

Chinese Manufacturing Growth Slows, U.S. Continues Climb

Elaine Kurtenbach, AP Business Writer

SHANGHAI (AP) — Growth in China's manufacturing slowed in February amid efforts to curb overcapacity in some industries and cool inflation by tightening control over bank lending, two surveys showed Monday.

The state-affiliated China Federation of Logistics and Purchasing said its purchasing managers index, or PMI, slipped to 52 in February from January's 55.8 on a 100-point scale. Numbers above 50 show manufacturing activity expanding.

There were clear signs of weakening in many components of the index, the federation said in a statement.

"Given changing trends in domestic and overseas demand, China's economic recovery faces definite uncertainties. We should pay close attention to the weakening in overseas orders," it cited federation analyst Li Zhangqun as saying.

A separate index issued by HSBC Corp. fell to 55.8 in February from 57.6 in January and 56.1 in December.

Despite the decline, HSBC's assessment was more upbeat than that of the federation.

The survey found strong new business growth and export sales at their highest level since March 2005, thanks to improved conditions among China's trading partners.

"Growth momentum for China's manufacturing sector remains strong, pointing to a further acceleration in industrial activities in the coming quarters," Qu Hongbin, chief economist for China at HSBC said in a comment on the survey.

China's economic growth accelerated to 10.9 percent over a year earlier in the final quarter of 2009, driven by 4 trillion yuan (\$586 billion) in stimulus measures.

Subsidies and tax cuts boosted sales of home appliances and autos, fueling a rebound in industrial output.

Now, the government has begun to tighten the lavish bank lending that supported the expansion but also has worsened overcapacity in many industries and is raising concerns over excess inflation.

Banks have been ordered to set aside more reserves to control credit growth, and economists expect an interest rate increase this year.

Chinese Manufacturing Growth Slows, U.S. Continues Climb

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

"Overcapacity in manufacturing, wage pressure and more restrained government spending may have affected sentiment among purchasing managers," Jing Ulrich, JP Morgan's chairwoman of China equities, said in a report.

The China Federation of Logistics and Purchasing's index for overseas orders was at 50.3 in February, barely in positive territory.

Seasonal factors may also have contributed to the lower figure for last month. Industrial activity tends to slow during the Lunar New Year holidays, which this year fell in mid-February.

March 1, 2010

by Tali Arbel, AP Business Writer

NEW YORK (AP) — The manufacturing sector expanded in February for the seventh straight month while a measure of employment jumped to the highest level in more than five years.

The pace of manufacturing growth was slower than in the previous month, and fell short of economists' expectations.

The Institute for Supply Management, an industry trade group of purchasing executives, said Monday its manufacturing index read 56.5 last month, slightly slower than the 58.4 reading in January. It was also slower than the 58 level expected by economists polled by Thomson Reuters.

A reading above 50 indicates expansion.

ISM said its employment measure grew for the fourth time in five months, accelerating to 56.1 in February from 53.3 in January. February's number is the highest since January 2005.

"With these levels of activity, manufacturers are seemingly willing to hire where they have orders to support higher employment," said Norbert Ore, chair of ISM's manufacturing survey committee.

A pickup in business investment in equipment and software, increases in exports and slower cutbacks of inventories is helping drive production gains.

Of the 18 industries ISM surveys, 11 reported growth, led by machinery, paper products and apparel. Five declined, led by wood products, furniture and primary metals; two were unchanged.

Chinese Manufacturing Growth Slows, U.S. Continues Climb

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Source URL (retrieved on 10/23/2014 - 5:02pm):

<http://www.impomag.com/news/2010/03/chinese-manufacturing-growth-slows-us-continues-climb>