

PMI

Caixin China
General Manufacturing
PMI Press Release

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Caixin China General Manufacturing PMI®

Manufacturing sector returns to growth in June

China's manufacturing sector returned to growth at the end of the second quarter, according to the latest PMI® data. Higher new order inflows supported a renewed rise in production. That said, the rate at which new orders expanded was only marginal amid subdued exports. Business confidence meanwhile softened since May, and firms remained cautious with regards to staff hiring.

Turning to prices, average charges fell at the most pronounced pace since January, which in turn was supported by lower input costs in 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 50.4 in June, up from 48.3 in May. Posting above the 50.0 no-change threshold in June, the latest figure signalled that manufacturing sector conditions improved at the end of the second quarter. Business conditions have now improved in eight of the past nine months.

Helping to lift the headline index was a renewed expansion in manufacturing production in June following a brief decline in May. While modest, the rate of growth was the quickest since November 2024, and driven by reports of firmer demand conditions. According to panellists, better trade conditions and promotional activities supported a fresh rise in new orders. The rate of new order growth was only marginal, however, as external demand remained muted. New export orders declined for the third month in a row in June, albeit at a noticeably weaker pace than in May.

Meanwhile, a slight accumulation of backlogged orders was recorded for the first time in three months. This was attributed to both higher new work inflows and a reduction in workforce capacity. Employment across the Chinese manufacturing sector fell in June amid both resignations and redundancies, according to panellists.

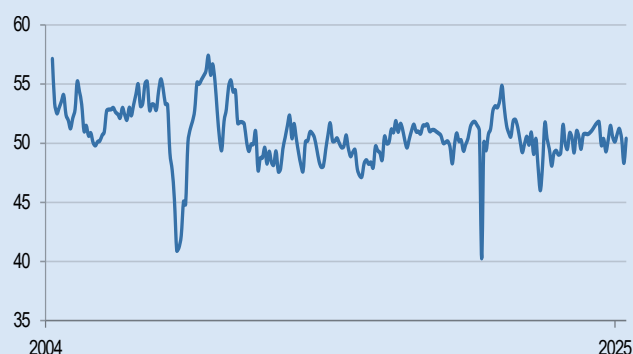
Firms were generally cautious with hiring on the back of cost control measures and reduced optimism regarding output in the next 12 months. While the Future Output Index posted above the neutral 50.0 threshold to reflect positive expectations for the year ahead, the level of confidence eased since May and remained below the series long-run trend. Nevertheless, companies were hopeful that business development efforts and new product launches will help to drive sales and production growth.

Sufficient holdings of input stocks at goods producers led to a reduction in input buying in June. The level of pre-production inventory across the sector was unchanged on the month. In contrast, stocks of finished goods were depleted slightly as items were shipped out for order fulfilment.

Finally, supply chain conditions continued to deteriorate at the end of the second quarter, as Chinese manufacturers experienced delivery delays again in June. That said, reports of lower raw material prices drove a fourth monthly reduction in average input costs. Chinese manufacturers often shared cost savings with their clients, resulting in another decline in average selling prices. Export charges continued to increase, however, driven by rising shipping and logistics costs.

China General Manufacturing PMI

sa, >50 = improvement since previous month



Sources: Caixin, S&P Global PMI

Key findings:

Production expands at fastest rate since November 2024

Fresh upturn in total new orders, but export sales decline slightly

Average output charges cut at quickest pace in five months

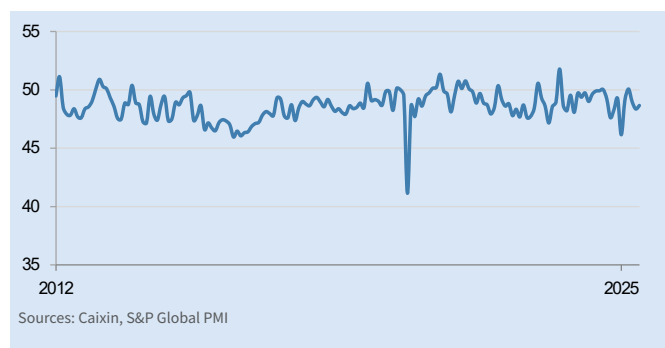
New Export Orders Index

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 June, up 2.1 points from the previous month and returning to expansionary territory. This marked the eighth month of growth in the manufacturing sector out of the past nine months, showing that market conditions were improving.

"Both supply and demand recovered. Manufacturing production and sales returned to growth after a brief contraction in May. In June, amid improvements in the trade environment, manufacturers made efforts to promote sales, causing total new orders to return to expansion. This improved demand drove the recovery in supply, with the subindex for output rebounding by more than 4 points and moving into expansionary territory.

"However, external demand remained weak. Exports of consumer goods remained under particular pressure in the fallout of additional U.S. tariffs, causing new export orders to contract for a third straight month.

"Employment declined. The improvements in supply and demand failed to bolster the job market. Companies continued to prioritize controlling costs while working to improve efficiency. In June, the corresponding indicator languished in contractionary territory for the ninth time in the past 10 months.

"The decline in headcounts at companies producing consumer goods was more pronounced than that recorded at those providing investment and intermediate goods. The shrinking workforce resulted in increased backlogs of work, pushing the corresponding gauge into expansionary territory for the first time in three months, though the increase was marginal.

"Prices remained weak. Low raw material prices led to a continued decline in manufacturers' input costs, with the corresponding indicator staying in contractionary territory for a fourth consecutive month. The decline in sales prices was even more pronounced. In June, output prices declined for the seventh straight month, at the fastest pace in five months. Fierce market competition left

manufacturers with few choices but to cut prices to boost sales.

"Supplier logistics were delayed slightly. The supply chain was relatively strained, and transportation experienced delays. Supplier delivery times lengthened for a fourth consecutive month.

"In terms of inventory, raw material stocks remained stable, while inventories of finished goods declined slightly. Manufacturers reduced their purchases, with the corresponding gauge not only remaining in contractionary territory for the second consecutive month but also hitting its lowest point since September. The decline in purchases was the most significant among consumer goods manufacturers.

"Business optimism weakened. Surveyed companies were still confident about future business, with the indicator for future output expectations remaining in expansionary territory, but the reading was lower than in May.

"Overall, manufacturing supply and demand recovered in June. External demand still faced downward pressure, and employment continued to shrink, while prices remained weak. Logistics were delayed moderately, with manufacturing purchases declining and inventories remaining stable. Businesses became less optimistic.

"With earlier policy measures aiming to stabilize the economy continuing to take effect, the overall operation of the economy remains stable, alongside a gradual recovery of market conditions.

"However, we must recognize that the external environment remains severe and complex, with increasing uncertainties. The issue of insufficient effective demand at home has yet to be fundamentally resolved.

"Recently, major macroeconomic indicators have shown divergence, with consumption in certain sectors increasing beyond expectations, while the momentum for growth in investment and industrial production has weakened. Market participants' expectations remain weak.

"While some of the existing stimulus policies may have front-loaded short-term consumption, unleashing consumption potential in the long term still relies on aspects including stabilizing employment, reinforcing confidence, and increasing incomes."



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@spgglobal.com.

Survey dates and history

Data were collected 12-20 June 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

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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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