

Surveys Give Mixed Picture Of China Manufacturing

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SHANGHAI (AP) — Manufacturing surveys released this week provided mixed signals over the state of China's economy.

A survey released Wednesday showed manufacturing contracted in April for the sixth straight month, though the rate of deterioration had slowed.

Adjusted for seasonal conditions, HSBC's purchasing managers index, or PMI, for April was 49.3, up from 48.3 in March. The index has remained below 50 — the level indicating expansion, since October.

Companies also reduced jobs, at the sharpest rate in 37 months, HSBC said.

A day earlier, the state-affiliated China Federation of Logistics and Purchasing said its PMI, rose 0.2 percentage points to 53.3 percent in April, up from March's 53.1 and February's 51.0 — the fifth straight month of expansion.

The federation's survey tends to reflect the status of big, state-owned manufacturers, while the HSBC survey is focused more on private and export-sector activity.

The federation said its PMI for "small enterprises" fell below 50 last month, in line with the HSBC's reading.

Still, HSBC said manufacturing output and new business declined at a marginal rate, while new export orders rose at a "fractional rate."

It said higher costs for fuel and raw materials, labor and transport contributed to worsening conditions, it said.

China's economic growth fell to 8.9 percent in the final quarter of last year and 8.1 percent in January-March, after Beijing hiked interest rates and tightened other controls to cool inflation.

With inflation a lingering threat, policymakers are treading a fine line in trying to spur growth without adding to price pressures.

But easing monetary conditions will likely help boost growth in coming months, HSBC economist Qu Hongbin said in a commentary.

"We expect Chinese GDP growth to bottom out in the second quarter and recover modestly to over 8.5 percent in the second half," Qu said.

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