

China PMI in Mar

Actual rebound seemed shallower than V-shaped PMI

According to the NBS, Mar's PMI figure recorded V-shaped rebound to 50.2% from 35.7% in Feb. However, PMI data primarily reflected MoM change in the current month. A broader examination of PMI subindices and other leading monitors informed that real economic activities have not been tight yet and the rebound in Mar is far from powerful. Recovery has been insufficient for export and consumer-facing industries. With COVID-19 sweeping across the globe, full recovery from hibernation could take longer.

- **Manufacturing production and new orders recovered.** The two subindices posted the most significant rebound among all, both edging above 50%. Procurement also recovered as production resumed gradually. By sector, high-tech, equipment and consumer product manufacturing recorded above-average PMI figures. Corporate anticipation index rose to 54.4%, particularly in policy-supported industries such as pharmaceutical, automobile, computers and telecommunications.
- **Non-manufacturing: consumer-facing industries still suffered.** Non-manufacturing PMI rose to 51.8% in Mar, +21.7ppt from Feb. However, disparity across different industries seemed enlarged. While delivery & logistics, retail, telecommunication outperformed, hotels & restaurants, travel, cultural & sports and other residents' services industries were heavily stricken in continuous contraction.
- **Still exist mounting pressures.** 1) Export concerns hovered. New export orders subindex posted only 46.4% whereas import 48.4%. Due to COVID-19 and subsequent slowdown in global economic activities, export woes are likely to continue in the rest of the year. 2) Prices of output products as well as imported materials continued to decline in Mar, foreshadowing that negative PPI growth could enlarge in Mar. 3) Employment subindex for non-manufacturing stayed at 47.7%, indicating sustained slackness of service-sector employment, although that for manufacturing rose above 50%.
- **Construction activities rallied in Mar.** Construction sector PMI rose from 26.6% in Feb to 55.1% in Mar. Recovery was stronger than the overall non-manufacturing sector. Such trend is consistent with the nations' push for infrastructure investment. Work resumption rate of key projects nationwide (except Hubei) were close to 90% (>98% in southern areas).

Data Summary

PMI and subindices	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Manufacturing PMI	49.3	50.2	50.2	50.0	35.7	52.0
- Production	50.8	52.6	53.2	51.3	27.8	54.1
- New orders	49.6	51.3	51.2	51.4	29.3	52.0
- New export orders	47	48.8	50.3	48.7	28.7	46.4
- Inventory of raw materials	47.4	47.8	47.2	47.1	33.9	49.0
- Employment	47.3	47.3	47.3	47.5	31.8	50.9
Non-manufacturing PMI	52.8	54.4	53.5	54.1	29.6	52.3
- Construction sector	60.4	59.6	56.7	59.7	26.6	55.1

Source: NBS, CMBIS

Ding Wenjie, PhD
 (852) 3900 0856 /
 (86) 755 2367 5597
 dingwenjie@cmbi.com.hk



Source: NBS, CMBIS

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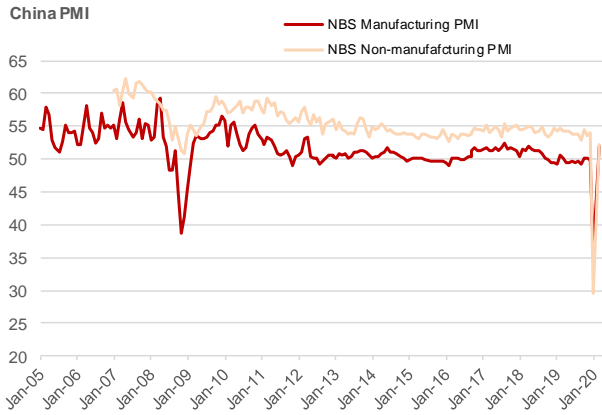
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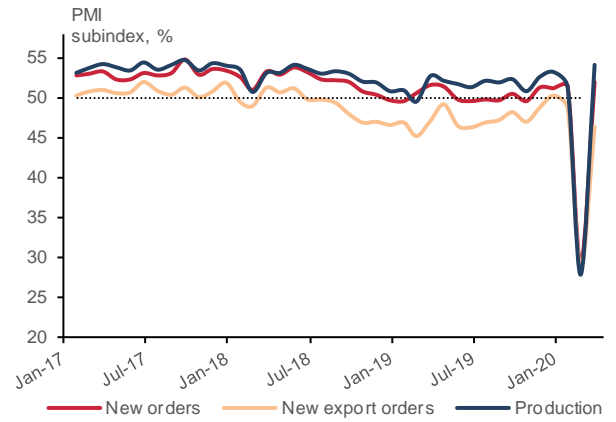
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Figure 1: Manufacturing and non-manufacturing PMI



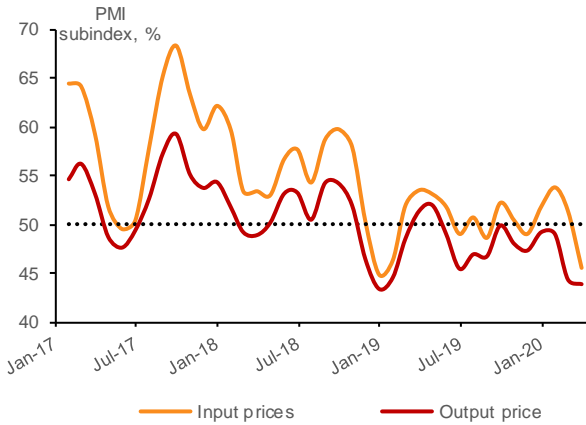
Source: NBS, Wind, CMBIS

Figure 2: Production and new orders improved; new export orders subindex remained below 50%



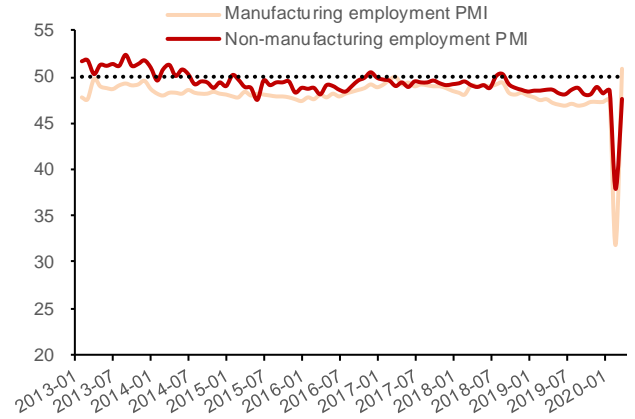
Source: NBS, Wind, CMBIS

Figure 3: Price subindices remained below 50%



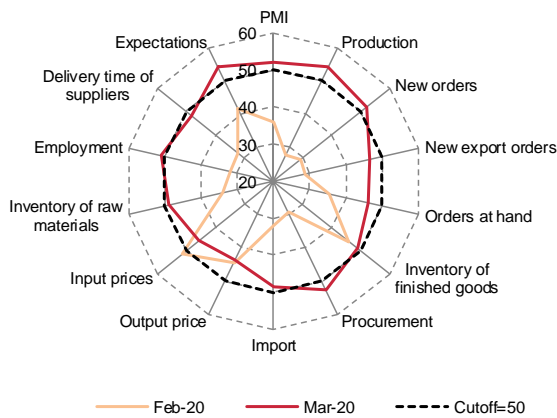
Source: NBS, Wind, CMBIS

Figure 4: Non-manufacturing employment subindex stayed below 50%



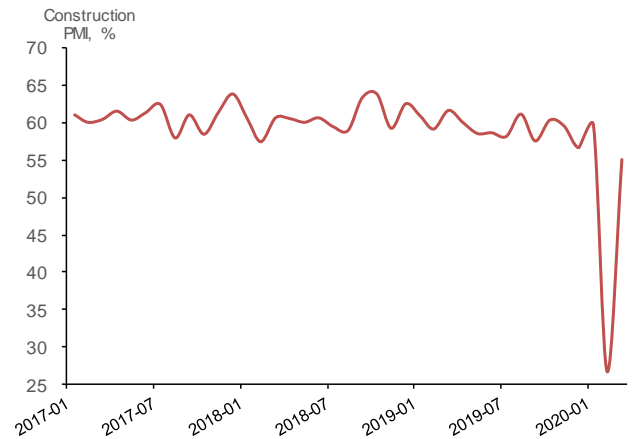
Source: NBS, Wind, CMBIS

Figure 5: Manufacturing PMI and subindices



Source: NBS, Wind, CMBIS

Figure 6: Construction PMI rebounded to 55.1%



Source: NBS, Wind, CMBIS

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CMB International Securities Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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