HSBC Purchasing Managers' Index™ Press Release

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compiled by markit

HSBC Flash China Manufacturing PMI™

March PMI signals modest improvement in operating conditions

Key points

- **Flash China Manufacturing PMI™ at 51.7 (50.4 in February). Two-month high.**
- **Flash China Manufacturing Output Index at 52.8 (50.8 in February). Two-month high.**

Data collected 12–19 March 2013.

The HSBC Flash China Manufacturing *Purchasing Managers' Index™ (PMI™)* is published on a monthly basis approximately one week before final PMI data are released, making the HSBC PMI the earliest available indicator of manufacturing sector operating conditions in China. The estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate indication of the final PMI data.

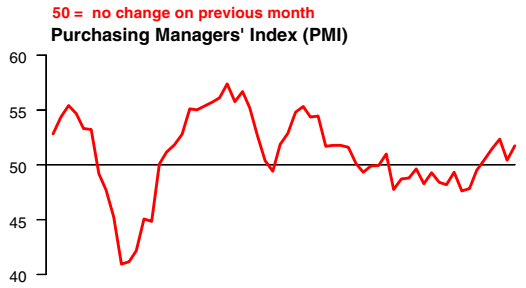
China Flash Manufacturing PMI™ Summary

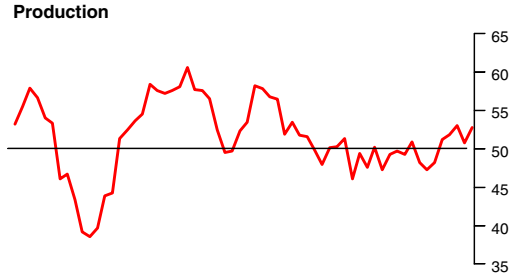
50.0 = no change on previous month (seasonally adjusted)

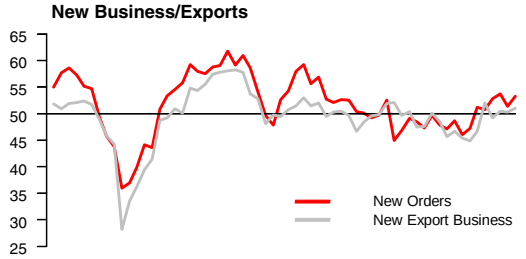
PMI	Increase, faster rate
Output	Increase, faster rate
New Orders	Increase, faster rate
New Export Orders	Increase, faster rate
Employment	Increase, slower rate
Backlogs of Work	Increase, change of direction
Output Prices	Decrease, change of direction
Input Prices	Decrease, change of direction
Stocks of Purchases	Decrease, slower rate
Stocks of Finished Goods	Expansion, change of direction
Quantity of Purchases	Increase, faster rate
Suppliers' Delivery Times	Lengthening, change of direction

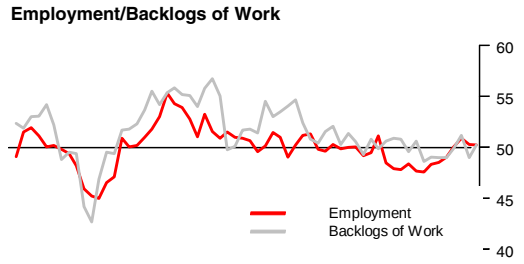
Commenting on the Flash China Manufacturing PMI survey, Hongbin Qu, Chief Economist, China & Co-Head of Asian Economic Research at HSBC said:

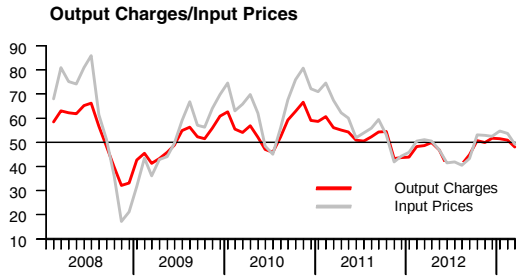
"March flash manufacturing PMI rebounded to 51.7 on the back of stronger new orders and production growth. This implies that the Chinese economy is still on track for gradual growth recovery. Inflation remains well behaved, leaving room for Beijing to keep policy relatively accommodative in a bid to sustain growth recovery."











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Notes to Editors:

Final March data are published on 1 April 2013.

The HSBC China Report on Manufacturing is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 420 manufacturing companies. The flash estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2008 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
HSBC China Manufacturing PMI	0.0	0.5
HSBC China Manufacturing Output Index	0.1	0.8

The panel is stratified by Standard Industrial Classification (SIC) group and company size, based on industry contribution to Chinese GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The *Purchasing Managers' Index™ (PMI™)* is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

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About PMIs:

Purchasing Managers' Index™ (PMI™) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics

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