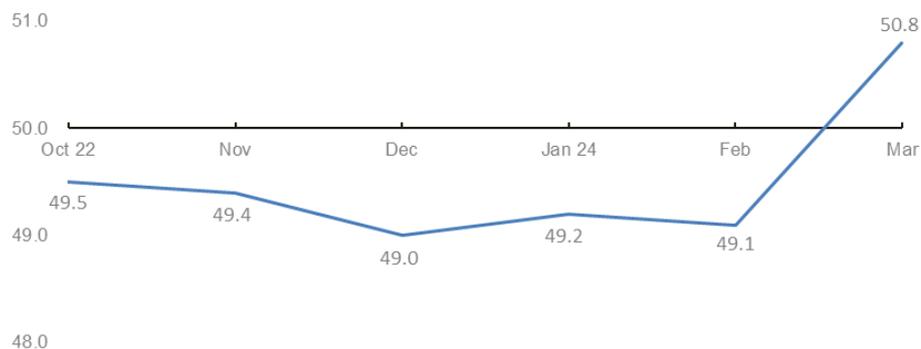


PMI Report on China Manufacturing

China’s manufacturing PMI rises to a one-year high of 50.8 in March, indicating that the manufacturing sector recovers after the Chinese New Year holiday

China Manufacturing PMI, seasonally adjusted



China Manufacturing at a Glance – March 2024

| Index | Seasonally Adjusted Index | Index Compared with the Previous Month | Direction |
|--------------------------|---------------------------|--|-------------|
| PMI | 50.8 | Higher ▲ | Expanding |
| Output | 52.2 | Higher ▲ | Expanding |
| New Orders | 53.0 | Higher ▲ | Expanding |
| New Export Orders | 51.3 | Higher ▲ | Expanding |
| Backlogs of Orders | 47.6 | Higher ▲ | Contracting |
| Stocks of Finished Goods | 48.9 | Higher ▲ | Contracting |
| Stocks of Major Inputs | 48.1 | Higher ▲ | Contracting |
| Purchases of Inputs | 52.7 | Higher ▲ | Expanding |
| Imports | 50.4 | Higher ▲ | Expanding |
| Input Prices | 50.5 | Higher ▲ | Rising |
| Ex-factory Prices | 47.4 | Lower ▼ | Falling |
| Employment | 48.1 | Higher ▲ | Contracting |
| Suppliers’ Delivery Time | 50.6 | Higher ▲ | Quickening |
| Business Expectations | 55.6 | Higher ▲ | Optimistic |

12 of the 13 sub-indices were higher than their respective levels in February when the Chinese New Year holiday suppressed factory activity. For example, the new orders index went up by 4.0 pts to a one-year high of 53.0 in March, indicating an expansion in the market demand. The new export orders index also jumped by 5.0 pts to 51.3, returning to the expansionary zone for the first time since March 2023. Against this backdrop, the output index increased by 2.4 pts to 52.2 in March, indicating that output has resumed expansion lately. Furthermore, the purchases of inputs index and the imports index also reached one-year highs in March. Meanwhile, the ex-factory prices index fell by 0.7 pts to 47.4 in March, the only sub-index to fall in the month.

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By size of enterprises, the PMI of 'large enterprises' rose to 51.1 in March from 50.4 in February. The PMI of 'medium enterprises' went up to 50.6 in March from 49.1 in February. The PMI of 'small enterprises' surged to 50.3 in March from 46.4 in February.

The output index increased to 52.2 in March from 49.8 in February. The output indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above the neutral level of 50, registering 52.7, 51.5 and 52.1 respectively in March.

The new orders index soared to 53.0 in March from 49.0 in February. The new orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed in the expansionary zone, registering 53.4, 53.2 and 51.9 respectively in March.

The new export orders index shot up to 51.3 in March from 46.3 in February. The new export orders indices of 'large enterprises' and 'medium enterprises' rose above the critical 50-mark, registering 51.8 and 51.2 respectively in March. Meanwhile, the export orders index of 'small enterprises' remained below 50, registering 49.4 in the month.

The backlogs of orders index jumped to 47.6 in March from 43.5 in February. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the neutral level of 50, registering 46.9, 49.2 and 46.9 respectively in March.

The stocks of finished goods index went up to 48.9 in March from 47.9 in February. The stocks of finished goods indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed in the contractionary zone, registering 49.3, 48.8 and 48.1 respectively in March.

The stocks of major inputs index rose to 48.1 in March from 47.4 in February. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the critical 50-mark, registering 47.6, 49.4 and 47.5 respectively in March.

The purchases of inputs index climbed to 52.7 in March from 48.0 in February. The purchases of inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed in the expansionary zone, registering 53.0, 52.6 and 52.3 in March.

The imports index went up to 50.4 in March from 46.4 in February. The imports indices of 'large enterprises' and 'small enterprises' rose above the neutral level of 50, registering 51.0 and 52.7 respectively in March. Meanwhile, the imports index of 'medium enterprises' remained below 50, registering 48.1 in the month.

The input prices index increased to 50.5 in March from 50.1 in February. The input prices indices of 'medium enterprises' and 'small enterprises' remained above the critical 50-mark, registering 50.6 and 53.0 respectively in March. Meanwhile, the input prices index of 'large enterprises' remained below 50, registering 49.2 in the month.

The ex-factory prices index dropped to 47.4 in March from 48.1 in February.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the neutral level of 50, registering 47.6, 48.0 and 46.1 respectively in March.

The employment index rose to 48.1 in March from 47.5 in February. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed in the contractionary zone, registering 48.9, 47.2 and 47.6 respectively in March.

The suppliers' delivery time index came in at 50.6 in March, up from 48.8 in February. A reading above 50 implies faster delivery; below 50, slower delivery. The suppliers' delivery time indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 50.8, 50.6 and 50.3 respectively in March.

The business expectations index increased to 55.6 in March from 54.2 in February.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 54.8, 56.6 and 55.8 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.

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

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

Fung Business Intelligence collects, analyses and interprets global market data on sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments 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 consulting 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 Business Intelligence was established in the year 2000.

Fung Group

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 over 15,000 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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