

PM Datanote: Caixin Mfg PMI, China, Nov

In one line: PMI buoyed by rising near-term demand; but under the shadow of protectionism risks in 2025

- China: Caixin manufacturing PMI rose to 51.5 in November from 50.3 in October. Consensus was 50.6.

Caixin manufacturing index points to stronger activity and sentiment

The November Caixin PMI concurred with the earlier official PMI in indicating rising Chinese manufacturing activity led by output and domestic demand, and gave a rosier view on export demand. The Caixin headline PMI climbed 1.2 points to 51.5, the highest since June. The production gauge gained 1.4 points to 53.2, while overall new orders jumped 2.2 points to 52.9. New export orders rebounded 2.0 points to 51.5, after two straight months of decline. This

likely reflects traders front-loading orders ahead of potential higher US tariffs after Donald Trump returns as US president. Note that the Caixin PMI has a higher weighting of light industries, exporters and the private sector.

The Caixin input price index bounced 2.2 points to 52.3 in November, while the output price index rose 1.1 points to 51.2, a second straight month over 50 and the highest since October 2023. But it's too soon to celebrate

the defeat of deflationary forces. The official PMI producer price index fell 2.2 points to 47.7, and has more closely tallied with the GDP deflator. The Caixin output price index has registered more than 50 in six months since the GDP deflator began falling in Q4 2022, while the official PMI producer price index has done so only three months.

Business sentiment revived, with the future output index rising 2.3 points to 57.1, the highest since March.

Firms ramped up purchases of raw materials and inputs too with the quantity of purchases index jumping 3.7 points to 54.7. But firms are still shedding their workforces, with the employment index at a miserable 48.3, albeit up 0.7 points from the previous month. Firms cited cost worries, though the lack of hiring also probably reflects worries about trade protectionism and automation. The government is promoting industrial equipment upgrades as part of its growth stabilisation policy. China is

likely to continue patching together a support package over the coming months, with the Central Economic Work Conference, usually in the second week of this month, as the next big policy event. We don't expect a big bazooka or US-style consumption stimulus, but rather a set of targeted measures aimed at managing debt risks at the same time as stabilising growth.

Caixin Manufacturing PMI	Sep-24	Oct-24	Nov-24
Headline	49.3	50.3	51.5
Production	50.2	51.8	53.2
New Orders	47.5	50.7	52.9
New Export Orders	48.4	49.5	51.5
Employment	49.2	47.6	48.3
Suppliers' Delivery Times	49.5	49.7	50.0
Stock of Purchases	50.6	50.5	51.6
Quantity of Purchases	49.3	51.0	54.7
Stock of Finished Goods	51.8	51.4	51.3
Backlogs of Work	49.0	50.3	51.2
Export Charges	48.9	49.5	49.8
Input Prices	47.6	50.1	52.3
Output Prices	48.7	50.1	51.2
Future Output	51.6	54.8	57.1

Legend

Darker Green	PMI>50 and rising
Light Green	PMI>50 and falling
Darker Red	PMI<50 and falling
Light Red	PMI<50 and rising
White	No Change