

PM Datanote: NBS Mfg PMI, China, February

In one line: post-holiday activity rebound, but firms still wary ahead of the Two Sessions and tariff hikes

- China: Official manufacturing PMI rose to 50.2 in February from 49.1 in January. Consensus was 49.9.

The headline manufacturing index rose 1.1 points to 50.2 in February, reverting to the same level as the

average in October-to-December. This suggests that the impact of the Q4 stimulus round is holding up for longer than we expected. In hindsight, January was the blip; pulled down by holiday effects, despite the NBS's seasonal adjustment.

Production led the way, surging 2.7 points to 52.5 in February, the highest since April. Overall new orders climbed 1.9 points to 51.1, while new export orders gained 2.2 points to 48.6. This is just above last year's

average, 48.4, when export growth was quite strong. The February new export order reading is decent in this context, suggesting the front-loading effect is still ongoing, ahead of likely US tariff hikes this month. Large firms outperformed with a 2.6-point bounce to 52.5, while the medium and small firm gauges remained below 50, both dropping slightly.

The producer price index rose 1.1 point to a still-weak 48.5, suggesting stubborn deflationary forces. This was

despite the raw material purchase price index increasing 1.3 points to 50.8, the highest reading since June. But this is likely a post-holiday effect, rather than marking the end of deflation.

The production expectation index slipped 0.8 points to 54.5, despite the improvement in the production and orders gauges. Firms are probably wary about risks related to trade tensions and the shape of stimulus policies at the upcoming

Two Sessions. President Xi's meeting with private businesses was surely intended to bolster sentiment, but firms are waiting to see whether pro-business policies and, crucially, local implementation match the symbolism.

NBS Manufacturing PMI	Dec-24	Jan-25	Feb-25
Headline	50.1	49.1	50.2
Production	52.1	49.8	52.5
New Orders	51.0	49.2	51.1
New Export Orders	48.3	46.4	48.6
Existing Orders	45.9	45.6	46.0
Finished Goods Inventory	47.9	46.5	48.3
Stock of Purchases	51.5	49.2	52.1
Import	49.3	48.1	49.5
Raw Materials Prices	48.2	49.5	50.8
Producer Prices	46.7	47.4	48.5
Raw Material Inventory	48.3	47.7	47.0
Employment	48.1	48.1	48.6
Suppliers' Delivery Time	50.9	50.3	51.0
Production and Business Expectation	53.3	55.3	54.5
Large Enterprises Activity	50.5	49.9	52.5
Medium Enterprise Activity	50.7	49.5	49.2
Small Enterprise Activity	48.5	46.5	46.3

Legend	
Darker Green	PMI > 50 and rise
Light Green	PMI > 50 and fall
Darker Red	PMI < 50 and fall
Light Red	PMI < 50 and rise
White	No Change