PMI Report on China Manufacturing

China's manufacturing PMI drops to 49.2 in July, indicating contraction in the manufacturing sector

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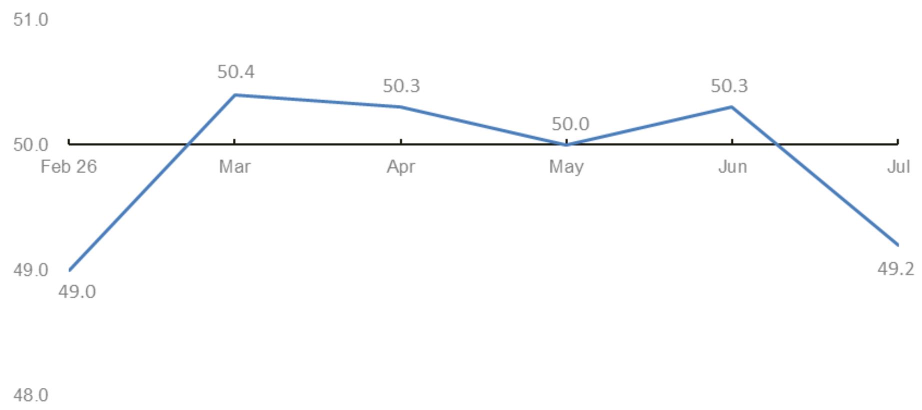
China Manufacturing PMI, seasonally adjusted



China Manufacturing at a Glance – July 2026

Index	Seasonally Adjusted Index	Index Compared with the Previous Month	Direction
PMI	49.2	Lower ▼	Contracting
Output	49.9	Lower ▼	Contracting
New Orders	48.5	Lower ▼	Contracting
New Export Orders	49.6	Lower ▼	Contracting
Backlogs of Orders	45.8	Lower ▼	Contracting
Stocks of Finished Goods	48.6	Higher ▲	Contracting
Stocks of Major Inputs	48.3	Lower ▼	Contracting
Purchases of Inputs	49.4	Lower ▼	Contracting
Imports	47.5	Lower ▼	Contracting
Input Prices	53.2	Lower ▼	Rising
Ex-factory Prices	47.8	Lower ▼	Falling
Employment	49.0	Higher ▲	Contracting
Suppliers' Delivery Time	49.5	Lower ▼	Slowing
Business Expectations	54.1	Lower ▼	Optimistic

Out of the 13 sub-indices, 11 recorded a decrease compared with June. Notably, the new orders index slumped by 2.7 pts to a three-year low of 48.5 in July, signalling a deterioration in market demand. The new export orders index dipped below the critical 50-mark to 49.6, returning to contractionary territory. Against this backdrop, the output index fell 1.5 pts to 49.9 in July, pointing to a slight contraction in manufacturing production. In addition, the purchase of inputs index dropped by 2.0 pts to 49.4, suggesting a reduction in purchasing activity. Also noteworthy is that ex-factory prices saw a further decrease despite a continued increase in input prices: Material prices kept rising, though at a slower pace, with the input prices index at 53.2. Meanwhile, the ex-factory prices index edged down by 0.4 pts to 47.8, indicating declines in ex-factory prices.

By size of enterprises, the PMI of “large enterprises” fell to 49.5 in July from 50.7 in June. The PMI of “medium enterprises” went down to 49.7 in July from 50.5 in June. The PMI of “small enterprises” slipped to 47.4 in July from 48.2 in June.

The output index decreased to 49.9 in July from 51.4 in June. The output index of “large enterprises” remained above the neutral level of 50, registering 51.2 in July. Meanwhile, the output indices of “medium enterprises” and “small enterprises” stayed below 50, registering 49.8 and 45.3 respectively in the month.

The new orders index plunged to 48.5 in July from 51.2 in June. The new orders index of “medium enterprises” remained in the expansionary zone, registering 50.1 in July. Meanwhile, the new orders indices of “large enterprises” and “small enterprises” stayed in the contractionary zone, registering 47.9 and 47.7 respectively in the month.

The new export orders index declined to 49.6 in July from 50.1 in June. The new export orders indices of “large enterprises”, “medium enterprises” and “small enterprises” all stayed below the critical 50-mark, registering 49.8, 49.8 and 47.9 respectively in July.

The backlogs of orders index dropped to 45.8 in July from 47.1 in June. The backlogs of orders indices of “large enterprises”, “medium enterprises” and “small enterprises” all remained below the neutral level of 50, registering 45.7, 47.0 and 43.6 respectively in July.

The stocks of finished goods index climbed to 48.6 in July from 47.7 in June. The stocks of finished goods indices of “large enterprises”, “medium enterprises” and “small enterprises” all stayed in the contractionary zone, registering 49.9, 48.3 and 44.3 respectively in July.

The stocks of major inputs index edged down to 48.3 in July from 48.4 in June. The major inputs indices of “large enterprises”, “medium enterprises” and “small enterprises” all stayed below the critical 50-mark, registering 48.4, 49.2 and 46.2 respectively in July.

The purchases of inputs index decreased to 49.4 in July from 51.4 in June. The purchases of inputs index of “medium enterprises” remained in the expansionary zone, registering 51.1 in July. Meanwhile, the purchases of inputs indices of “large enterprises” and “small enterprises” stayed in the contractionary zone, registering 49.6 and 45.1 respectively in the month.

The imports index fell to 47.5 in July from 49.6 in June. The imports indices of “large enterprises” and “medium enterprises” remained below the neutral level of 50, registering 46.3 and 49.9 respectively in July. Meanwhile, the imports index of “small enterprises” stayed above 50, registering 50.1 in the month.

The input prices index retreated to 53.2 in July from 54.2 in June. The input prices indices of “large enterprises”, “medium enterprises” and “small enterprises” all remained above the critical 50-mark, registering 52.9, 53.5 and 53.8 respectively in July.

The ex-factory prices index went down to 47.8 in July from 48.2 in June. The ex-factory prices indices of “large enterprises”, “medium enterprises” and “small enterprises” all remained below the neutral level of 50, registering 47.0, 49.1 and 48.0 respectively in July.

The employment index rose to 49.0 in July from 48.5 in June. The employment indices of “large enterprises”, “medium enterprises” and “small enterprises” all remained in the contractionary zone, registering 49.7, 48.2 and 48.1 respectively in July.

The suppliers’ delivery time index declined to 49.5 in July from 49.9 in June. 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 49.7, 49.2 and 49.6 respectively in July.

The business expectations index dropped to 54.1 in July from 54.3 in June. The business expectations indices of “large enterprises”, “medium enterprises” and “small enterprises” registered 54.9, 53.8 and 51.5 respectively in July.

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 the National Bureau of Statistics (NBS) and China Federation of Logistics & Purchasing (CFLP). 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.

HKUST Li & Fung Supply Chain Institute

The HKUST Li & Fung Supply Chain Institute accelerates the creation, global dissemination, and practical application of new knowledge and technologies for managing supply chains. Jointly established by international research university HKUST and supply chain industry leader Li & Fung, the Institute engages in collaborative research, exchanges, professional development and executive education to drive real-world impact across the region and globally, while contributing to Hong Kong's development as a multinational supply chain management center.