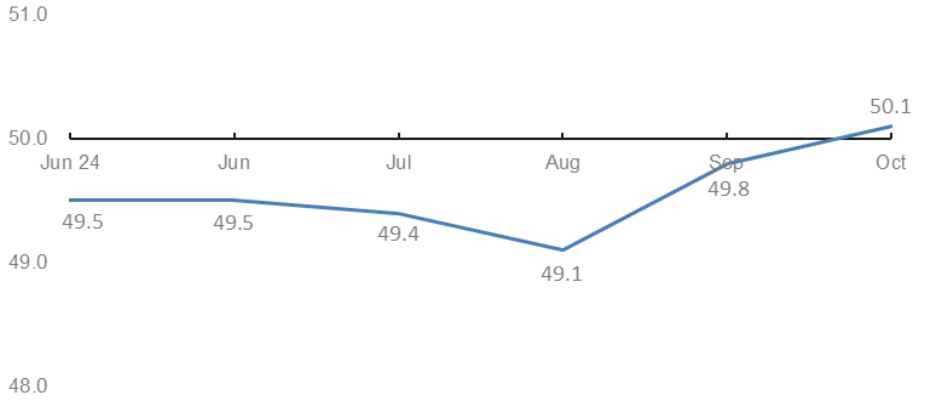
# **PMI** Report on China Manufacturing

## China's manufacturing PMI rises to 50.1 in October, indicating recovery in the manufacturing sector

### China Manufacturing PMI, seasonally adjusted




### China Manufacturing at a Glance – October 2024

| Index | Seasonally Adjusted Index | Index Compared with the Previous Month | Direction |
|---|---|---|---|
| PMI | 50.1 | Higher ▲ | Expanding |
| Output | 52.0 | Higher ▲ | Expanding |
| New Orders | 50.0 | Higher ▲ | Stable |
| New Export Orders | 47.3 | Lower ▼ | Contracting |
| Backlogs of Orders | 45.4 | Higher ▲ | Contracting |
| Stocks of Finished Goods | 46.9 | Lower ▼ | Contracting |
| Stocks of Major Inputs | 48.2 | Higher ▲ | Contracting |
| Purchases of Inputs | 49.3 | Higher ▲ | Contracting |
| Imports | 47.0 | Higher ▲ | Contracting |
| Input Prices | 53.4 | Higher ▲ | Rising |
| Ex-factory Prices | 49.9 | Higher ▲ | Falling |
| Employment | 48.4 | Higher ▲ | Contracting |
| Suppliers' Delivery Time | 49.6 | Higher ▲ | Slowing |
| Business Expectations | 54.0 | Higher ▲ | Optimistic |

11 of the 13 sub-indices were higher than their respective levels in the previous month. For example, the new orders index edged up 0.1 pts to 50.0 in October, indicating that market demand has stabilized. The output index rose by 0.8 pts to 52.0 in October, the highest level since April, pointing to a faster expansion in manufacturing production. The purchase of inputs index also picked up by 1.7 pts to 49.3, matching a six-month high. Meanwhile, the new export orders index decreased by 0.2 pts to 47.3, indicating a further contraction in external demand. Also noteworthy is that ex-factory prices continued to fall despite a jump in input prices: The input prices index surged by 8.3 pts to 53.4 in October, while the ex-factory prices index remained below the critical 50-mark at 49.9 in the month.

**Helen Chin**
Vice President
E: helenchin@fung1937.com

**William Kong**
Senior Research Manager
E: williamkong@fung1937.com

**Fung Business Intelligence**
11/F LiFung Tower
868 Cheung Sha Wan Road
Kowloon, Hong Kong
T: (852) 2300 2271
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: http://www.fbicgroup.com

By size of enterprises, the PMI of ‘large enterprises’ increased to 51.5 in October from 50.6 in September. The PMI of ‘medium enterprises’ edged up to 49.4 in October from 49.2 in September. Meanwhile, the PMI of ‘small enterprises’ dropped to 47.5 in October from 48.5 in September.

The output index rose to 52.0 in October from 51.2 in September. The output indices of ‘large enterprises’ and ‘medium enterprises’ stayed above the neutral level of 50, registering 54.1 and 51.6 respectively in October. Meanwhile, the output index of ‘small enterprises’ fell below 50 to 47.5 in the month.

The new orders index edged up to 50.0 in October from 49.9 in September. The new orders index of ‘large enterprises’ stayed in the expansionary zone, registering 52.0 in October. Meanwhile, the new orders indices of ‘medium enterprises’ and ‘small enterprises’ stayed in the contractionary zone, registering 49.4 and 46.1 respectively in the month.

The new export orders index decreased to 47.3 in October from 47.5 in September. The new export orders indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all stayed below the critical 50-mark, registering 47.6, 45.7 and 49.2 respectively in October.

The backlogs of orders index went up to 45.4 in October from 44.0 in September. The backlogs of orders indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all remained below the neutral level of 50, registering 46.6, 45.2 and 42.8 respectively in October.

The stocks of finished goods index declined to 46.9 in October from 48.4 in September. The stocks of finished goods indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all stayed in the contractionary zone, registering 48.1, 46.6 and 44.5 respectively in October.

The stocks of major inputs index increased to 48.2 in October from 47.7 in September. The stocks of major inputs index of ‘large enterprises’ came in at 50.0 in October. Meanwhile, the major inputs indices of ‘medium enterprises’ and ‘small enterprises’ remained below the critical 50-mark, registering 46.5 and 46.4 respectively in the month.

The purchases of inputs index rose to 49.3 in October from 47.6 in September. The purchases of inputs index of ‘large enterprises’ returned to the expansionary zone, registering 51.3 in October. Meanwhile, the purchases of inputs indices of ‘medium enterprises’ and ‘small enterprises’ stayed in the contractionary zone, registering 48.7 and 45.5 respectively in the month.

The imports index rebounded to 47.0 in October from 46.1 in September. The imports indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all stayed below the neutral level of 50, registering 47.7, 46.8 and 42.8 respectively in October.

The input prices index surged to 53.4 in October from 45.1 in September. The input prices indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all rose above the critical 50-mark, registering 53.5, 53.0 and 53.7 respectively in October.

The ex-factory prices index jumped to 49.9 in October from 44.0 in September.[1] The ex-factory prices index of ‘large enterprises’ rose above the neutral level of 50 to 50.8 in October. Meanwhile, the ex-factory prices indices of ‘medium enterprises’ and ‘small enterprises’ remained below 50, registering 49.2 and 49.1 respectively in the month.

The employment index edged up to 48.4 in October from 48.2 in September. The employment indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ all stayed in the contractionary zone, registering 49.2, 47.4 and 48.0 respectively in October.

The suppliers’ delivery time index inched up to 49.6 in October from 49.5 in September. 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 49.4, 49.8 and 49.7 respectively in October.

The business expectations index jumped to 54.0 in October from 52.0 in September.[2] The business expectations indices of ‘large enterprises’, ‘medium enterprises’ and ‘small enterprises’ registered 56.1, 53.3 and 50.1 respectively in October.

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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