

RatingDog China General Manufacturing PMI®

Manufacturing sector conditions improve at quickest pace in five months

August 2025

Manufacturing output returns to growth in August

Total new business expands at quickest pace since March

Fastest rise in average input prices in nine months

Manufacturing sector conditions in China improved midway through the third quarter, according to latest PMI® data. Manufacturing production returned to growth on the back of rising new orders. Meanwhile, the rate of contraction in new export business eased from July. As a result of rising inflows of new work, purchasing activity and inventories expanded, while unfinished business increased. Business confidence also rose, but firms remained cautious with regards to staff hiring.

Turning to prices, average input costs rose at the fastest pace in nine months. At the same time, selling prices stabilised, which ended an eight-month streak of discounting.

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 – posted 50.5 in August, up from 49.5 in July. Rising above the 50.0 no-change threshold in August, the latest figure signalled that manufacturing sector conditions improved midway through the third quarter of the year. Although marginal, the rate of improvement was the quickest in five months.

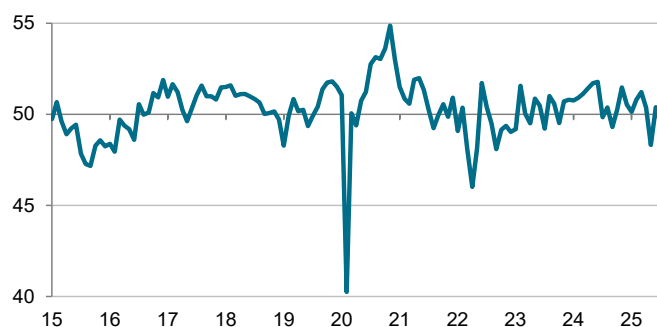
Rising new orders supported a renewed expansion of manufacturing output in August. This marked the second time in the past three months in which output has increased, though the upturn was only marginal. Better underlying demand conditions and successful promotional efforts underpinned the latest rise in new orders, according to panellists. Though modest, the rate of new order growth was the quickest seen since March. Companies signalled that the improvement in sales was largely driven by firmer domestic demand, as new export orders fell slightly.

Stronger inflows of new orders also led to a renewed accumulation of backlogged work in August. The rate at which unfinished business increased was the quickest in six months. Despite greater capacity pressures, manufacturers remained cautious with regards to their staffing levels, opting instead to shed staff for a fifth consecutive month.

Purchasing activity increased for a second consecutive month amid higher new orders and production. Anecdotal evidence

RatingDog China General Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 12-20 August 2025.

Sources: RatingDog, S&P Global PMI. ©2025 S&P Global.

Comment

Commenting on the China General Manufacturing PMI Yao Yu, Founder at RatingDog said:

"The RatingDog China Manufacturing PMI rose to a five-month high of 50.5 in August, indicating an improvement in China's manufacturing conditions and a return to expansion. However, the latest upturn resembled a breath of relief rather than a sustained rally.

"It's positive to see output bounce back above the 50 no-change mark after July's dip, and new orders picked up, pushing inventories of raw materials and finished goods higher. New export orders are still in contraction, but the pace of decline has eased. That's encouraging, yet we shouldn't get carried away, because external demand looks partly pulled-forward while domestic demand stays soft, so the upside to output may be limited unless domestic demand firms up.

"Besides, input prices continued to rise under the 'Anti-involution' policy backdrop, and those upstream increases are finally showing up in output prices, breaking an eight-month streak of falling charges. Still, profit trends interpreted from the PMI data showed only a slight recovery and remain under pressure overall.

"Notably, the manufacturing sector is helping the recovery, but this rebound is patchy. With weak domestic demand, potentially overstretched external orders, and slow profit recovery, the durability of the improvement depends on whether exports truly stabilize and whether domestic demand can pick up pace."

suggested that some Chinese manufacturers were keen to stockpile in the latest survey period. Holdings of raw materials and semi-finished goods rose at the quickest pace since November 2020.

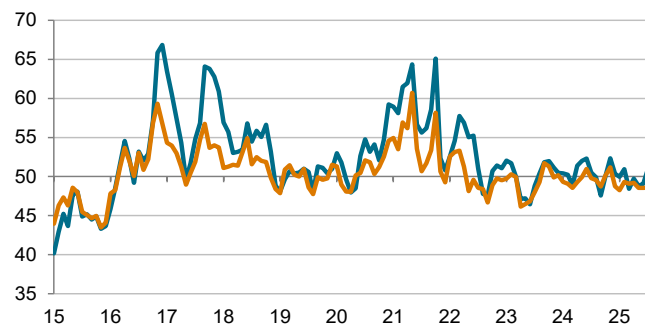
Stocks of finished goods also accumulated midway through the third quarter. This was attributed to both growth in production and delays in outbound shipments. At the same time, lead times for inputs continued to lengthen in August, albeit only fractionally, amid reports of shipping delays and logistics constraints.

Prices data showed that average input costs rose for a second successive month in August. The rate of inflation was the steepest since November 2024 but remained below the series average. Higher raw material costs were cited as a key reason for the latest increase in expenses. To help cope with rising costs, some manufacturers raised their output charges while others were limited in their ability to pass on higher expenses due to intense competition. As a result, average selling prices were unchanged in August following an eight-month period of decline. On the other hand, export charges continued to increase on the back of rising transport costs.

Overall, sentiment regarding the one-year outlook for output in the Chinese manufacturing sector remained positive in August. Goods producers were the most upbeat since March amid hopes that economic conditions will improve, and that company expansion plans will help to drive new sales in the next 12 months.

PMI Input Prices PMI Output Prices

Index, sa, >50 = inflation m/m



Sources: RatingDog, S&P Global PMI. ©2025 S&P Global.

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Methodology

The RatingDog China General Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2004.

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 further information on the PMI survey methodology, please contact economics@spglobal.com.

PMI by S&P Global

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.

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