



China Aug manufacturing up but export outlook slips, Caixin PMI shows

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China's manufacturing activity swung back to growth in August as new orders drove production, a private sector survey showed on Monday, offering a glimmer of hope amid a string of dismal economic data this summer.

However, the first decline in new export orders in eight months sounded the alarm following tamer exports data in July, adding to concerns about the trade outlook just as shipments of Christmas goods began to crest.

Prices of new homes in August also grew at their weakest pace this year, a private survey showed on Saturday, with China's protracted property woes sparked by a debt crisis among developers not expected to go away anytime soon.

The Caixin/S&P Global manufacturing PMI rose to 50.4 in August from 49.8 the previous month, beating analysts' forecasts in a Reuters poll of 50.0 and more upbeat than an official PMI survey on Saturday showing manufacturing activity extended declines in August.

According to the survey, which mostly covers smaller, export-oriented firms, new orders increased after falling in July, driving up production gains for a 10th successive month. Firms in the consumer and intermediate goods sectors, in particular, led the output growth.

But deterioration in external demand led to new export orders falling for the first time in eight months and at the fastest pace since November 2023.

Exports have been a key driver of the world's second-biggest economy as domestic consumption waned and the property crisis hurt business and household confidence.

China's rising trade frictions with major trading partners have also cast an uncertain light on exports.

Even if the Caixin PMI reading returned to expansionary territory, "the growth was limited," said Wang Zhe, economist at Caixin Insight Group.

"Considering the government's ambitious annual economic growth target, the challenges and difficulties in stabilising growth over the coming months will be substantial."

The improvement in overall demand led to a stabilisation of staffing levels following 11 months of declines.

Stocks of finished goods increased with anecdotal evidence suggesting delays in outbound shipments contributed to the rise in post-production inventories.

Lead times lengthened at a faster pace in August amid supply and transportation constraints according to panelists. Extreme weather from deadly floods to scorching heat disrupted logistics in some regions.

Price pressures eased with average input costs falling for the first time in five months. Respondents linked the decline to the lowering of raw material prices.

In turn, producers cut selling prices, with some firms offering discounts to stay competitive.

Manufacturers' optimism improved to the highest since May, but remained below the long-run average.



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