

# PMI

Caixin China  
General Manufacturing  
PMI Press Release

2024.05



# Caixin China General Manufacturing PMI®

## Business conditions improve with fastest output growth in nearly two years

Business conditions in the Chinese manufacturing sector improved at a more pronounced rate midway into the second quarter of 2024. Production growth accelerated amid rising new orders. This led to faster accumulation of backlogged work, while purchasing activity also rose. Firms were hesitant to hire additional workers, however, even as sentiment about the outlook improved.

Meanwhile input price inflation climbed to a seven-month high. Average selling prices were little changed whilst there was a renewal of export charge inflation in May.

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 51.7 in May, up from 51.4 in April. This indicated a seventh successive monthly improvement in the health of the sector. Moreover, the rate of growth was the fastest in 23 months.

Manufacturing production rose at the fastest pace since June 2022, with firms in the consumer segment reporting especially sharp output growth in May. This was underpinned by higher new work inflows, as stronger demand, both domestically and abroad, supported by heightened interests in new products led to the latest rise in new orders, according to panellists. The rate of new order expansion slowed slightly from April, however.

Purchasing activity also increased in May as firms sought to acquire more inputs to fulfil ongoing production requirements and in anticipation of output growth. In turn, stocks of purchases rose with the intent for safety stock building.

In contrast, stocks of finished goods returned to contraction in May, though this was attributed to faster outbound shipments for the fulfilment of orders. Maintaining this theme, lead times for the delivery of inputs shortened for a third successive month.

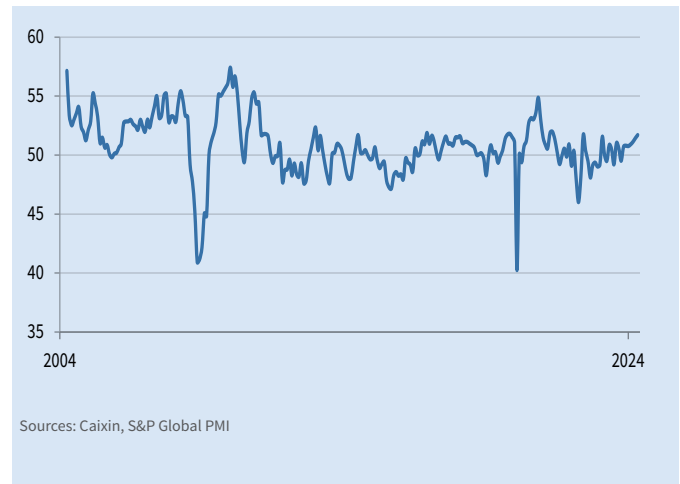
Backlogged work meanwhile accumulated for a third month in a row and at the quickest pace since September 2021 amid rising new work inflows. Firms remained hesitant to take on additional workers, however, as reflected by falling employment levels, albeit at a slower rate compared to April.

On the price front, average input costs continued to increase for Chinese manufacturers in May. Firms often mentioning rising metals, plastics and energy costs. The rate of input price inflation was the highest since last October, despite being modest. Average output prices were little changed in May. Whilst some firms were keen to share their rising cost burdens with clients, others continued to suppress charges to remain competitive. An increase in average export charges was also observed for the first time in three months.

Finally, sentiment among Chinese manufacturers remained positive in May with panellists expressing hopes that market demand can improve both locally and abroad to support higher production in the year ahead. The level of confidence also improved from April.

### China General Manufacturing PMI

sa, >50 = improvement since previous month

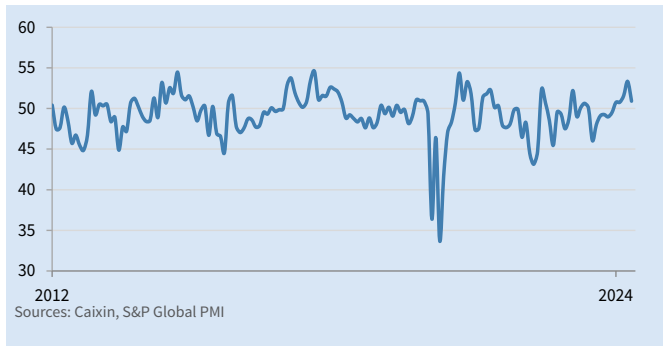


#### Key findings:

- Production expands at most pronounced pace since June 2022
- Fastest purchasing activity growth in three years as confidence improves
- Input price inflation rises to seven-month high

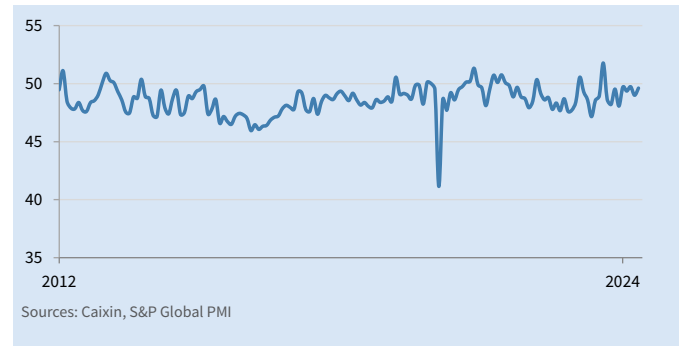
## New Export Orders Index

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 51.7 in May, up 0.3 points from the previous month and logging a high not seen since June 2022. It also marked the fourth consecutive month of accelerated growth in the sector as the overall market continued to improve.*

*“Both supply and demand expanded amid the upturn. Growth in manufacturers’ output reached a 23-month high in May, with particularly strong increases in consumption goods production. Total new orders registered the 10th straight month of growth, although demand for intermediate goods was relatively weak. New export orders grew for the fifth consecutive month, albeit at a slower pace.*

*“Employment continued to shrink. The sector’s labor market remained in contraction for the ninth straight month. The corresponding gauge has only managed to reach into expansionary territory twice since March 2022 — in February and August 2023. The improvement in the sector’s supply and demand was neither significant nor sustainable enough for businesses to expand their workforce. In addition, backlogs of work rose for the third straight month, reaching the highest in nearly three years.*

*“Price levels remained low. Input costs rose at the fastest pace in seven months, though the increase was modest. Some surveyed companies attributed higher input costs to the rising prices of industrial metals, plastics and crude oil. Sales prices continued to decline amid intense market competition. However, factory gate prices for intermediate goods ticked up.*

*“Supplier logistics continued to improve, with overall delivery times holding more or less steady compared with the levels seen in the previous two months. Manufacturers’ inventories of purchased items increased as production and demand rose, keeping the corresponding gauge in positive territory for the fifth straight month. Meanwhile, the indicator for purchase*

*quantities hit the highest since May 2021.*

*“Businesses grew more optimistic, with the corresponding indicator increasing slightly from the previous month. Surveyed companies had high expectations for improvements in domestic and foreign demand in the following year.*

*“Overall, in May, the manufacturing sector continued to improve, with supply, domestic demand and exports expanding. Logistics and transportation continued to function effectively. Purchase quantities and inventories of purchased items increased as businesses held on to a positive outlook. However, headwinds persisted, with price levels still low, particularly on the sales side. Employment continued to shrink as businesses remained cautious about hiring.*

*“Currently, China’s economy is generally stable and remains on the road to recovery. This is especially evident from the expectation-beating growth in industrial production in April. The economy’s performance is consistent with the Caixin manufacturing PMI, which has remained in expansionary territory for seven consecutive months. Nevertheless, pressure on employment and weaker demand than supply remain prominent issues. The root cause is overall weak expectations, which have stemmed from a variety of adverse internal and external factors over a long period.*

*“It will take time to find solutions to these accumulating problems. Policies aimed at stabilizing the economy, boosting domestic demand and increasing employment need to be strengthened and consistent.”*



---

## 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@spglobal.com](mailto:economics@spglobal.com).

---

## Survey dates and history

Data were collected 10-22 May 2024.

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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

---

## 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 trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

---

## 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)

Jingyi Pan

Economics Associate Director

S&P Global Market Intelligence

T: +65 6439 6022

[jingyi.pan@spglobal.com](mailto:jingyi.pan@spglobal.com)

SungHa Park

Corporate Communications

S&P Global Market Intelligence

T: +82 2 6001 3128

[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

**PMI**<sup>®</sup>

by **S&P Global**