



CCBI SECURITIES | RESEARCH

中国经济评论：5月PMI超预期回落，制造业预计继续走弱

China Economics Update: PMI fell further on softer manufacturing sector

中国5月制造业PMI降幅超预期，主要分项指数均走弱，这与国内高频数据和全球PMI走弱的趋势相符。

5月PMI表明制造业下行压力增大。制造业投资和出口去年三季度见顶后一路下滑，我们预计近期将持续疲软。

在外部风险及制造业下行压力攀升的背景下，消费支持政策已如我们预期推出。而货币政策料将维持稳健，继续有限度的宽松。

China's May PMI dropped more than expected in May. Major sub-indexes all weakened. This was in-line with softer domestic high-frequency data and declining global PMIs.

Today's PMI report points to further downward pressure on the manufacturing sector. We expect manufacturing investments and exports to remain soft in the near-term, as both slid further in Apr after peaking in 3Q18.

Given mounting external risks and downward pressure on the manufacturing sector, consumption policy supports were stepped up as we expected. That said, monetary policy should hold prudent going forward, with measured easing to continue.

Li Cui

(852) 3911 8274
cui@ccbintl.com

Claire Huang

(852) 3911 8012
clairehuang@ccbintl.com

Ying Xue

(852) 3911 8013
xueying@ccbintl.com

Indicators	May 18	2H18	1Q19	Apr 19	May 19 (cons)	May 19 (CCBIS)	May 19 (actl)
Manufacturing PMI	51.9	50.5	49.7	50.1	49.9	49.9	49.4
Non-manufacturing PMI	54.9	54.0	54.6	54.3	54.3	-	54.3
- Services PMI	54.0	52.8	53.6	53.3	-	-	53.5
- Construction PMI	60.1	61.3	60.6	60.1	-	-	58.6

Source: Bloomberg, CCBIS estimates

Manufacturing PMI cooled further in May

China's Manufacturing PMI eased 0.7 ppt to 49.4 in May after a 0.4ppt decline in the previous month, missing the market and our expectations (Bloomberg cons and CCBIS: 49.9).

Sub-indexes showed the slowdown was led by new orders and production:

- **New Orders and Production indexes eased** 1.6 ppt and 0.4 ppt respectively, together shaving 0.6 ppt from headline PMI. The sharp decline of new orders was driven by New Export Orders, which declined 2.7ppt from Apr. This pointed to weaker external demand, in-line with the softer manufacturing PMI readings in major advanced economies like the US and Eurozone. Concurrently, the Import Index also slowed at a similar pace. The further slowdown in the Production Index was consistent with other domestic high frequency indicators such as coal consumption by major power plants.
- **Input prices fell and suppliers' delivery time shortened, pointing to weaker demand.** The Purchasing Price Index and Producer Price Index both eased in May, dropping 1.3ppt and 3.0ppt respectively. This was in-line with falling global commodity prices and high-frequency PPI indicators. The decline in output prices suggest PPI will drop sequentially. Suppliers' delivery time, a reverse indicator of PMI, shortened in May. This, together with falling prices, suggests weaker domestic demand.
- **Business Expectation and Employment indexes also eased.** The Production and Business Expectation Index fell 2.0 ppt after strong improvement in 1Q. Against the backdrop of cooler demand and expectations, the PMI Employment Index also eased 0.2ppt to 47.0, softer than its average reading in 1Q.

Non-manufacturing PMI held stable, supported by services

Non-manufacturing PMI stayed unchanged at 54.3, in-line with market expectations.

Service PMI strengthened by 0.2ppt from the previous month. On the other hand, Construction PMI softened, falling 1.5 ppt in May after a 1.6ppt decline in Apr but the Construction Business expectation index recovered by 2.2ppt after two months of decline.

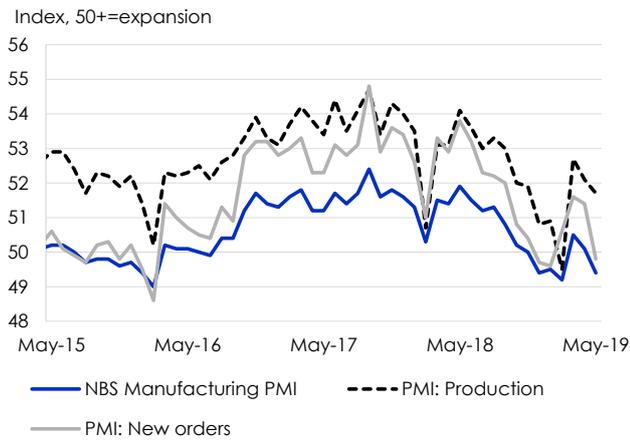
Our view

The notable drop in China's PMI and softer global readings are a reminder that the softness in global trade has prolonged into May. At home, coal consumption by major power generators slowed in May, while other high-frequency demand data softened. We expect manufacturing investments and exports to have remained soft in the near-term. The tax cut is expected to provide some alleviation, but may not fully cancel out the external pressures.

That said, housing investments should remain as the bright spot, as land sales surged in May in value terms. Housing sales in 30 major cities also recovered modestly. Special local government bond issuances held at a steady pace, suggesting infrastructure investment recovery is still on track. As for price indicators, the drops in both input and output producer prices suggest PPI could fall month-over-month in May, albeit marginally.

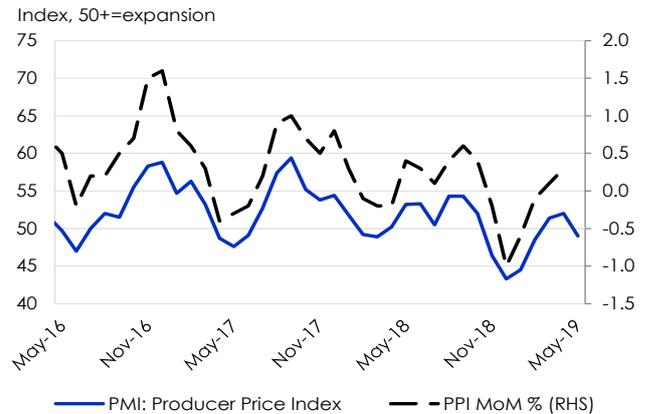
Given mounting external risks and downward pressure on the manufacturing sector, consumption policy supports were stepped up as we expected. Following Guangdong's announcement to relax auto registrations, we expect more local governments to announce consumption-supporting plans, in particular for home appliances, consumer electronics and autos. That said, the PBoC has been quiet in the interbank markets as of late, sitting on a rising 7-day repo rate. Officials have maintained a rather neutral tone for policy direction. We expect monetary policy to hold prudent, with measured easing to continue.

Fig 1. Production and new orders eased the most in May



Source: NBS, CEIC, CCBIS

Fig 2. Output prices fell amid falling global commodity prices



Source: NBS, CEIC, CCBIS

Table 1: PMI breakdown

	May-18	1Q18	2Q18	3Q18	4Q18	1Q19	Apr-19	May-19
NBS Manufacturing PMI	51.9	51.0	51.6	51.1	49.9	49.7	50.1	49.4
Production	54.1	52.4	53.6	53.1	51.6	51.0	52.1	51.7
New orders	53.8	52.3	53.3	52.2	50.3	50.6	51.4	49.8
Raw materials inventory	49.6	49.2	49.3	48.5	47.2	47.6	47.2	47.4
Employment	49.1	48.5	49.0	49.0	48.1	47.6	47.2	47.0
Supplier delivery times	50.1	49.2	50.2	49.8	50.1	50.0	49.9	50.9
New export orders	51.2	49.9	50.6	49.1	46.8	46.4	49.2	46.5
Backlog orders	45.9	45.4	45.9	45.9	44.2	44.6	44.0	44.3
Finished goods inventory	46.1	47.0	46.5	47.3	48.0	46.8	46.5	48.1
Purchases	53.0	52.2	52.8	51.6	50.5	49.5	51.1	50.5
Imports	50.9	50.5	50.4	49.1	46.9	46.9	49.7	47.1
Purchasing Price Index	56.7	55.5	55.8	57.6	51.0	50.6	53.1	51.8
Producer Price Index	53.2	50.0	52.2	53.0	47.2	48.1	52.0	49.0
Production and business expectations	58.7	57.9	58.3	56.7	54.4	55.2	56.5	54.5
Large enterprises	53.1	52.4	52.7	52.2	50.8	51.3	50.8	50.3
Medium enterprises	51.0	49.8	50.5	49.7	48.4	48.0	49.1	48.8
Small enterprises	49.6	47.8	49.9	49.9	49.2	47.3	49.8	47.8
NBS Non-manufacturing PMI	54.9	54.8	54.9	54.4	53.7	54.6	54.3	54.3
Services	54.0	53.9	53.9	53.3	52.3	53.6	53.3	53.5
Construction: Business Activities	60.1	59.6	60.5	60.6	61.9	60.6	60.1	58.6
Construction: New Business	54.2	51.4	54.1	53.9	56.4	55.2	54.6	52.1
Construction: Business Expectation	65.1	65.7	65.0	65.0	66.3	65.6	61.9	64.1
PMI Composite Production Index	54.6	53.8	54.4	53.8	52.8	53.2	53.4	53.3

Rating definitions:**Outperform (O) – expected return > 10% over the next twelve months****Neutral (N) – expected return between -10% and 10% over the next twelve months****Underperform (U) – expected return < -10% over the next twelve months****Analyst certification:**

The author(s) of this document, hereby declare that: (i) all of the views expressed in this document accurately reflect his/her personal views about any and all of the subject securities or issuers and were prepared in an independent manner; and (ii) no part of any of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this document; and (iii) he/she receives no insider information/non-public price-sensitive information in relation to the subject securities or issuers which may influence the recommendations made by him.

The author(s) of this document further confirm that (i) neither he/she nor his/her respective associate(s) (as defined in the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the Hong Kong Securities and Futures Commission) has dealt in/traded or will deal in /trade the securities covered in this document in a manner contrary to his/her outstanding recommendation, or neither he/she nor his/her respective associate(s) has dealt in or traded in the securities covered in this document within 30 calendar days prior to the date of issue of this document or will so deal in or trade such securities within 3 business days after the date of issue of this document; (ii) neither he/she nor his/her respective associate(s) serves as an officer of any of the companies covered in this document; and (iii) neither he/she nor his/her respective associate(s) has any financial interests in the securities covered in this document.

Disclaimers:

This document is prepared by CCB International Securities Limited. CCB International Securities Limited is a wholly-owned subsidiary of CCB International (Holdings) Limited ("CCBIH") and China Construction Bank Corporation ("CCB"). Information herein has been obtained from sources believed to be reliable but CCB International Securities Limited, its affiliates and/or subsidiaries (collectively "CCBIS") do not guarantee, represent and warrant (either express or implied) its completeness or accuracy or appropriateness for any purpose or any person whatsoever. Opinions and estimates constitute our judgment as of the date of this document and are subject to change without notice. CCBIS seeks to update its research as appropriate, but various regulations may prevent it from doing so. Besides certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate according to the analyst's judgment. Forecasts, projections and valuations are inherently speculative in nature and may be based on a number of contingencies. Readers should not regard the inclusion of any forecasts, projections and valuations in this document as a representation or warranty by or on behalf of CCBIS that these forecasts, projections or valuations or their underlying assumptions will be achieved. Investment involves risk and past performance is not indicative of future results. Information in this document is not intended to constitute or be construed as legal, financial, accounting, business, investment, tax or any professional advice for any prospective investors and should not be relied upon in that regard. This document is for informational purposes only and should not be treated as an offer or solicitation for the purchase or sale of any products, investments, securities, trading strategies or financial instruments of any kind in any jurisdiction. CCBIS makes no representations on the availability of the securities covered in this document (or related investment) to the recipients. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Neither CCBIS nor any other persons accept any liability whatsoever for any loss or damages (whether direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential) arising from any use of this document or its contents or otherwise arising in connection therewith. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. The opinions and recommendations herein do not take into account prospective investors' financial circumstances, investment objectives, or particular needs and are not intended as recommendations of particular securities, financial instruments or strategies to any prospective investors. The recipients of this document should consider this document as only a single factor in making their investment decision and shall be solely responsible for making their own independent investigation of the business, financial condition and prospects of companies referred to in this document. Readers are cautioned that (i) the price and value of securities referred to in this document and the income derived from them may fluctuate; (ii) past performance is not a guide to future performance; (iii) any analysis, ratings and recommendations made in this document are intended for long-term (at least for 12

云报告
https://www.yunbaogao.cn

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=1_11871



云报告
https://www.yunbaogao.cn