

PM Datanote: Caixin Mfg PMI, China, February

In one line: Caixin PMI shows manufacturing sentiment rebound, despite the brewing trade war

- China: Caixin manufacturing PMI rose to 50.8 in February from 50.1 in January. Consensus was 50.4.

The Caixin index concurred with the official gauge in showing a month-to-month activity improvement in

February, as factories reopened and workers returned following the Lunar New Year holiday. The Caixin headline index gained 0.7 points to 50.8, the fifth straight month over 50, thanks to the late September stimulus round in driving demand. New export orders surged 3.1 points to 51.7 in February - the highest since May - while overall new orders rose 0.8 points to 52.3 and output climbed 1.1 point to 51.6.

The input prices index vaulted 0.9 points to 50.9 in February, reflecting

higher costs of raw materials like copper and various chemicals. But the output price index remained below 50, at 49.3 - albeit rising 1.1 from the previous month - indicating fierce competition and continued manufactured goods deflation.

Sentiment rebounded with the future output index rising 2.0 points to 57.1 in February, the highest since November, before the news of President Trump's victory with its attendant trade war risks. The current

survey conducted over February 10-to-20, so should partly reflect the morale booster of President Xi's symposium with private business executives on February 17. Firms also reported expectations of stronger demand and optimism over the launch of new products.

The employment index, however, remained below 50, at 49.1 in February, recovering from the January holiday low, 46.2, but only to a similar level as December. The gauge has

been below 50 in all but four months since mid-2021. This reflects China's ascent up the value-added ladder to more capital-intensive activities and the greater adoption of automation, thanks to the policy-induced equipment upgrades across various industries. The Two Sessions this week are likely to see continuity of targeted stimulus coupled with policies to promote structural adjustment towards high-tech manufacturing and services and away from reliance on the property sector. China is likely

to build capacity to provide further support later in the year if and when the trade war heats up, notably by recapitalising the big state banks.

Caixin Manufacturing PMI	Dec-24	Jan-25	Feb-25
Headline	50.5	50.1	50.8
Production	50.5	51.2	51.6
New Orders	51.5	52.1	52.3
New Export Orders	48.6	49.9	51.7
Employment	49.3	46.2	49.1
Suppliers' Delivery Times	50.4	50.8	50.6
Stock of Purchases	51.4	51.0	49.8
Quantity of Purchases	51.2	50.6	51.4
Stock of Finished Goods	50.9	51.2	48.7
Backlogs of Work	50.3	50.5	51.0
Export Charges	49.6	50.0	49.6
Input Prices	50.4	50.0	50.9
Ouput Prices	48.8	48.3	49.3
Future Output	53.8	55.1	57.1

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