

# PMI

Caixin China  
General Manufacturing  
PMI Press Release

2022.03



# Caixin China General Manufacturing PMI™

## Manufacturing performance dampened by latest COVID-19 wave in March

The introduction of tighter restrictions to contain the spread of the latest wave of COVID-19 in China weighed heavily on manufacturing performance in March. Companies registered the quickest falls in output and new business since the initial onset of the pandemic in February 2020, with restrictions around mobility also leading to a steeper deterioration in supplier performance. Cost pressures meanwhile intensified, with input costs and output charges both rising at the sharpest rates for five months. The ongoing disruption to business operations, rising costs and recent invasion of Ukraine all weighed on business confidence for the year ahead, which slipped to a three-month low in March.

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 – fell from 50.4 in February to 48.1 in March, to signal a renewed deterioration in business conditions. Though modest overall, the pace of decline was the quickest seen since February 2020.

The drop in the headline PMI was partly driven by a renewed and solid fall in production at Chinese manufacturing firms in March. Furthermore, the rate of contraction was the steepest seen for 25 months. Companies frequently mentioned that the measures to contain the spread of COVID-19 had disrupted operations, supply and dampened customer demand.

New orders likewise fell at the sharpest rate since February 2020 in March. Companies commented that both domestic and foreign demand had waned, with new export business declining at the fastest pace for 22 months. The pandemic, and difficulties shipping items to clients, as well as greater market uncertainty due to the Ukraine war had dampened sales, according to panellists.

Disruption to business operations and logistics due to containment measures led to a further deterioration in average supplier performance. Notably, the rate at which delivery times increased was the fastest since last October.

Higher COVID-19 case numbers and increased restrictions also added pressure to capacities, as backlogs of work rose slightly for the second month in a row. This was despite a marginal increase in staffing levels.

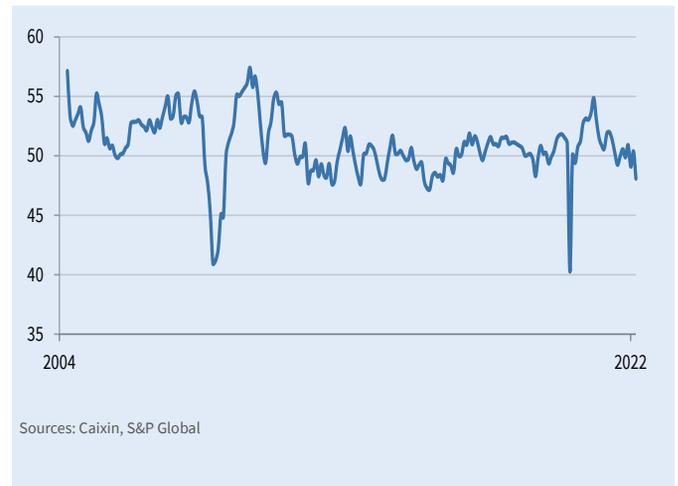
Greater market uncertainty and lower sales led firms to cut back on their purchasing activity, though the rate of contraction was only marginal. At the same time, stocks of both inputs and finished goods fell as firms made greater usage of current inventories amid softer demand conditions. There were also reports that high purchasing costs had contributed to greater utilisation of current stocks.

Overall input costs rose at a sharp and accelerated pace in March, with the rate of inflation hitting a five-month high. Firms sought to pass on additional expenses to clients in the form of higher selling prices. The rate of charge inflation was the quickest since last October and solid overall.

Business expectations regarding future output waned to a three-month low in March. Companies cited a number of headwinds to the outlook, most notably, uncertainty relating to the pandemic, the war in Ukraine and steep rises in costs. Optimism was generally attributed to company expansion plans and hopes that global economic conditions will strengthen as the pandemic recedes.

### China General Manufacturing PMI

sa, >50 = improvement since previous month



#### Key findings:

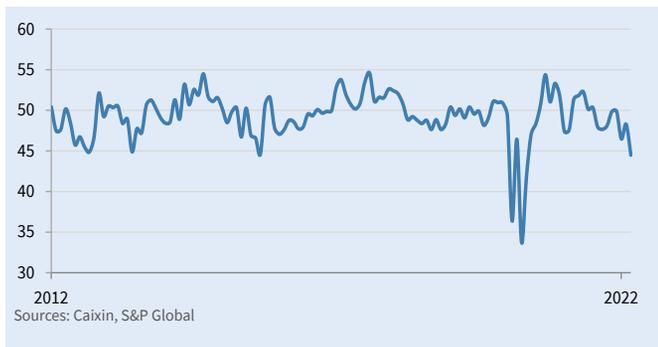
Production falls at quickest rate for just over two years amid tighter pandemic restrictions

Steep declines in total new work and foreign demand

Suppliers' delivery times worsen, cost pressures intensify

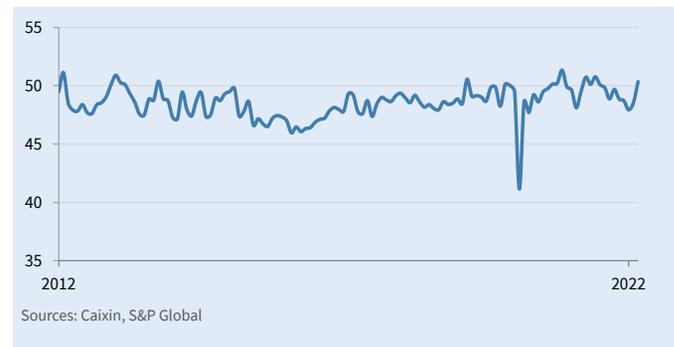
## New Export Orders Index

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 48.1 in March, down from 50.4 the previous month. The index fell to its lowest since February 2020 amid the new wave of Covid-19 flare-ups.*

*“In the manufacturing sector, both supply and demand shrank. In March, Covid-19 flared up in several regions across China, disrupting manufacturing supply chains and impacting production. Market demand weakened, especially for consumer goods. In March, both the gauges of output and total new orders came in at the lowest levels since February 2020. Overseas demand fell sharply, and global transportation conditions deteriorated. The gauge for new export orders hit its lowest in 22 months in March.*

*“The job market improved marginally in March. The employment gauge climbed into positive territory for the first time since July 2021, though the rate of expansion was limited. Some enterprises said they added new employees, while some reported a suspension of recruitment due to the impact of the epidemic.*

*“Inflationary pressures increased. The war between Russia and Ukraine and subsequent sanctions against the former disrupted supply chains and largely pushed up commodity prices. The measures of both input costs and output prices rose to five-month highs in March. The growth in prices of energy and metals was relatively steep, with the high cost partly passed on to downstream producers.*

*“Manufacturing enterprises’ quantity of purchases decreased, deliveries took longer. Affected by the epidemic, the measure of suppliers’ delivery times fell further in contractionary territory, indicating longer delivery times in March. Due to the weak supply and demand, manufacturing enterprises reduced their purchases of raw materials, with the measure of quantity of purchases*

*falling into negative territory. Stocks of finished goods and purchased items also fell.*

*“Manufacturers still held on to a positive outlook for their businesses. Surveyed entrepreneurs remained confident that authorities would get the domestic epidemic under control. However, the degree of their optimism was limited. The measure of future output expectations in March was over 2 points lower than its long-term average.*

*“Overall, impacted by factors including the Covid-19 outbreaks in multiple parts of China, manufacturing activity largely weakened in March. Supply contracted. Demand was also under pressure, and external demand worsened. The job market was more or less stable. Inflationary pressure continued to rise. And market optimism weakened.*

*“At present, China is facing the most severe wave of outbreaks since the beginning of 2020. Meanwhile, uncertainty increased abroad. The prospect of the war between Russia and Ukraine is uncertain, and the commodity market convulsed. A variety of factors resonate, aggravating the downward pressure on China’s economy and underscoring the risk of stagflation.*

*“Policymakers are facing double challenges of “precision” — improving the level of precision of epidemic control measures, to strike a balance between maintaining the normal order of production and life and guarding safety and health of the people; ensuring fiscal policy and monetary policy are implemented precisely. Policymakers should care about vulnerable groups, enhancing supports for key industries and small and micro businesses, to stabilize market expectations.”*



---

## 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 500 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

---

## Survey dates and history

Data were collected 11-23 March 2022.

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.

<https://ihsmarkit.com/products/pmi.html>

---

## About Caixin

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.

Read more: <https://www.caixinglobal.com/index/>

For more information, please visit

[www.caixin.com](http://www.caixin.com)

[www.caixinglobal.com](http://www.caixinglobal.com)

---

## About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

[www.spglobal.com](http://www.spglobal.com)

---

## Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

---

## Contact

Dr. Wang Zhe

Senior Economist

Caixin Insight Group

T: +86-10-8590-5019

[zhewang@caixin.com](mailto:zhewang@caixin.com)

Ma Ling

Brand and Communications

Caixin Insight Group

T: +86-10-8590-5204

[lingma@caixin.com](mailto:lingma@caixin.com)

Annabel Fiddes

Economics Associate Director

S&P Global

T: +44 1491 461 010

[annabel.fiddes@spglobal.com](mailto:annabel.fiddes@spglobal.com)

Joanna Vickers

Corporate Communications

S&P Global

Telephone +44 207 260 2234

[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

**PMI™**  
by **S&P Global**