

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 rises to 51.9 in May

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

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

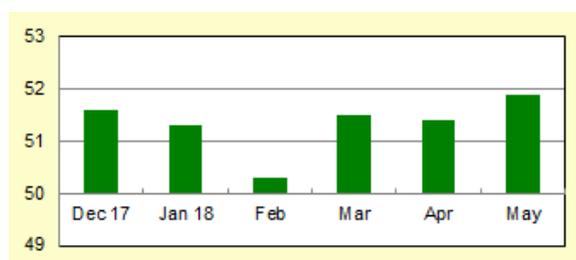
Input Prices, Ex-factory Prices, Rising.

Suppliers' Delivery, Faster.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Dec 17	51.6
Jan 18	51.3
Feb	50.3
Mar	51.5
Apr	51.4
May	51.9



China's manufacturing PMI rose to an eight-month high of 51.9 in May from 51.4 in April, indicating that the manufacturing sector in China has expanded at a relatively fast pace recently.

10 of the 13 sub-indices were higher than their respective levels in the previous month. The new orders and the new export orders indices rose by 0.9 pts and 0.5 pts respectively in May, showing a recent acceleration in the growth of new orders and new export orders.¹ Meanwhile, the output index picked up to 54.1 in May from 53.1 in April, indicating that the output growth has quickened lately. Also noteworthy is that the input prices and the ex-factory prices indices gained 3.7 pts and 3.0 pts respectively in May, showing a strong rise in prices of production inputs and ex-factory prices of finished goods in the month.

By size of enterprises, the PMI of 'large enterprises' came in at 53.1 in May, up from 52.0 in April. The PMI of 'medium enterprises' rose to 51.0 in May from 50.7 in April, while the PMI of 'small enterprises' went down to 49.6 in May from 50.3 in April.

The output index was 54.1 in May, up from 53.1 in April. The output index of 'large enterprises' went up to 56.4 in May from 54.1 in April; the output index of 'medium enterprises' was 52.2 in May, up slightly from 52.1 in April; the output index of 'small enterprises' fell to 49.6 in May from 51.4 in April.

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 went up to 53.8 in May, compared to 52.9 in April. By size of enterprises, the new orders index of 'large enterprises' rose to 55.2 in May from 54.0 in April. Meanwhile, the new orders index of 'medium enterprises' went up to 52.8 in May, compared to 51.9 in April; the new orders index of 'small enterprises' came in at 50.9 in May, down slightly from 51.0 in April.

The new export orders index rose to 51.2 in May, compared to 50.7 in April. The new export orders indices of 'large enterprises' and 'medium enterprises' were 52.0 and 50.8 respectively in May. Meanwhile, the new export orders index of 'small enterprises' remained below the critical 50-mark, registering 45.1 in May.

The backlogs of orders index went down to 45.9 in May, compared to 46.2 in April. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 46.9, 44.5 and 44.8 respectively in May.

The stocks of finished goods index dropped to 46.1 in May, compared to 47.2 in April. 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 46.6, 45.8 and 44.8 respectively in May.

The purchases of inputs index was 53.0 in May, up from 52.6 in April. The purchases of inputs indices of 'large enterprises' and 'medium enterprises' stayed in the expansionary zone, registering 54.6 and 52.0 respectively in May. Meanwhile, the purchases of inputs index of 'small enterprises' was 49.5 in the same month.

The imports index went up to 50.9 in May from 50.2 in April. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 51.7, 49.8 and 46.3 respectively in May.

The input prices index came in at 56.7 in May, up from 53.0 in April. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 57.2, 56.9 and 54.7 respectively in May.

The stocks of major inputs index went up slightly to 49.6 in May, compared to 49.5 in April. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 50.4, 49.4 and 47.0 respectively in May.

The ex-factory prices index was 53.2 in May, up from 50.2 in April.² The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above the neutral level of 50, registering 54.6, 51.2 and 51.6 respectively in the month.

The employment index was 49.1 in May, up slightly from 49.0 in April. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.9, 47.7 and 49.0 respectively in May.

The suppliers' delivery time index came in at 50.1 in May, down slightly from 50.2 in April. 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 50.2, 49.4 and 50.9 respectively in May.

The business expectations index was 58.7 in May, well above the critical 50-mark, indicating that purchasing managers have been optimistic recently.³ The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 59.8, 56.9 and 58.2 respectively in May.

² The ex-factory prices index has been published since January 2017.

³ 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 — May 2018

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	51.9	Higher	Expanding
Output	54.1	Higher	Expanding
New Orders	53.8	Higher	Expanding
New Export Orders	51.2	Higher	Expanding
Backlogs of Orders	45.9	Lower	Contracting
Stocks of Finished Goods	46.1	Lower	Contracting
Purchases of Inputs	53.0	Higher	Expanding
Imports	50.9	Higher	Expanding
Input Prices	56.7	Higher	Rising
Ex-factory Prices	53.2	Higher	Rising
Stocks of Major Inputs	49.6	Higher	Contracting
Employment	49.1	Higher	Contracting
Suppliers' Delivery Time	50.1	Lower	Quickening
Business Expectations	58.7	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.

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