

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 52.4 in September

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

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

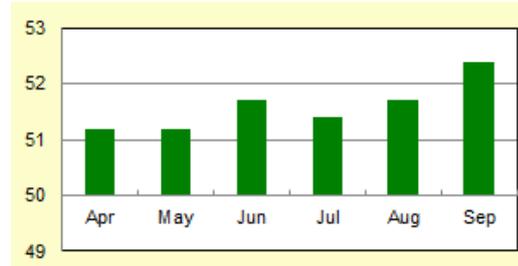
Input Prices, Ex-factory Prices, Rising

Suppliers' Delivery, Slower.

Business Expectations, Optimistic.

China Manufacturing PMI, seasonally adjusted

Month	PMI
Apr	51.2
May	51.2
Jun	51.7
Jul	51.4
Aug	51.7
Sep	52.4



China's manufacturing PMI rose by 0.7 pts from the previous month to 52.4 in September, the highest level since May 2012, indicating the rapid expansion of the manufacturing sector in China.

8 of the 13 sub-indices were higher than their respective levels in the previous month, while 4 sub-indices were lower than their respective levels in the previous month. The output index rose from 54.1 in August to 54.7 in September, showing an acceleration in output growth. The new orders index gained 1.7 pts, while the new export orders index went up by 0.9 pts in September, indicating that both domestic demand and export demand have improved.¹ Particularly noteworthy is that the input prices and the ex-factory prices indices reached 68.4 and 59.4 respectively in September, well above the critical 50-mark, showing a sharp rise in both the prices of production inputs and the ex-factory prices of finished products in the month.

By size of enterprises, the PMI of 'large enterprises' came in at 53.8 in September, up from 52.8 in August. The PMI of 'medium enterprises' rose slightly to 51.1 in September from 51.0 in August, while the PMI of 'small enterprises' improved to 49.4 in September from 49.1 in August.

The output index was 54.7 in September, up from 54.1 in August. The output index of 'large enterprises' rose to 56.6 in September from 55.5 in August; the output index of 'medium enterprises' was 53.6 in September, up from 52.9 in August; the output index of 'small enterprises' fell to 49.1 in September from 51.2 in August.

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 54.8 in September, compared to 53.1 in August. By size of enterprises, the new orders index of 'large enterprises' was 57.3 in September, up from 54.8 in August. Meanwhile, the new orders index of 'medium enterprises' came in at 52.2 in September, the same as in August; the new orders index of 'small enterprises' improved to 49.9 in September from 48.0 in August.

The new export orders index advanced to 51.3 in September, compared to 50.4 in August. The new export orders index of 'large enterprises' was 52.8 in September. Meanwhile, the new export orders indices of 'medium enterprises' and 'small enterprises' remained below the critical 50-mark, registering 48.5 and 46.0 respectively in September.

The backlogs of orders index went up to 47.4 in September, compared to 46.1 in August. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 47.8, 46.7 and 47.2 respectively in September.

The stocks of finished goods index came in at 44.2 in September, down from 45.5 in August. 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 44.8, 42.7 and 44.8 respectively in August.

The purchases of inputs index was 53.8 in September, up from 52.9 in August. The purchases of inputs indices of 'large enterprises' and 'medium enterprises' were in the expansionary zone, registering 54.8 and 51.1 respectively in September. Meanwhile, the purchases of inputs index of 'small enterprises' was 48.9 in September.

The imports index went down to 51.1 in September from 51.4 in August. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 51.5, 49.2 and 53.8 respectively in September.

The input prices index jumped to 68.4 in September, compared to 65.3 in August. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above 50, registering 68.7, 68.4 and 67.3 respectively in September.

The stocks of major inputs index rose to 48.9 in September, compared to 48.3 in August. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 50.0, 47.4 and 47.6 respectively in September.

The ex-factory prices index was 59.4 in September, up from 57.4 in August.² The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all above the neutral level of 50, registering 60.2, 59.0 and 57.2 respectively in September.

The employment index fell slightly to 49.0 in September from 49.1 in August. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 49.5, 48.1 and 48.8 respectively in September.

The suppliers' delivery time index came in at 49.3 in September, the same as in August. 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 49.6, 48.9 and 48.9 respectively in September.

The business expectations index remained high at 59.4 in September, indicating that purchasing managers have been optimistic recently.³ The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 61.9, 57.0 and 54.1 respectively in September.

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 — September 2017

Index	S. Adj Index	Index Compared with the Previous Month	Direction
PMI	52.4	Higher	Expanding
Output	54.7	Higher	Expanding
New Orders	54.8	Higher	Expanding
New Export Orders	51.3	Higher	Expanding
Backlogs of Orders	47.4	Higher	Contracting
Stocks of Finished Goods	44.2	Lower	Contracting
Purchases of Inputs	53.8	Higher	Expanding
Imports	51.1	Lower	Expanding
Input Prices	68.4	Higher	Rising
Ex-factory Prices	59.4	Higher	Rising
Stocks of Major Inputs	48.9	Higher	Contracting
Employment	49.0	Lower	Contracting
Suppliers' Delivery Time	49.3	Unchanged	Slowing
Business Expectations	59.4	Lower	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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