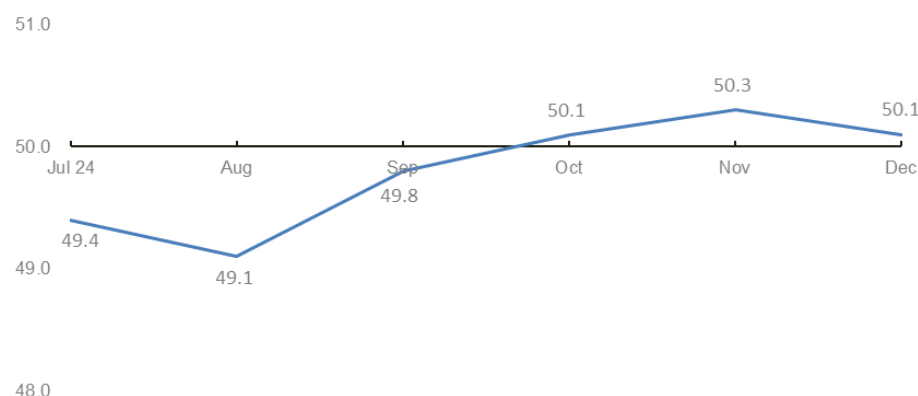


PMI Report on China Manufacturing

China's manufacturing PMI edges down to 50.1 in December, indicating a continued yet slower expansion in the manufacturing sector

China Manufacturing PMI, seasonally adjusted



China Manufacturing at a Glance – December 2024

Index	Seasonally Adjusted Index	Index Compared with the Previous Month	Direction
PMI	50.1	Lower ▼	Expanding
Output	52.1	Lower ▼	Expanding
New Orders	51.0	Higher ▲	Expanding
New Export Orders	48.3	Higher ▲	Contracting
Backlogs of Orders	45.9	Higher ▲	Contracting
Stocks of Finished Goods	47.9	Higher ▲	Contracting
Stocks of Major Inputs	48.3	Higher ▲	Contracting
Purchases of Inputs	51.5	Higher ▲	Expanding
Imports	49.3	Higher ▲	Contracting
Input Prices	48.2	Lower ▼	Falling
Ex-factory Prices	46.7	Lower ▼	Falling
Employment	48.1	Lower ▼	Contracting
Suppliers' Delivery Time	50.9	Higher ▲	Quickening
Business Expectations	53.3	Lower ▼	Optimistic

Five of the 13 sub-indices were lower than their respective levels in the previous month. For example, the output index decreased by 0.3 pts to 52.1 in December, pointing to a slower growth in manufacturing production. Ex-factory prices fell amid a drop in input prices: The input prices index went down by 1.6 pts to 48.2 in December, while the ex-factory prices index declined by 1.0 pt to 46.7 in the month. Meanwhile, the new orders index gained 0.2 pts to 51.0 in December, pointing to an expansion in market demand. The new export orders index picked up by 0.2 pts to 48.3, indicating that export demand has reduced at a slower pace recently. The imports index also rose by 2.0 pts to a nine-month high of 49.3.

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By size of enterprises, the PMI of 'large enterprises' went down to 50.5 in December from 50.9 in November. The PMI of 'medium enterprises' increased to 50.7 in December from 50.0 in November. Meanwhile, the PMI of 'small enterprises' fell to 48.5 in December from 49.1 in November.

The output index decreased to 52.1 in December from 52.4 in November. The output indices of 'large enterprises' and 'medium enterprises' stayed above the neutral level of 50, registering 52.4 and 53.6 respectively in December. Meanwhile, the output index of 'small enterprises' dipped below 50, registering 49.2 in the month.

The new orders index climbed to 51.0 in December from 50.8 in November. The new orders indices of 'large enterprises' and 'medium enterprises' stayed in the expansionary zone, registering 51.5 and 51.8 respectively in December. Meanwhile, the new orders index of 'small enterprises' stayed in the contractionary zone, registering 48.6 in the month.

The new export orders index edged up to 48.3 in December from 48.1 in November. The new export orders indices of 'large enterprises' and 'small enterprises' stayed below the critical 50-mark, registering 48.3 and 44.4 respectively in December. Meanwhile, the new export orders index of 'medium enterprises' registered 50.0 in the month.

The backlogs of orders index rose to 45.9 in December from 45.6 in November. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the neutral level of 50, registering 47.1, 45.8 and 43.0 respectively in December.

The stocks of finished goods index increased to 47.9 in December from 47.4 in November. The stocks of finished goods indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed in the contractionary zone, registering 49.0, 46.9 and 46.6 respectively in December.

The stocks of major inputs index edged up to 48.3 in December from 48.2 in November. The major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the critical 50-mark, registering 49.5, 47.5 and 46.4 respectively in December.

The purchases of inputs index rose to 51.5 in December from 51.0 in November. The purchases of inputs index of 'large enterprises' stayed in the expansionary zone, registering 53.5 in December. Meanwhile, the purchases of inputs indices of 'medium enterprises' and 'small enterprises' stayed in the contractionary zone, registering 49.8 and 49.1 respectively in the month.

The imports index went up to 49.3 in December from 47.3 in November. The imports indices of 'large enterprises' and 'medium enterprises' stayed below the neutral level of 50, registering 49.9 and 46.4 respectively in December. Meanwhile, the imports index of 'small enterprises' stayed above 50, registering 52.7 in the month.

The input prices index dropped to 48.2 in December from 49.8 in November. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the critical 50-mark, registering 47.8, 47.9 and 49.5 respectively in December.

The ex-factory prices index declined to 46.7 in December from 47.7 in November.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed below the neutral level of 50, registering 46.2, 47.5 and 46.4 respectively in December.

The employment index edged down to 48.1 in December from 48.2 in November. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed in the contractionary zone, registering 48.0, 48.3 and 48.2 respectively in December.

The suppliers' delivery time index increased to 50.9 in December from 50.2 in November. 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 50.9, 50.7 and 51.1 respectively in December.

The business expectations index decreased to 53.3 in December from 54.7 in November.² The business expectations indices of 'large enterprises' and 'medium enterprises' registered 56.0 and 51.3 respectively in December. Meanwhile, the business expectations index of 'small enterprises' fell below 50, registering 49.6 in the month.

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.

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 driving real-world impact across the region and globally, while contributing to Hong Kong's development as a multinational supply chain management center.

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