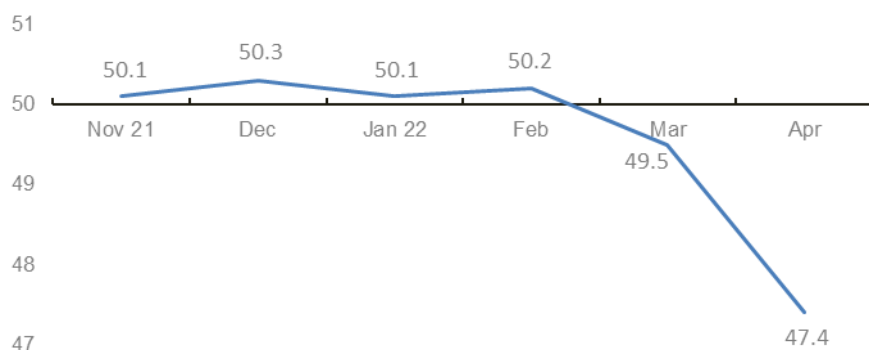


PMI Report on China Manufacturing

China’s manufacturing PMI falls to a two-year low of 47.4 in April, indicating further contraction in the manufacturing sector amid recent COVID-19 resurgence

China Manufacturing PMI, seasonally adjusted



China Manufacturing at a Glance – April 2022

Index	Seasonally Adjusted Index	Index Compared with the Previous Month	Direction
PMI	47.4	Lower ▼	Contracting
Output	44.4	Lower ▼	Contracting
New Orders	42.6	Lower ▼	Contracting
New Export Orders	41.6	Lower ▼	Contracting
Backlogs of Orders	46.0	Lower ▼	Contracting
Stocks of Finished Goods	50.3	Higher ▲	Expanding
Stocks of Major Inputs	46.5	Lower ▼	Contracting
Purchases of Inputs	43.5	Lower ▼	Contracting
Imports	42.9	Lower ▼	Contracting
Input Prices	64.2	Lower ▼	Rising
Ex-factory Prices	54.4	Lower ▼	Rising
Employment	47.2	Lower ▼	Contracting
Suppliers’ Delivery Time	37.2	Lower ▼	Slowing
Business Expectations	53.3	Lower ▼	Optimistic

12 of the 13 sub-indices were lower than their respective levels in the previous month. For example, both the new orders index and the new export orders index went down by more than 5.0 pts from the previous month, indicating that both domestic demand and export demand have weakened considerably recently. Against this backdrop, production activities have contracted sharply: The output index fell by 5.1 pts to a two-year low of 44.4 in April. Moreover, the stocks of finished goods index rose above 50 for the first time in nine years, while the suppliers’ delivery time index plunged by 9.3 pts from the previous month to 37.2 in April, both suggesting serious supply chain delays due to disruption from the recent COVID-19 resurgence.

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By size of enterprises, the PMI of 'large enterprises' dipped into the contractionary territory, registering 48.1 in April, compared with 51.3 in March. The PMI of 'medium enterprises' dropped to 47.5 in April from 48.5 in March. The PMI of 'small enterprises' fell to 45.6 in April from 46.6 in March.

The output index came in at 44.4 in April, down from 49.5 in March. The output indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all below the neutral level of 50, registering 45.2, 44.5 and 42.5 respectively in April.

The new orders index came in at 42.6 in April down from 48.8 in March. By size of enterprises, the new orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were all in the contractionary zone, registering 44.3, 42.2 and 39.3 respectively in April.

The new export orders index went down to 41.6 in April from 47.2 in March. The new export orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the neutral level of 50, registering 45.2, 37.0 and 34.0 respectively in April.

The backlogs of orders index edged down to 46.0 in April from 46.1 in March. The backlogs of orders indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed below the critical 50-mark, registering 48.3, 45.7 and 41.5 respectively in April.

The stocks of finished goods index went up to 50.3 in April from 48.9 in March. The stocks of finished goods index of 'large enterprises' stayed above the neutral level of 50, registering 51.7 in April. Meanwhile, the stocks of finished goods indices of 'medium enterprises' and 'small enterprises' remained in the contractionary zone, registering 49.8 and 48.0 respectively in the month.

The stocks of major inputs index went down to 46.5 in April from 47.3 in March. The stocks of major inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the critical 50-mark, registering 46.7, 46.7 and 45.8 respectively in April.

The purchases of inputs index went down to 43.5 in April from 48.7 in March. The purchases of inputs indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed below the neutral level of 50, registering 45.5, 42.1 and 41.0 respectively in April.

The imports index declined to 42.9 in April from 46.9 in March. The imports indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained below the critical 50-mark, registering 43.6, 39.5 and 48.2 in April.

The input prices index went down to 64.2 in April from 66.1 in March. The input prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed above the critical 50-mark, registering 66.2, 62.8 and 61.8 in April.

The ex-factory prices index came in at 54.4 in April, down from 56.7 in March.¹ The ex-factory prices indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all remained above the neutral level of 50, registering 56.4, 53.4 and 51.5 respectively in April.

The employment index went down to 47.2 in April from 48.6 in March. The employment indices of 'large enterprises', 'medium enterprises' and 'small enterprises' all stayed below the neutral level of 50, registering 47.5, 47.7 and 45.9 respectively in April.

The suppliers' delivery time index came in at 37.2 in April, down sharply from 46.5 in March. A reading above 50 implies faster delivery; below 50, slower delivery. The suppliers' delivery time indices of 'large enterprises', 'medium enterprises' and 'small enterprises' registered 37.5, 36.7 and 37.0 respectively in April.

The business expectations index went down to 53.3 in April from 55.7 in March.² The business expectations indices of 'large enterprises', 'medium enterprises' and 'small enterprises' were 54.3, 53.2 and 51.2 respectively in April.

¹ The ex-factory prices index has been published since January 2017.

² Since January 2017, a new method of seasonal adjustment to the business expectations index has been adopted; and accordingly, the historical readings of the index have been revised.

CFLP

中國物流與採購聯合會

China Federation of Logistics & Purchasing (CFLP) is the logistics and purchasing industry association approved by the State Council. CFLP's mission is to push forward the development of the logistics industry and the procurement businesses of both government and enterprises, as well as the circulation of factors of production in China. The government authorizes the CFLP to produce industry statistics and set industry standards. CFLP is also China's representative in the Asian-Pacific Logistics Federation (APLF) and the International Federation of Purchasing and Supply Management (IFPSM).

NBS

國家統計局

The National Bureau of Statistics (NBS), an agency directly under the State Council in China, is in charge of the country's statistics. It is responsible for formulating statistical policies and establishing the national statistical system, drafting and enforcing the statistical laws and regulations, setting up and improving the national economic accounting system, conducting censuses, as well as making statistical analyses and forecasts of the macroeconomy, social development, scientific advancement, resources and environment.

China Manufacturing PMI

中國製造業採購經理指數

China Manufacturing Purchasing Managers' Index (PMI) provides an early indication each month of economic activities in the Chinese manufacturing sector. It is jointly published by China Federation of Logistics & Purchasing (CFLP) and the National Bureau of Statistics (NBS). Fung Business Intelligence is responsible for drafting and disseminating the English PMI report.

Every month questionnaires are sent to 3,000 manufacturing enterprises all over China. The data presented herein is compiled from the enterprises' responses about their purchasing activities and supply situations. CFLP makes no representation regarding the data collection procedures, nor does it disclose any data of individual enterprises. The PMI should be compared to other economic data sources when used in decision-making.

3,000 manufacturing enterprises in 31 industries from Eastern, Northeastern, Central and Western China are surveyed. The sampling of the enterprises involves the use of Probability Proportional to Size Sampling (PPS), which means the selection of enterprises surveyed is largely based on each industry's contribution to GDP, and the representation of each geographical region.

There are 13 sub-indicators in the survey: Output, New Orders, New Export Orders, Backlogs of Orders, Stocks of Finished Goods, Purchases of Inputs, Imports, Input Prices, Stocks of Major Inputs, Ex-factory Prices, Employment, Suppliers' Delivery Time and Business Expectations. An index reading above 50 indicates an overall positive change in a sub-indicator; below 50, an overall negative change.

The PMI is a composite index based on the seasonally adjusted indices for five of the sub-indicators with varying weights: New Orders—30%; Output—25%; Employment—20%; Suppliers' Delivery Time—15%; and Stocks of Major Inputs—10%. A PMI reading above 50 indicates an overall expansion in the manufacturing sector; below 50, an overall contraction.

Currently there are more than twenty countries and regions conducting the PMI survey and compilation, based on an internationally standardized methodology.

Fung Business Intelligence

Fung Business Intelligence collects, analyses and interprets global market data on sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consulting services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. The Fung Group comprises over 26,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

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