PMI

Caixin China General Manufacturing PMI Press Release

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Caixin China General Manufacturing PMI®

Manufacturing sector expansion slows in April

China's manufacturing sector expansion slowed at the start of the second quarter of the year. A renewed fall in new export orders, which was often attributed to the impact of tariffs, led to a slower and only marginal rise in total new work. As a result, production growth likewise eased on the month. Firms also lowered their inventory levels as business optimism fell. Concurrently, reduced capacity pressures led to the resumption of job shedding in April.

Input prices meanwhile fell at a slower rate amid tariff-related disruptions. Chinese manufacturers opted to continue sharing these cost savings with clients by lowering their selling prices.

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 50.4 in April, down from 51.2 in March. The latest reading is the lowest recorded since January. That said, this marked the seventh successive month in which the index has posted above the neutral 50.0 mark to signal an improvement in manufacturing sector conditions.

Contributing to the lower headline reading was a slower increase in total new orders in April. Trade disruptions resulting from higher US tariffs reportedly contributed to the first fall in new export orders for three months. Weaker external demand dampened growth of overall new orders, which increased at the softest pace in seven months.

Manufacturing output growth likewise slowed in April. Where higher production was reported, firms indicated that this was supported by working through existing orders. This led to the first reduction in the level of backlogged work since last September. Job shedding in the manufacturing sector consequently resumed amid signs of reduced capacity requirements.

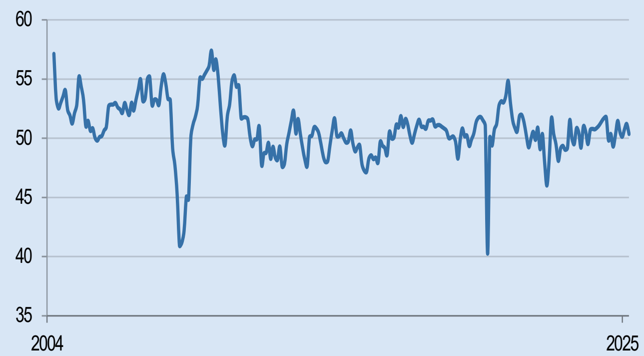
Firms maintained an optimistic outlook for output amid hopes that new product development and supportive government policies could spur sales in the year ahead. That said, business confidence slipped to the third-lowest since this series began in April 2012 (just behind September 2024 and June 2019), due to concerns over the negative impact of trade uncertainty.

April data also revealed that purchasing activity growth softened. The slower increase in input buying and reluctance among companies to hold additional inventory amid softer demand conditions led to a decline in stocks of purchases in April. This was also the case for post-production inventories, which fell for a third consecutive month.

Trade disruptions and supply-side constraints resulted in a slight lengthening of supplier lead times in April. However, greater competition among vendors amid subdued demand for inputs led to another drop in average input costs in April. Firms often shared cost savings with their customers, and lowered their selling prices for a fifth straight month in April. Exporters also cut their prices, with average export charges declining for a third successive month.

China General Manufacturing PMI

sa, >50 = improvement since previous month



Sources: Caixin, S&P Global PMI

Key findings:

New orders growth eases to seven-month low amid renewed fall in exports

Slight reduction in employment

Business confidence slips to third-lowest on record

New Export Orders Index

sa, >50 = growth since previous month

Sources: Caixin, S&P Global PMI

Employment Index

sa, >50 = growth since previous month

Sources: Caixin, S&P Global PMI

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 50.4 in April, down 0.8 points from the previous month. This is the lowest level since January, but marks the sector's seventh straight month of expansion.

"Both supply and demand grew at a slower clip despite continued market improvements. The U.S. tariff hikes took a toll on external demand, with new export orders declining at the fastest rate since July 2023, leading to just a marginal increase in total new orders in April. The impact of the tariffs on the supply side, however, was relatively limited. Manufacturers continued to absorb existing orders, keeping the gauge measuring output in expansionary territory for the 18th consecutive month.

"Employment returned to contraction after a slight expansion in March, marking the seventh decline in the past eight months. Manufacturers continued to prioritize saving costs, with the most significant layoffs at businesses producing investment products and intermediate goods. Amid weak overseas demand, backlogs of work were reduced, pushing the indicator into contraction for the first time since September.

"Prices remained subdued. Input costs declined slightly, which some companies attributed to lower prices for industrial metals and other bulk commodities, although some firms reported that raw material prices climbed due to the U.S. tariffs.

"The second straight monthly decline in input costs allowed companies to reduce prices charged to customers to increase their competitiveness. It was the fifth month in a row that output prices fell. However, there was an uptick in consumer goods prices.

"Supplier logistics were delayed slightly. The trade war hit logistics providers, with some manufacturers experiencing delayed deliveries. Companies reduced stocks amid sluggish market demand, reflected in declining inventories of raw materials and finished goods in April.

"Business optimism weakened to one of its lowest levels on record. Although the indicator for future output expectations remained in expansionary territory, the reading dropped to the third-lowest level on record. Surveyed companies were largely concerned about the trade conflict, but they were also hopeful that supporting policies would be announced by the government.

"Overall, in April, the expansion in supply and demand slowed, with exports stunted and employment shrinking slightly. Manufacturers sought to reduce stocks, logistics were delayed, and prices remained under pressure. Market optimism weakened significantly.

"China saw a strong start to the year in the first quarter, with key macro indicators surpassing market expectations, showing that incremental and existing policies continued to do their work.

"However, there are still many unfavorable factors for economic development, especially the impact on businesses stemming from the uncertainties over the global trade environment.

"As the market outlook is overshadowed, both business and consumer confidence are subdued, making it harder to boost domestic demand. The ripple effects of the ongoing China-U.S. tariff standoff will gradually be felt in the second and third quarters. As such, policymakers should be well-prepared, with action taken sooner rather than later."

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 09-22 April 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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