

RatingDog China General Manufacturing PMI[®]

China's manufacturing sector returns to growth at end of 2025

December 2025

Further upturn in new orders supports renewed rise in output

Staffing levels fall for second successive month

Fresh increase in stocks of purchases

Business conditions in China's manufacturing sector improved in the final month of 2025, according to the latest PMI[®] data. Manufacturing production returned to growth amid higher inflows of new work, despite a slight fall in new exports sales. Employment also declined amid lower business optimism and concerns over costs. The rate of input price inflation intensified at the end of 2025, though goods producers continued to cut their selling prices to support sales.

The headline seasonally adjusted Purchasing Managers' Index[™] (PMI) – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – rose above the 50.0 no-change mark in December to signal a renewed improvement in manufacturing sector conditions. At 50.1, up from 49.9 in November, the latest reading indicated a fractional expansion of the Chinese manufacturing sector. This also marked the fourth improvement in the health of the sector over the past five months.

After stagnating midway through the fourth quarter, manufacturing production returned to growth in December, albeit only marginally. This was supported by higher amounts of new work, as the launch of new products and successful business development efforts reportedly boosted sales in the final month of the year. The improvement in demand was largely limited to the domestic market, however, as new export orders fell for the second time in three months amid reports of subdued external conditions.

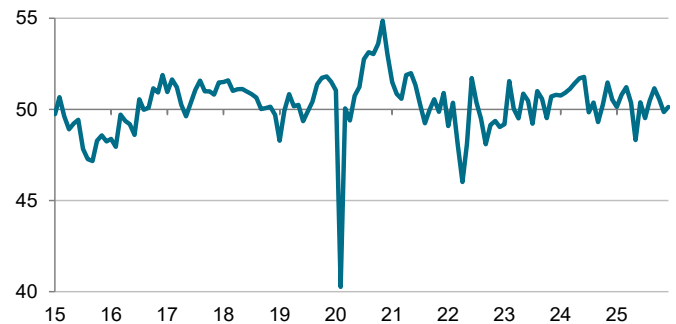
Despite greater inflows of new work, purchasing activity stagnated in December. According to anecdotal evidence, a number of companies noted that they had sufficient holdings of raw materials and semi-finished products.

Indeed, stocks of purchases increased after falling in November. The upturn in holdings of pre-production inventories was also associated with improvements in vendor performance as lead times shortened again in December amid improved customer service and communication from suppliers.

Despite the rise in new business, staffing levels fell for a second straight month in December. Panellists indicated that this was

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Index, sa, >50 = improvement m/m



Data were collected 4-15 December 2025.

Sources: RatingDog, S&P Global PMI. ©2025 S&P Global.

Comment

Commenting on the China General Manufacturing PMI Yao Yu, Founder at RatingDog said:

"The RatingDog China General Manufacturing PMI rose to 50.1 in December, signaling that the manufacturing sector has returned to expansion territory.

"On a sub-index basis, slight overall improvements in supply and demand drove this month's fractional growth. On the demand side, while subdued external conditions pulled new export orders back into marginal contraction, total new orders expanded for the seventh consecutive month, supported by domestic new product launches and business development. Consequently, production shifted from stagnation to growth, while the quantity of purchases held flat at the 50.0 no-change mark.

"On the inventory side, stocks of purchases turned to expansion, while stocks of finished goods continued to decline as firms fulfilled orders through existing holdings. Restocking remains generally weak. Regarding prices, the divergence between rising input costs and falling output charges persisted. Input prices rose for the sixth straight month, while the decline in output charges eased slightly. The impact of year-end "anti-involution" efforts on the price remained limited, leaving profit margins under pressure. Employment stayed in contraction for the second month due to restructuring and cost controls.

"Overall, the manufacturing sector regained growth at the end of 2025. However, the improvement was marginal, with the impact of promotions and new products appearing impulse-driven and their sustainability requiring observation. Looking ahead, while firms remain confident for 2026, optimism has eased and remains below the historical average. With the Central Economic Work Conference emphasizing "seeking progress while maintaining stability" and addressing "Involutionary" competition, policy support is expected to facilitate a continued moderate recovery in 2026."

underpinned by both resignations and redundancies, with the latter often attributed to restructuring efforts and concerns over costs.

Higher sales and lower workforce capacity led to another accumulation of backlogged orders. Moreover, the rate at which the level of unfinished work increased was the quickest in three months. To support order fulfilment, Chinese manufacturers opted to ship out existing stocks of finished goods, resulting in a second consecutive monthly decline in post-production inventories.

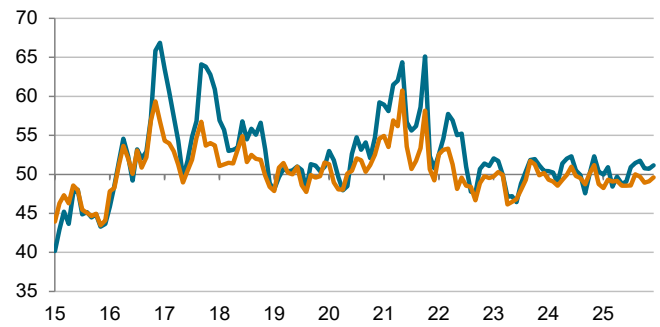
Turning to prices, cost burdens increased across the manufacturing sector due to rising raw material prices, especially for metals. Average input prices have now risen for six months in a row, with the latest uptick the fastest since September.

Despite stronger cost pressures, goods producers continued to lower their output charges in December as part of efforts to support sales and clear existing inventory. However, this was not the case for exporters, as average export charges rose for the first time in three months, and at the sharpest pace since July 2024, with companies seeking to defend margins.

Finally, business sentiment among Chinese manufacturers remained positive at the end of the year. Firms were hopeful that business expansion plans and the introduction of new products in 2026 will help to support growth in sales and production. That said, the level of optimism eased from November and was below the historical average amid lingering concerns about the outlook for growth.

■ PMI Input Prices ■ PMI Output Prices

Index, sa, >50 = inflation m/m



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Methodology

The RatingDog China General Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2004.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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