

# PMI

Caixin China  
General Manufacturing  
PMI Press Release

2024.08



# Caixin China General Manufacturing PMI®

## Manufacturing sector conditions improve as new orders return to growth

Operating conditions in China's manufacturing sector improved midway through the third quarter of 2024. Incoming new orders returned to growth, driving faster production expansion. This supported a stabilisation of employment while inventory levels also increased. Moreover, confidence about the outlook climbed in the latest survey period.

Meanwhile, higher demand led to a worsening of supply conditions. That said, price pressures eased amid some reports of lower raw material costs.

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 – rose to 50.4 in August, up from 49.8 in July. Rising past the 50.0 neutral mark, the latest data signalled that conditions in the manufacturing sector improved following the brief deterioration in July. The rate of improvement was only marginal, however.

Manufacturing production expanded for a tenth successive month in August, led by firms in the consumer and intermediate goods sectors. Although modest, the rate of growth accelerated from July's low as incoming new orders returned to expansion. Survey respondents revealed that better underlying demand conditions and promotional efforts underpinned the latest rise in new orders.

Export orders were subdued, however, falling marginally for the first time in the year-to-date amid reports of deteriorating external conditions.

The improvement in overall demand led to a stabilisation of staffing levels following an 11-month period of decline with some firms taking on additional staff to cope with ongoing workloads. This was as backlogged orders rose for a sixth straight month.

Purchasing activity meanwhile fell marginally in August, though this was attributed to Chinese manufacturers having sufficient input stock holdings, which rose in August. Stocks of finished goods also increased with anecdotal evidence suggesting that delays in outbound shipments contributed to the rise in post-production inventory holdings.

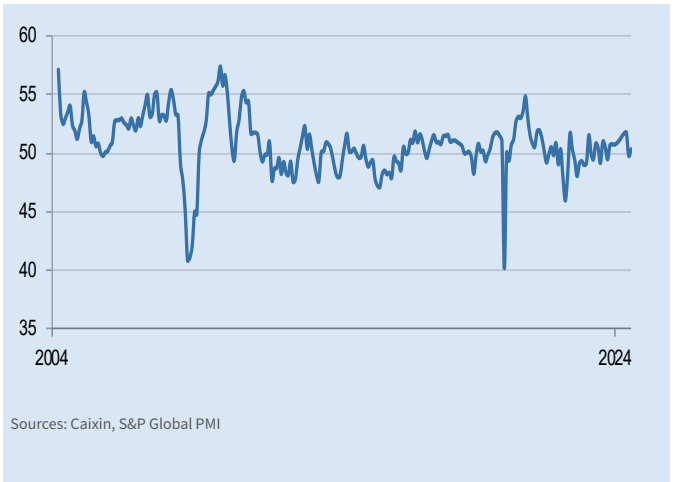
Indeed, vendor performance deteriorated in August. Lead times lengthened at a slightly faster pace in August amidst supply and transportation constraints according to panellists.

Some relief on price pressures was observed with average input costs falling fractionally for the first time in five months. Survey respondents often linked the decline to the lowering of raw material prices. In turn, Chinese manufacturers reduced their selling prices, with some firms indicating offering discounts to remain competitive.

Overall confidence levels rose to a three-month high. Firms grew more optimistic that improvements in economic conditions and business development efforts will bear fruit in the year ahead.

### China General Manufacturing PMI

sa, >50 = improvement since previous month

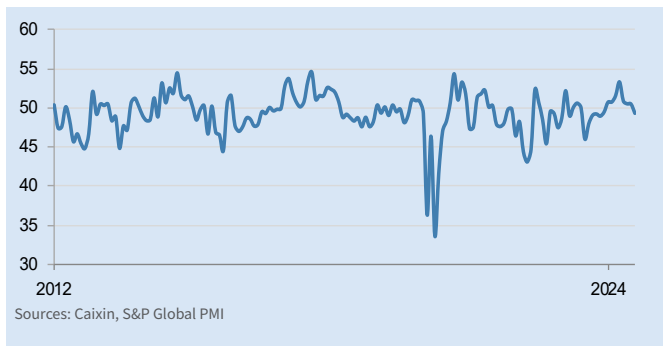


#### Key findings:

- Faster output expansion in August
- Employment stabilises following 11-month run of decline
- Average selling prices fall alongside input costs

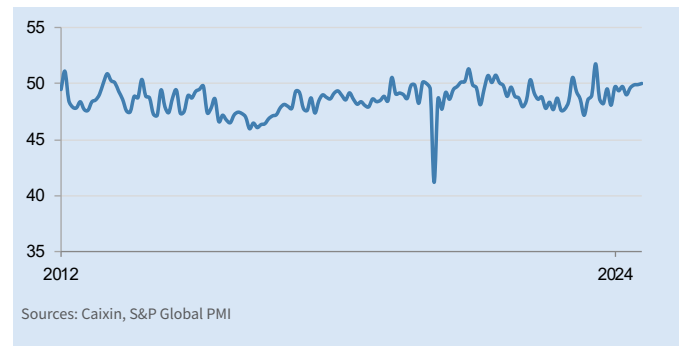
## New Export Orders Index

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 50.4 in August, up 0.6 points from the previous month. This marked a return to expansionary territory, indicating market improvement.”*

*“Supply and demand expanded at different paces. Manufacturers’ output grew for the 10th straight month in August, accelerating slightly from the previous month. In terms of production, consumers and intermediate goods producers outperformed their counterparts that provide investment products.”*

*“Demand picked up as total new orders resumed growth, with stronger demand for intermediate goods. Exports declined for the first time in eight months, dragged particularly by weakening demand for consumer products, pushing the corresponding indicator to the lowest since November.”*

*“Employment remained steady. The labor market stabilized in August after an 11-month contraction. The number of companies increasing their headcount was roughly equal to those reducing it to cut costs. The total workforce at companies producing investment goods grew slightly.”*

*“However, despite the stabilized employment situation, businesses were still unable to absorb all new orders, keeping the gauge for backlogs of work in expansionary territory.”*

*“Price levels came under pressure. Both input and output prices decreased. Lower prices for raw materials such as industrial metals brought down input costs. Output prices decreased amid sales pressure, with the corresponding indicator reaching the lowest level in four months.”*

*“Supplier logistics were delayed as a shortage of raw materials coupled with extreme weather conditions took a toll. Delivery times extended for the third straight month in August and worsened compared to the previous*

*month. Logistics delays along with limited market demand expanded manufacturers’ stocks, resulting in a dual increase in inventories of both raw materials and finished goods.”*

*“Businesses remained optimistic. Surveyed companies expressed confidence in the market for the following 12-month period. The gauge for future output expectations recovered further from a low in June, albeit remaining below its historical average, reflecting limited optimism.”*

*“Overall, the manufacturing sector improved in August, marked by a stable expansion in supply and demand. External demand was under pressure while employment stabilized. Logistics were delayed. Manufacturer inventories increased, along with deflationary pressure. Market optimism was generally resilient.”*

*“Data released recently on industrial production, consumption, and investment showed that although the economy has continued the trend of stabilization seen in the second quarter, it is significantly weaker than market expectations.”*

*“The Caixin manufacturing PMI for August returned to expansionary territory, but the growth was limited. Considering the government’s ambitious annual economic growth target, the challenges and difficulties in stabilizing growth over the coming months will be substantial.”*

*“Prominent issues such as insufficient domestic demand, significant uncertainties in external demand, and weak market optimism persist. There is still room for fiscal and monetary policy adjustments. There is an increasingly urgent need for China to enhance policy support and ensure the effective implementation of earlier policies.”*



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## Survey methodology

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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](mailto:economics@spglobal.com).

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## Survey dates and history

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Data were collected 12-21 August 2024.

Data were first collected April 2004.

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## About PMI

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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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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## About Caixin

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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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