News Release
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S&P Global China General Manufacturing PMI®

Manufacturing sector conditions weaken slightly in July

July 2025

Renewed drop in manufacturing output in July

Total new business growth slows amid falling exports

Average input prices rise for first time since

China's manufacturing sector saw a deterioration in operating conditions in July, according to latest PMI® data. A softening of new business growth led manufacturers to scale back production for the second time in three months. The slowdown in sales coincided with a steeper contraction in new export orders. Lower production led companies to trim their headcounts again in July. That said, purchasing activity rose slightly as optimism about output in the year ahead improved.

Average input prices meanwhile increased for the first time in five months. Firms nevertheless lowered their selling prices again as competition for new business intensified.

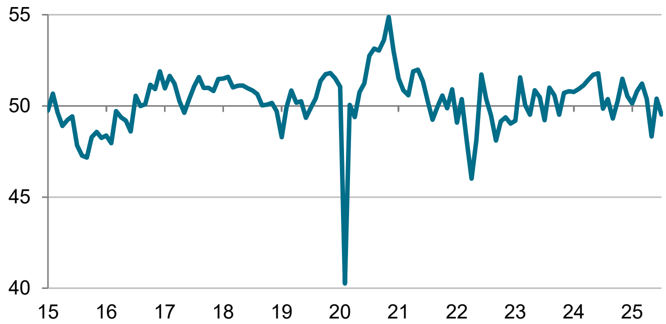
The headline seasonally adjusted Purchasing Managers' Index™ (PMI) – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – posted 49.5 in July, down from 50.4 in June. Falling below the 50.0 no-change threshold in July, the latest figure signalled that manufacturing sector conditions deteriorated at the start of the third quarter, albeit only marginally. This was the second deterioration in three months.

After rising in June, manufacturing output declined during July. This marked the second time in which production has fallen since October 2023, though the rate of contraction was only modest. Factory output was scaled back amid a slower increase in new orders, according to panellists. Firms also looked to utilise their current stock holdings for the fulfilment of orders, which contributed to a second successive monthly decline in post-production inventories.

Indeed, new order growth slowed since June, with sales rising only fractionally overall. Although successful business development efforts and increased client enquires helped to lift new work inflows at some firms, others indicated that subdued external demand had negatively affected sales. Notably, new export orders contracted for a fourth straight month and at a faster pace than in June.

A combination of falling production and stable backlogs prompted Chinese manufacturers to lower their headcounts in July. Firms also cited that cost concerns had underpinned

S&P Global China General Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 10-23 July 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

Commenting on the China General Manufacturing PMI Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence said:

"The China General Manufacturing PMI posted below the neutral 50.0 mark for the second time in three months to indicate a slight deterioration in business conditions. The latest survey indicated that manufacturing production fell for only the second time since October 2023, as firms looked to scale back their operations at the start of the second half of 2025.

"Central to the drop in production was a slowdown in new orders growth. While successful business development efforts within the domestic market were able to sustain higher new work inflows, overall sales growth was only fractional as demand from overseas remained subdued on the back of global trade uncertainty. Pricing power also remained weak, with companies cutting their selling prices even amid a fresh rise in input costs.

"On the bright side, despite less buoyant demand in July, Chinese manufacturers were more optimistic compared to June. Purchasing activity also picked up, while employment levels fell at the softest pace in four months, carried by hopes that output will expand in the year ahead."

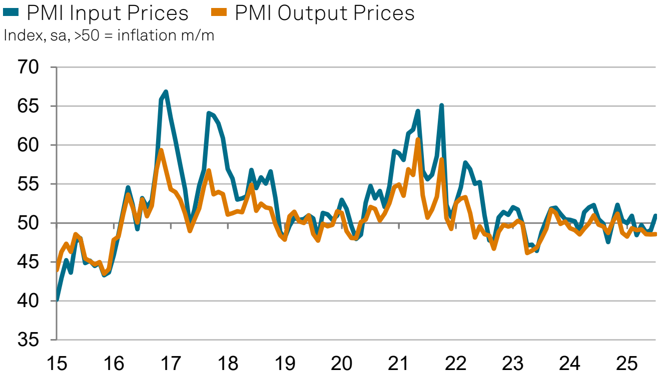
PMI®
by S&P Global

decisions to shed staff.

Despite the fresh fall in output, business sentiment improved at the start of the second half of 2025. Although still below the series average, the level of optimism was stronger than that recorded in June. Manufacturers commented on hopes that better economic conditions and promotional efforts will spur sales in the year ahead.

At the same time, purchasing activity expanded in July after falling over the prior two months. Anecdotal evidence suggested that a number of goods producers ramped up their buying activity to help increase inventory levels amid expectations of future increases in demand. This led to a fractional rise in stocks of purchases.

Finally, supply chain conditions continued to deteriorate in July, as Chinese manufacturers faced shipment delays and supplier shortages. Raw material costs meanwhile increased in July, contributing to the first upturn in average input prices in five months. Despite the renewed rise in expenses, Chinese manufacturers lowered their selling prices as market competition intensified. In contrast, export charges increased at the fastest pace in a year due to rising shipping and logistics costs.



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Methodology

The S&P Global 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.

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PMI by S&P Global

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