

Embargoed until: 10:30 (BEIJING), 24 October 2011

HSBC Flash China Manufacturing PMI™

Chinese manufacturing output rises at sharpest rate since April

- Flash China Manufacturing PMI™ at 51.1 (49.9 in September). 5-month high.
- Flash China Manufacturing Output Index at 51.7 (50.3 in September). 6-month high.

Data collected 12–20 October.

The HSBC Flash China Manufacturing *Purchasing Managers' Index™* (PMI™) is published on a monthly basis approximately one week before final PMI data are released, making the HSBC PMI the earliest available indicator of manufacturing sector operating conditions in China. The estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate indication of the final PMI data.

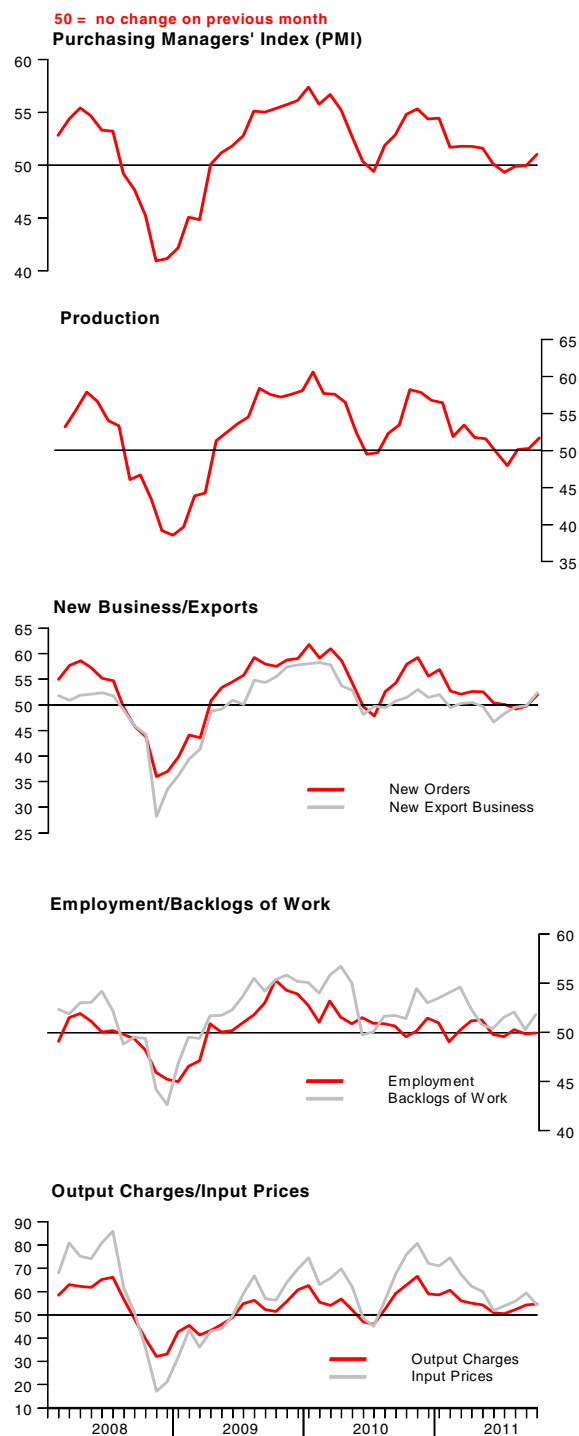
China Flash Manufacturing PMI™ Summary

50.0 = no change on previous month (seasonally adjusted)

PMI	Expansion, change of direction
Output	Expansion, faster rate
New Orders	Expansion, change of direction
New Export Orders	Expansion, change of direction
Employment	No change
Backlogs of Work	Expansion, faster rate
Output Prices	Inflation, faster rate
Input Prices	Inflation, slower rate
Stocks of Purchases	Contraction, slower rate
Stocks of Finished Goods	Contraction, slower rate
Quantity of Purchases	Expansion, faster rate
Suppliers' Delivery Times	Lengthening, faster rate

Commenting on the Flash China Manufacturing PMI survey, Hongbin Qu, Chief Economist, China & Co-Head of Asian Economic Research at HSBC said:

"Thanks to the pick-up in new orders and output, the headline flash PMI rebounded back into expansionary territory during October, marking a steady start to manufacturing activities in 4Q. Meanwhile, inflation components within the PMI results confirmed stable output prices growth and slower input price inflation. All these data confirm our view that there is no risk of a hard landing in China."



For further information, please contact:

HSBC

Hongbin Qu, Chief Economist, China & Co-Head
of Asian Economic Research
Telephone +852-2822-2025
Email hongbinqu@hsbc.com.hk

Diana Mao, Head of Group Communications, China
Telephone +86 21-3888-1251
Email dianayqmao@hsbc.com.cn

Markit

Alex Hamilton, Economist
Telephone +44-1491-461-076
Email alex.hamilton@markit.com

Rachel Harling, Corporate Communications
Telephone +44-20-7064-6283
Mobile +44-782-789-1072
Email rachel.harling@markit.com

Notes to Editors:

Final October data are published on 1 November 2011.

The HSBC China Report on Manufacturing is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 420 manufacturing companies. The flash estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2008 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
HSBC China Manufacturing PMI	0.0	0.6
HSBC China Manufacturing Output Index	0.1	1.0

The panel is stratified by Standard Industrial Classification (SIC) group and company size, based on industry contribution to Chinese GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The *Purchasing Managers' Index™ (PMI™)* is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

HSBC:

Headquartered in London, HSBC is one of the world's largest banking and financial services organisations and one of the industry's most valuable brands. We provide a comprehensive range of financial services to around 89 million customers through two customer groups, Retail Banking and Wealth Management (formerly Personal Financial Services) and Commercial Banking, and two global businesses, Global Banking and Markets and Global Private Banking.

Our international network covers 87 countries and territories in six geographical regions: Europe, Hong Kong, Rest of Asia-Pacific, Middle East and North Africa, North America and Latin America. With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by over 220,000 shareholders in 129 countries and territories.

About Markit:

Markit is a leading, global financial information services company with over 2,200 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information please see www.markit.com

About PMIs:

Purchasing Managers' Index[™] (*PMI*[™]) surveys are now available for 32 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. To learn more go to www.markit.com/economics

The intellectual property rights to the HSBC Flash China Manufacturing PMI[™] provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[™] and *PMI*[™] are trade marks of Markit Economics Limited, HSBC use the above marks under license. Markit and the Markit logo are registered trade marks of Markit Group Limited.