

PMI

Caixin China
General Manufacturing
PMI Press Release

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Caixin China General Manufacturing PMI®

Manufacturing sector expansions continues at end of 2024

China's manufacturing sector continued to expand in the final month of 2024. That said, the degrees to which new orders and production rose were both softer. Overall sales were dampened by falling export orders. Employment levels also declined, as business optimism eased. Chinese manufacturers also lowered their selling prices, opting to absorb price increases 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 – fell to 50.5 in December, down from 51.5 in November. Posting above the 50.0 neutral mark, the latest data signalled that conditions in the manufacturing sector improved for a third consecutive month. The fall in the PMI however indicated that the pace of growth eased since November and was marginal overall.

Manufacturing production in China increased for a fourteenth successive month in December. That said, the rate of expansion decelerated to a marginal pace as new order growth slowed. While improvements in underlying demand and successful business development efforts led to incoming new orders rising for a third straight month, the rate of growth eased on the back of softening external demand. Indeed, export orders contracted after increasing at the fastest pace in seven months in November.

Meanwhile, higher new orders led to a third monthly increase in purchasing activity. Stocks of purchases rose in tandem, with anecdotal evidence highlighting intentions of safety stock building among some manufacturers. Despite higher buying activity, vendor performance improved for the first time since May (albeit only marginally). Post-production inventory also accumulated in December, rising for a seventh successive month. The rate of expansion eased, however, as production growth slowed.

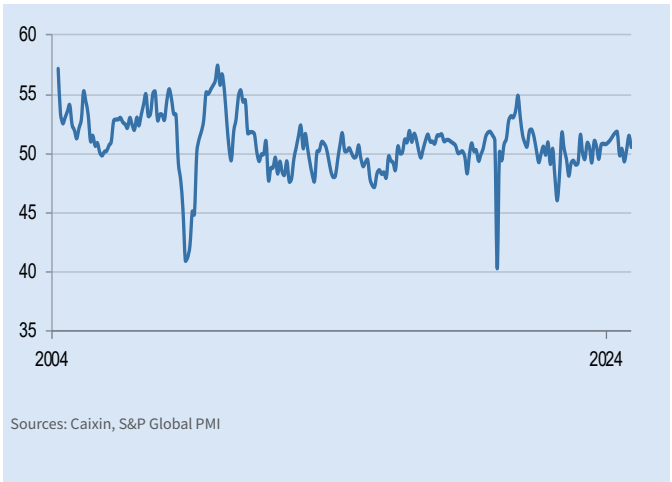
Rising new orders led to another round of backlog accumulation at the end of year. The rate of accumulation eased to a marginal level, however. As a result of softening capacity pressure, manufacturing headcounts fell again in December though at the softest pace in the current four-month sequence.

Turning to prices, average selling prices declined for the first time since September. Although the rate of decline was modest, this contrasted with another increase in input prices. Panellists indicated that they had absorbed cost increases and further lowered selling prices to support sales. Export charges also declined in December.

Finally, business confidence eased in the latest survey period. Chinese manufacturers were the least upbeat since September. This was as concerns about the outlooks for growth and trade, especially amidst the US tariffs threat, challenged hopes for new product- and policy-driven sales growth in the new year.

China General Manufacturing PMI

sa, >50 = improvement since previous month



Key findings:

New orders and output growth both slow from November

Employment down marginally

Average selling prices decline despite rising input prices

New Export Orders Index

sa, >50 = growth since previous month



Commenting on the China General Manufacturing PMI® data, Dr. Wang Zhe, Senior Economist at Caixin Insight Group said:

“The Caixin China General Manufacturing PMI came in at 50.5 in December, down 1 point from November and marking the third straight month of expansion.”

“Supply and demand expanded. Manufacturers’ output and demand continued to grow as the market improved. The gauge for output stayed in expansionary territory for the 14th consecutive month, while total new orders rose for the third straight month. However, both grew at a slower clip as the production and sales of investment goods fell.”

“Exports dragged on demand amid mounting uncertainties stemming from the overseas economic environment and global trade. The corresponding indicator was in contractionary territory for the fourth time in the past five months.”

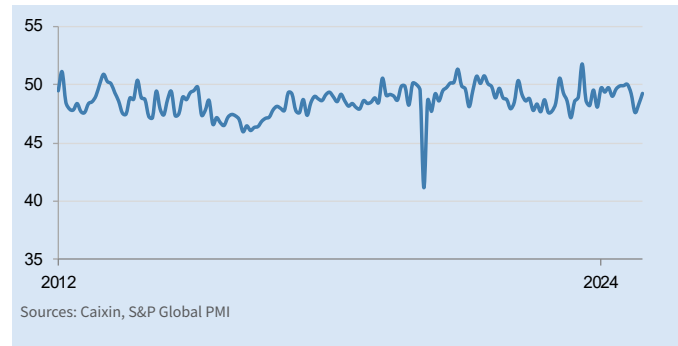
“Employment continued to shrink. Improved market conditions over the past few months failed to boost the labor market. Manufacturers maintained a cautious approach to hiring, keeping employment in contraction for the fourth straight month. Companies producing investment products and intermediate goods experienced a more significant reduction in the workforce, while employment at consumer goods producers remained stable.”

“Backlogs of work continued to grow amid rising demand, with the corresponding gauge staying in expansionary territory for the third straight month.”

“Higher input costs were accompanied by lower output prices. Input costs increased for the third consecutive month, driven by rising raw material prices, albeit to a limited extent. By contrast, output prices fell for the fourth time in the past six months as the market remained competitive, pushing companies to cut prices to boost sales. Noticeably, the gauge was in

Employment Index

sa, >50 = growth since previous month



contractionary territory nine times last year.

“Supplier logistics accelerated moderately with the subindex entering expansionary territory for the first time since May. Manufacturers’ purchases and inventories of raw materials and finished goods continued to increase, although at a slower pace than in the previous month.”

“Business optimism weakened. Concerns among surveyed companies focused on the economic recovery outlook and the trade conflict between China and the U.S. Future output expectations continued to grow, but the gauge dropped by more than 3 points from November.”

“Overall, in December, supply and demand expanded. Businesses purchased more to add to their stocks. However, external demand was sluggish and the job market underwent a notable contraction. Prices on the sales front were weak and market optimism was diminished.”

“Since late September, the synergy of existing policies and additional stimulus measures has continued to act on the market, producing more positive factors. The economy in general remains stable, on the path to achieving the main goals set for 2024.”

“That said, it is worth noting that prominent downward pressures remain, with tepid domestic demand and mounting unfavorable external factors. Meanwhile, employment remains sluggish and profit margins have been squeezed, leading to a decline in market optimism. In December, some of the Caixin manufacturing PMI survey’s gauges declined, suggesting more time is needed to assess the consistency and effectiveness of previous policy stimulus.”

“The external environment is expected to be more complex this year, requiring early policy preparation and instant response. In addition, future policy efforts should focus more on increasing household income and improving people’s livelihoods, with particular attention paid to increasing socially disadvantaged groups’ ability and willingness to spend.”



Survey methodology

The Caixin China General Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 private and state-owned manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. For the purposes of this report, China is defined as mainland China, excluding Hong Kong SAR, Macao SAR and Taiwan.

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 more information on the survey methodology, please contact: economics@spglobal.com.

Survey dates and history

Data were collected 05-13 December 2024.

Data were first collected April 2004.

About PMI

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

About Caixin

Caixin is an all-in-one media group dedicated to providing financial and business news, data and information. Its multiple platforms cover quality news in both Chinese and English. Caixin Insight Group is a high-end financial research, data and service platform. It aims to be the builder of China's financial infrastructure in the new economic era.

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