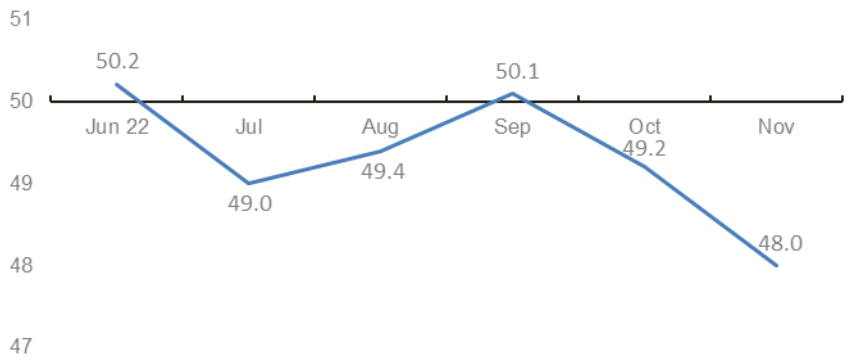
PMI Report on China Manufacturing

China's manufacturing PMI drops further to 48.0 in November, indicating contraction in the manufacturing sector

China Manufacturing PMI, seasonally adjusted



China Manufacturing at a Glance – November 2022

Index	Seasonally Adjusted Index	Index Compared with the Previous Month	Direction
PMI	48.0	Lower ▼	Contracting
Output	47.8	Lower ▼	Contracting
New Orders	46.4	Lower ▼	Contracting
New Export Orders	46.7	Lower ▼	Contracting
Backlogs of Orders	43.4	Lower ▼	Contracting
Stocks of Finished Goods	48.1	Higher ▲	Contracting
Stocks of Major Inputs	46.7	Lower ▼	Contracting
Purchases of Inputs	47.1	Lower ▼	Contracting
Imports	47.1	Lower ▼	Contracting
Input Prices	50.7	Lower ▼	Rising
Ex-factory Prices	47.4	Lower ▼	Falling
Employment	47.4	Lower ▼	Contracting
Suppliers' Delivery Time	46.7	Lower ▼	Slowing
Business Expectations	48.9	Lower ▼	Pessimistic

12 of the 13 sub-indices were lower than their respective levels in the previous month. For example, the new orders index fell by 1.7 pts to 46.4 in November, while the new export orders index went down by 0.9 pts to 46.7, indicating that both domestic demand and export demand have dropped at a faster pace recently. Against this backdrop, the output index declined by 1.8 pts to 47.8 in the month, the lowest level since April. Besides, the purchases of inputs index went down to a seven-month low of 47.1 in November, indicating a further reduction in purchasing activities. Also noteworthy is that the business expectations index slumped to 48.9 in November, the lowest level since February 2020.

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By size of enterprises, the PMI of ‘large enterprises’ dipped into the contractionary territory, registering 49.1 in November, compared with 50.1 in October. The PMI of ‘medium enterprises’ fell to 48.1 in November from 48.9 in October. The PMI of ‘small enterprises’ went down to 45.6 in November from 48.2 in October.

The output index dropped to 47.8 in November from 49.6 in October. The output indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ were all below 50, registering 49.4, 47.8 and 44.3 respectively in the month.

The new orders index went down to 46.4 in November from 48.1 in October. By size of enterprises, the new orders indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all stayed in the contractionary zone, registering 48.3, 46.8 and 41.8 respectively in November.

The new export orders index declined to 46.7 in November from 47.6 in October. The new export orders indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all remained below the critical 50-mark, registering 48.7, 43.4 and 44.6 respectively in November.

The backlogs of orders index fell to 43.4 in November from 43.9 in October. The backlogs of orders indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all remained below the neutral level of 50, registering 45.6, 42.8 and 39.5 respectively in November.

The stocks of finished goods index edged up to 48.1 in November from 48.0 in October. The stocks of finished goods indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all stayed in the contractionary zone, registering 49.2, 48.9 and 44.7 respectively in November.

The stocks of major inputs index dropped to 46.7 in November from 47.7 in October. The stocks of major inputs indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all remained below the critical 50-mark, registering 47.0, 47.0 and 45.7 respectively in November.

The purchases of inputs index went down to 47.1 in November from 49.3 in October. The purchases of inputs indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ were all in the contractionary zone, registering 49.0, 45.7 and 44.8 respectively in November.

The imports index decreased to 47.1 in November from 47.9 in October. The imports index of ‘small enterprises’ rose above the critical 50-mark, registering 51.9 in November. Meanwhile, the imports indices of ‘large enterprises’ and ‘medium enterprises’ both remained below 50, registering 47.3 and 45.0 in the month.

The input prices index fell to 50.7 in November from 53.3 in October. The input prices index of ‘small enterprises’ remained above the neutral level of 50, registering 55.0 in November. Meanwhile, the input prices indices of ‘large enterprises’ and ‘medium enterprises’ both dropped below 50, registering 49.2 and 49.9 in the month.

The ex-factory prices index came in at 47.4 in November, down from 48.7 in October.[1] The ex-factory prices index of 'small enterprises' remained above the neutral level of 50, registering 50.4 in November. Meanwhile, the ex-factory prices indices of 'large enterprises' and 'medium enterprises' both remained below 50, registering 45.9 and 47.4 respectively in the month.

The employment index went down to 47.4 in November from 48.3 in October. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed in the contractionary zone, registering 47.9, 47.1 and 46.7 respectively in November.

The suppliers' delivery time index came in at 46.7 in November, down from 47.1 in October. 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 46.8, 46.7 and 46.5 respectively in November.

The business expectations index went down to 48.9 in November from 52.6 in October.[2] The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 50.6, 49.2 and 44.7 respectively in November.

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 26,000 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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