

PMI

Caixin China
General Manufacturing
PMI Press Release

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Caixin China General Manufacturing PMI®

Manufacturing sector conditions improve at fastest pace in four months

China's manufacturing sector expanded at a faster rate in March, as output growth accelerated on the back of a sustained rise in new orders. New export sales notably increased at the quickest pace in nearly a year. As a result, Chinese manufacturers raised their purchasing activity and lifted employment levels slightly. Businesses also expressed optimism around the year-ahead outlook for output.

On the prices front, average input costs fell for the first time in six months despite worsening supply conditions. These cost savings helped Chinese goods producers to lower their selling prices again.

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 – improved to a four-month high of 51.2 in March, up from 50.8 in February. This marked the sixth successive month in which the index has posted above the neutral 50.0 mark, signalling an improvement in manufacturing sector conditions.

Manufacturing production growth accelerated for a third straight month in March and contributed to the latest uplift of the headline index. Chinese manufacturers indicated that they raised production in response to higher new orders. Better demand conditions, alongside successful business development efforts and the launch of new products, underpinned the latest uptick in new business inflows. External demand improved as well, with firms signalling the fastest rise in new export orders in just under a year.

Growth in new orders contributed to a further accumulation of backlogged work. This was the sixth successive month in which the level of unfinished business has increased across the Chinese manufacturing sector. To cope with rising workloads, Chinese manufacturers hired additional staff. This resulted in the first increase in staffing levels since August 2023, albeit only marginal.

Meanwhile, purchasing activity expanded at an accelerated rate to meet production requirements. The sustained expansion of buying activity contributed to a renewed rise in stocks of purchases. Firms also mentioned that they had raised their pre-production inventory holdings as lead times for inputs deteriorated. Shipping delays were often mentioned as the reason for the first lengthening of suppliers' delivery times since last October.

On the other hand, post-production inventories declined for a second straight month in March as finished goods were shipped out for order fulfilment.

Turning to prices, supplier discounts and reductions in certain raw material costs contributed to the first fall in average input prices in six months. The reduction in cost burdens enabled Chinese manufacturers to reduce their factory gate prices in March. Export charges also fell slightly. Anecdotal evidence suggested that greater market competition weighed on selling prices at the end of the first quarter of 2025.

Finally, business sentiment across China's manufacturing sector remained positive in March as firms were hopeful that the introduction of new products and promotional efforts would boost sales and output in the next 12 months. That said, the level of optimism slipped further below the series average as some goods producers noted rising uncertainties with additional trade barriers around the world.

China General Manufacturing PMI

sa, >50 = improvement since previous month



Key findings:

New orders growth supported by quickest rise in exports since last April

Employment expands for the first time in 19 months

Input prices fall for the first time since last September

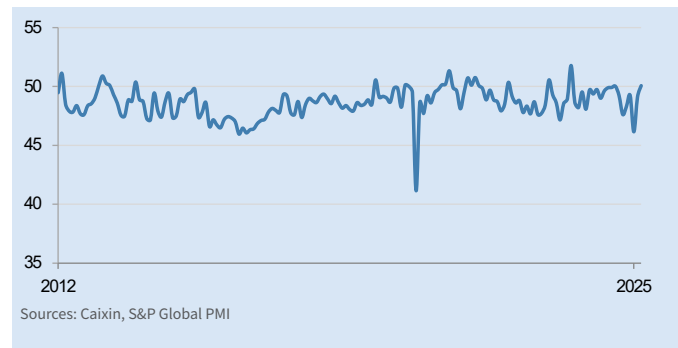
New Export Orders Index

sa, >50 = growth since previous month



Employment 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 51.2 in March, up 0.4 points from the previous month. That marked the sixth consecutive month of growth in the sector, at the fastest pace since November."

"Both supply and demand continued to increase. Manufacturers saw their promotional efforts pay off as the market improved. In March, output grew for the 17th straight month and at the fastest pace in four months, while the subindex for total new orders stayed in expansionary territory for the sixth straight month. The overseas demand growth momentum recorded in February was extended, with the indicator for new export orders rising to the highest point since last April."

"The job market improved marginally. Continued market improvement drove a recovery in employment, though it remained limited. The corresponding gauge moved into expansionary territory in March for the first time since August 2023. Manufacturers producing investment products and intermediate goods reported increased headcounts. The improved market caused backlogs of work to grow for the sixth straight month."

"Prices were weak. Prices of some commodities dropped while raw material suppliers offered discounts, leading input prices to decline for the first time in six months. Manufacturers were more willing to cut the prices charged to customers to promote sales amid declining costs and a competitive market, keeping the indicator for output prices in contraction for the fourth consecutive month. However, prices of consumer goods saw a moderate month-on-month increase."

"Supplier logistics were delayed slightly. Some suppliers' delivery times lengthened, with the subindex falling into contraction for the first time since October. The delay was particularly pronounced in deliveries of investment products. Manufacturers increased purchases amid improved demand,

leading to an increase in inventories of raw materials. In contrast, inventories of finished goods were reduced."

"Businesses remained optimistic. The majority of surveyed companies expressed confidence in the near-term economic outlook, although some remained cautious over a potential escalation in global trade tensions. In March, the indicator for future output expectations exceeded the 2024 full-year average by about 1 percentage point."

"Overall, in March, supply and demand kept expanding, and export growth continued. Employment increased slightly, while manufacturers sought to restock raw materials with further purchases. Logistics were delayed moderately, and prices remained under pressure."

"The major macroeconomic indicators in the first two months were in line with or slightly exceeded market expectations. The economy had a stable start to the year, with signs of further recovery and improvement. However, the job market remained relatively sluggish, and deflationary pressures persisted, due to insufficient effective demand at home and market participants' weak optimism."

"The government has made boosting consumption the top priority of its economic work this year. That means policy efforts should focus on stabilizing employment, alleviating households' financial burdens, and increasing their disposable income. Stabilizing the stock and real estate markets while enhancing asset income for households is also essential for spurring consumption."

"In 2025, as the external environment becomes increasingly severe and complex, China's macroeconomic policies need to be more proactive and decisive, with measures implemented as soon as possible to support a sustained economic recovery."



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 12-21 March 2025.

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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