

PMI

Caixin China
General Manufacturing
PMI Press Release

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Caixin China General Manufacturing PMI®

Manufacturing sector growth improves on back of higher output and new orders

China's manufacturing economy expanded at a faster rate in February, supported by concurrent rises in both output and new orders amid evidence of improved market conditions. Purchasing activity growth also picked up, whilst confidence in the outlook strengthened to a three-month high. A reduction in employment was recorded, but at a noticeably slower rate than at the start of the year. On the price front, costs were only marginally higher whilst discounting of output charges was registered for a third month running.

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 three-month high of 50.8 in February. That was up from January's 50.1 and, although indicative of only a marginal improvement in operating conditions, represented the best outcome for the headline index since last November. Latest data also marked the fifth successive month in which the PMI has posted above the crucial 50.0 no-change mark.

Supporting the headline index in February were concurrent uplifts in both production and new orders. Growth rates for both output and new orders were their best since last November. Panellists reported that a general improvement in economic conditions and the introduction of new products had supported the fifth successive monthly increase in total new orders. Demand strengthened from foreign clients, according to panellists, with new export business rising modestly for the first time since last November.

Manufacturers supported higher production requirements by increasing their purchasing activity and, where applicable, utilising existing stocks of inputs. February's survey revealed that input inventories declined (albeit marginally) for the first time since last July. Despite stronger demand, average lead times for the delivery of inputs improved fractionally for a third month running. Panellists reported that vendors presently held sufficient stock at their units to satisfy order requirements.

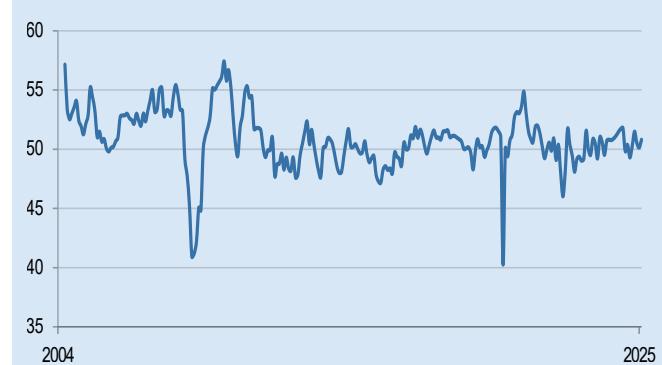
Chinese manufacturers once again reported on average a drop in staffing levels at their plants in February, extending the current period of decline to six months. Panellists signalled ongoing efforts to reduce costs, although this was partly offset by the need to support production with sufficient staff numbers. The net result was only a marginal drop in employment overall. Mild pressure on capacity was also apparent with backlog growth registered for a fifth month in a row during February.

Meanwhile, input price inflation was recorded in February with firms noting higher prices paid for copper and a range of chemicals. However, the net increase in input costs was only marginal overall. This provided some room for manufacturers to again offer discounts to clients, with output charges declining slightly in February for a third month in a row.

Finally, confidence in the outlook improved further in February, with sentiment rising for a second successive month and moving closer to its long-run average. Stronger market demand is expected, with planned new product launches forecast to help bolster sales and subsequently production in the year ahead.

China General Manufacturing PMI

sa, >50 = improvement since previous month



Sources: Caixin, S&P Global PMI

Key findings:

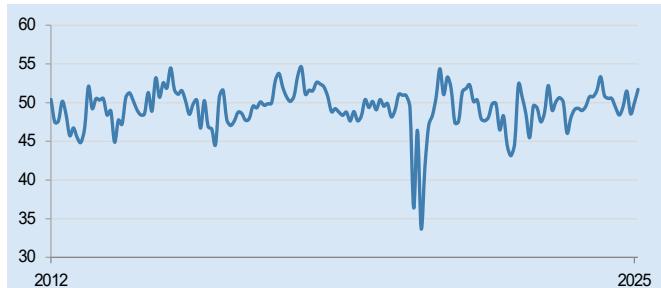
Fastest rises in output and new orders for three months

Noticeably milder drop in employment signalled

Confidence in output strengthens again

New Export Orders Index

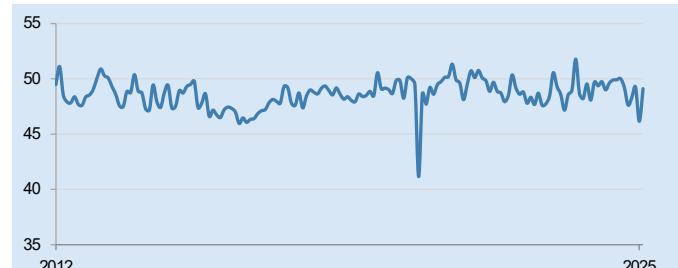
sa, >50 = growth since previous month



Sources: Caixin, S&P Global PMI

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:

"In February, the Caixin China General Manufacturing PMI rose to 50.8, up 0.7 points from the previous month and marking the fifth consecutive month of improving manufacturing sector conditions.

"Both supply and demand grew, with the gauges for output and total new orders remaining in expansionary territory for the 16th and fifth consecutive months, respectively, both reaching their highest levels in three months. New export orders increased, ending a two-month decline, with the corresponding gauge rising to its highest level since April last year. Overall, the market showed clear signs of recovery, with manufacturers launching new products.

"However, employment remained under pressure. While some companies increased hiring, cost-cutting and efficiency remained the priority for many, particularly among consumer goods and intermediate goods producers. In February, employment fell for the sixth straight month, though the pace of decline slowed. Rising orders combined with shrinking employment led to a further accumulation of backlogs, keeping the gauge in positive territory for the fifth month in a row.

"Price indicators showed mixed trends. Input costs edged higher but at a modest pace, driven by rising prices of copper and some chemical products. On the sales side, promotions and price reductions remained widespread, with output prices declining for the third consecutive month. Prices for consumer and investment goods experienced slightly sharper declines.

"Supplier delivery times improved further. After the Chinese New Year holiday, transportation and logistics operations aligned well with production needs, as the subindex for supplier delivery times remained in expansionary territory for the third consecutive month. Manufacturing firms increased their purchasing volumes in February, though not enough to fully meet production demands, resulting in a slight decline in raw material inventories.

"Optimism among manufacturing entrepreneurs continued to grow. The gauge for future output expectations rose close to its historical average, matching a level last seen in November. Entrepreneurs had relatively high hopes for future market supply and demand.

"Overall, February saw faster growth in manufacturing supply and demand, a rebound in new export orders, increased corporate purchasing, largely stable raw material inventories, and smooth logistics. However, employment continued to shrink; and prices, particularly output prices, remained subdued.

"The holiday period saw robust consumption momentum, and technological innovations in certain industries added to the positive sentiment, helping sustain the manufacturing market recovery. Nonetheless, China's economy still faces significant challenges, with rising uncertainties in employment and household income constraining efforts to boost domestic demand and stabilize the economy. March represents a critical policy window. Supportive measures should address market expectations and societal concerns, focusing on key economic bottlenecks. Meanwhile, policies should prioritize demand-side measures, strengthen countercyclical adjustments, and promote higher household income and consumer confidence."



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 10-20 February 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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