HSBC Purchasing Managers' Index™ Press Release

Embargoed until: 09:45 (Beijing), 23 April 2013

compiled by markit

HSBC Flash China Manufacturing PMI™

Operating conditions improve marginally in April

Key points

- **Flash China Manufacturing PMI™ at 50.5 (51.6 in March). Two-month low.**
- **Flash China Manufacturing Output Index at 51.1 (53.0 in March). Two-month low.**

Data collected 12–19 April 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.

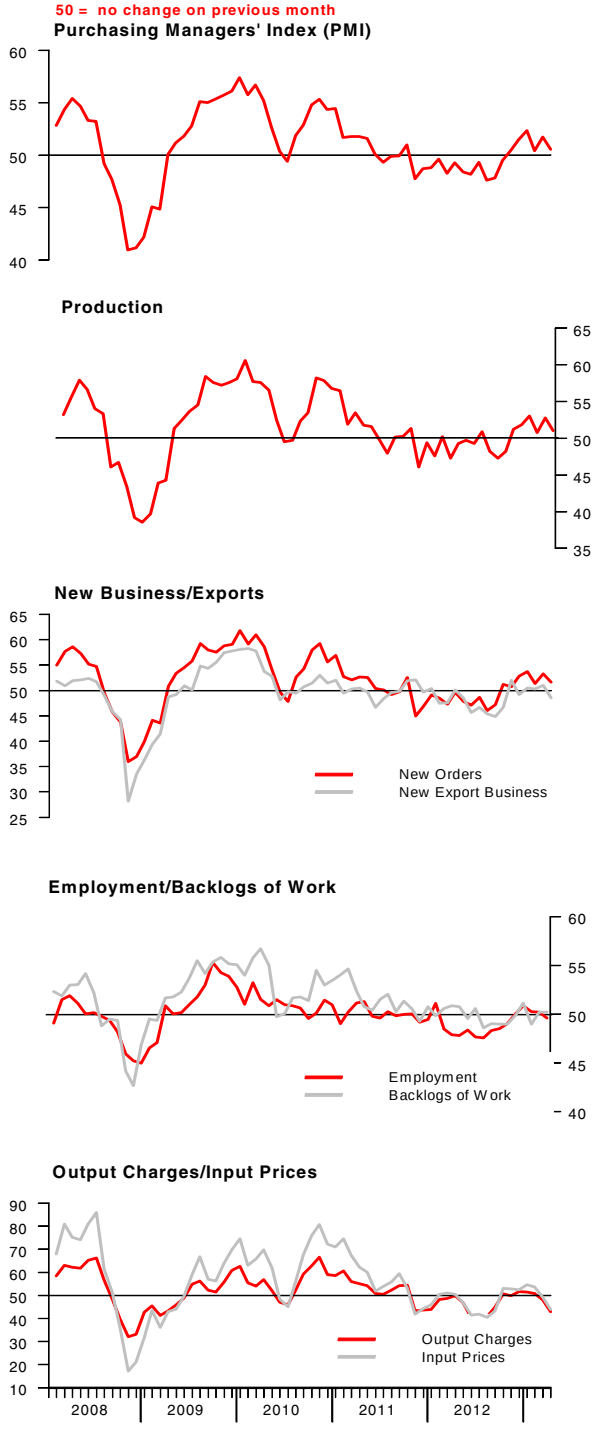
China Flash Manufacturing PMI™ Summary

50.0 = no change on previous month (seasonally adjusted)

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

"The HSBC Flash China Manufacturing PMI came in at a two-month low, but still managed to expand modestly in April, albeit at a much slower pace. However, new export orders contracted after a temporary rebound in March, suggesting external demand for China's exporters remains weak. Weaker overall demand has also started to weigh on employment in the manufacturing sector. Beijing is expected to respond strongly to sustain the economic recovery by increasing efforts to boost domestic investment and consumption in the coming months."



For further information, please contact:

HSBC

Hongbin Qu, Chief Economist, China &
Co-Head of Asian Economic Research
Telephone +852-2822-2025
Email hongbinqu@hsbc.com.hk

Diana Mao, Head of Group Communications, China
Telephone +86 21-3888-1251
Email dianayqmao@hsbc.com.cn

Markit

Annabel Fiddes, Economist
Telephone +44-1491-461-010
Email annabel.fiddes@markit.com

Caroline Lumley, Corporate Communications
Telephone +44-20-7260-2047
Mobile +44-781-581-2162
Email caroline.lumley@markit.com

Notes to Editors:

Final April data are published on 2 May 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.

HSBC Holdings plc:

HSBC is one of the world's largest banking and financial services organisations, with around 6,600 offices in both established and faster-growing markets. We aim to be where the economic growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper, and ultimately helping people to fulfil their hopes and realise their ambitions.

We serve around 58 million customers through our four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 81 countries and territories in six geographical regions: Europe, Hong Kong, Rest of Asia-Pacific, Middle East and North Africa, North America and Latin America. Our aim is to be acknowledged as the world's leading international bank.

Listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by about 220,000 shareholders in 129 countries and territories.

About Markit:

Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information please see www.markit.com

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

The intellectual property rights to the HSBC Flash China Manufacturing PMI™ provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*™ and *PMI*™ are trade marks of Markit Economics Limited, HSBC use the above marks under license. Markit and the Markit logo are registered trade marks of Markit Group Limited.