

# PMI

Caixin China  
General Manufacturing  
PMI Press Release

2024.10



# Caixin China General Manufacturing PMI®

## Manufacturing sector expansion resumes in October

Operating conditions in China's manufacturing sector improved at the start of the final quarter of the year. Higher new work inflows led to an acceleration in production growth. Firms also raised their purchasing activity and inventory holdings as confidence about future output heightened. That said, manufacturers remained cautious regarding workforce numbers, with employment falling again.

Meanwhile input prices rose in October, albeit only marginally. This led to manufacturers raising selling prices slightly for the first time since June.

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 50.3 in October, up from 49.3 in September. Rising past the 50.0 neutral mark, the latest data signalled that conditions in the manufacturing sector improved following a brief deterioration in September.

Central to the latest advancement in manufacturing sector conditions was renewed new business growth. Incoming new orders placed with Chinese manufacturers increased at the quickest pace in four months, attributed to better underlying demand conditions and successive new business development endeavours. Export orders remained in decline, however, but saw the rate of reduction ease in the latest survey period.

As a result of higher new work inflows, manufacturing production expanded at an accelerated pace. Confidence about future output also improved among Chinese manufacturers, as optimism levels climbed from September's low to the highest level in five months. Firms were generally hopeful that better economic conditions and R&D efforts can help to support sales in the year ahead.

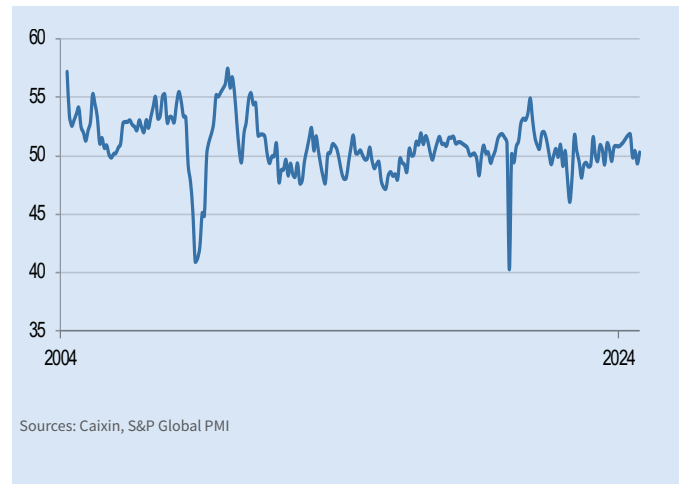
Purchasing activity meanwhile rose in response to the uptick in new work, which led to further accumulation of stocks of purchases. Post-production inventory holdings had also increased in tandem as production expanded. Anecdotal evidence suggested that some firms started to rebuild safety stock in October, anticipating higher future demand.

Caution was extended towards hiring, however, with the non-replacement of job leavers resulting in the quickest fall in employment levels in nearly one-and-a-half years. In turn, the level of unfinished work rose in October amid the reduction in workforce capacity.

Turning to prices, average input costs rose for the first time in three months, albeit only fractionally. Higher input material costs, such as for metals, and energy prices were often mentioned by panellists as reasons for renewed inflation. As a result, average selling prices increased for the first time since June as firms passed on higher input costs. Export charges continued to fall, however, as exporters faced higher competition. Furthermore, freight costs reportedly fell for some exports despite average lead times lengthening again in October.

### China General Manufacturing PMI

sa, >50 = improvement since previous month



#### Key findings:

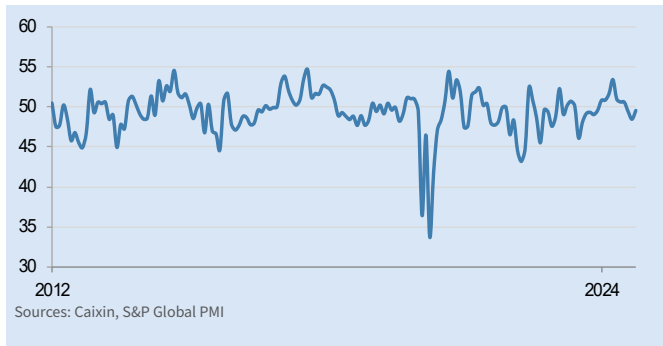
Production grows at fastest pace in four months amid renewed rise in new orders

Output prices rise fractionally in line with similar increase in input costs

Job shedding intensifies in October

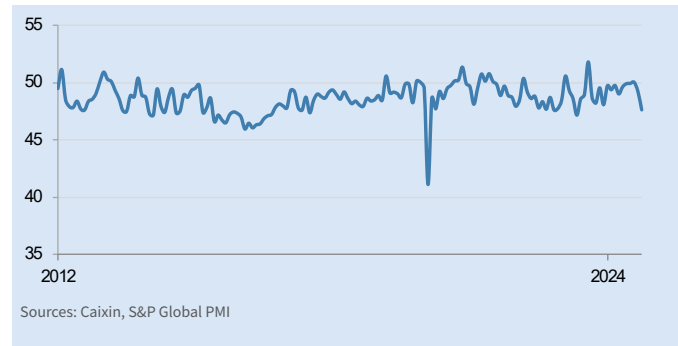
## New Export Orders Index

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 50.3 in October, up 1 point from the previous month. This marks a return to expansion in the manufacturing sector.*

*“Supply and demand both expanded. Overall market demand recovered, while production grew steadily. In October, the output subindex remained in expansionary territory for the 12th month in a row, reaching a new high for the second half of the year. The subindex for total new orders returned to positive territory, hitting its highest level since June. Production and sales of intermediate goods were strong, but consumer goods production lagged.*

*“External demand, however, remained weak. The gauge for new export orders stayed in contractionary territory for the third consecutive month, reflecting sluggish global economic conditions, which weighed particularly on exports of investment and consumer goods.*

*“Employment fell. Despite the increase in supply and demand, manufacturers remained cautious about hiring, leading to a second consecutive month of job cuts. The employment subindex fell to its lowest level since May 2023, with widespread declines in staffing among companies producing investment goods. The rise in market demand combined with a shrinking workforce led to increased backlogs of work, pushing the corresponding measure into expansionary territory. The largest increase in backlogs was seen in companies producing investment goods.*

*“Prices edged up. Input and output prices both rose slightly in October, ending two- and three-month declines. Rising energy and industrial metal prices drove up input costs, while stable market demand allowed companies to pass some of these costs onto customers.*

*“Supplier delays continued. The gauge for suppliers’ delivery times remained in contractionary territory for the fifth month in a row, indicating ongoing*

*delays in transportation and production that struggled to meet demand. As the market recovered, manufacturers increased purchases and replenished inventories. In October, the gauges for quantity of purchases, raw material inventories, and finished goods inventories were all in expansionary territory.*

*“Business confidence improved. Manufacturers became more optimistic, with the gauge for future output expectations rebounding to its highest level in five months, up from the second-lowest level on record in September, although it was slightly below the historical average.*

*“In summary, October saw growth in manufacturing supply and demand, increases in prices, proactive inventory replenishment by companies, and logistics delays. Business optimism improved. However, weak external demand and declining employment remained areas of concern.*

*“In late September, China’s Politburo noted emerging challenges in the economy and emphasized the need to focus on key areas and introduce new policies. Following this, a series of new policies were rolled out. Data from the Caixin manufacturing PMI survey show that market demand stabilized and optimism improved, suggesting early signs of policy impact.*

*“However, the labor market remains under pressure, and price levels are still subdued. The effectiveness of these new policies in improving domestic demand, employment and livelihoods will require close monitoring. Additionally, achieving China’s 2024 growth target will depend on a sustained recovery in consumer demand. That means policy efforts should focus on increasing household disposable income more effectively.”*



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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 10-23 October 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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