major Inputs	48.4	Higher	Contracting
Employment	47.6	Higher	Contracting
Suppliers' Delivery Time	50.2	Higher	Quickening
Business Expectations	56.8	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 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.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. **The Fung Group** comprises 42,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

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