Survey: China's Manufacturing At 14-Month High

The Associated Press

BEIJING (AP) — China's manufacturing activity rose to a 14-month high in December, adding to signs the world's second-largest economy is recovering, but export orders weakened, a survey showed Friday.

HSBC Corp. said the preliminary version of its monthly purchasing managers' index rose to 50.9 on a 100-point scale on which numbers above 50 represent expanding activity. That was up from November's 50.5.

The gains came despite unexpectedly weak November trade data that prompted suggestions China's economic recovery might be shaky.

The preliminary version of the HSBC index is based on responses from 75 to 80 percent of the 420 companies surveyed each month. The full report is due out at the end of the month.

The survey found new export orders changed direction and declined in December, more evidence of weak global demand.

The latest data "confirmed that China's ongoing growth recovery is gaining momentum mainly driven by domestic demand conditions," said HSBC economist Hongbin Qu in a statement.

"However, the drop of new export orders and the downside surprise of November exports growth suggest the persisting external headwinds," Qu said. "This calls for Beijing to keep an accommodative policy stance to counter-balance the external weakness, provided inflation stays benign."

November export growth fell to 2.9 percent over a year earlier from the previous month's 11.6 percent. Imports were flat, down from October's 2.4 percent growth.

"Clearly, growth momentum is improving but remains modest by historical standards," said Credit Agricole CIB economist Dariusz Kowalczyk in a report.

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