China Manufacturing Strongest Since Mid-2011

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BEIJING (AP) — China's manufacturing grew at its strongest rate in 18 months in December but new exports fell from the previous month due to weak global demand, a survey showed Monday.

HSBC Corp. said its monthly purchasing managers' index rose to 51.1 percent on a 100-point scale on which numbers above 50 show expansion. That was up from November's 50.5 and the strongest growth since May 2011.

The survey adds to data showing China's economy is recovering from its deepest downturn since the 2008 crisis but some industries are still weak.

"Such a momentum is likely to be sustained in the coming months when infrastructure construction runs into full speed and property market conditions stabilize," said Hongbin Qu, HSBC's chief China economist, in a statement.

Qu said the latest activity should support growth of about 8.6 percent in 2013. The International Monetary Fund and private sector forecasters expect growth of about 8 percent in 2012 — strong by Western standards but China's weakest expansion since the 1990s.

Factory production and consumer spending are picking up but export demand is weak. December trade data have yet to be reported but November export growth plunged to 2.9 percent over a year earlier from the previous month's 11.6 percent.

Companies responding to the HSBC survey said total new orders grew at a faster pace in December than the previous month but new export orders fell slightly. Just over 12 percent of companies reported lower new export orders.

"Fewer export sales were linked to weak demand in Europe, Japan and the U.S.," HSBC said.

Beijing set a 10 percent target for trade growth in 2012 but is likely to fall far short of that. Demand for China's goods is so weak that the government has said exports will contribute nothing to 2012's overall economic growth.

The commerce minister, Chen Deming, warned in November that Chinese exporters face "relatively grim" conditions in coming months and "many difficulties next year."

Western export markets face uncertainties including the U.S. "fiscal cliff" — or impending automatic tax and spending cuts that could disrupt economic growth — and the euro area debt crisis.

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