

# China's Manufacturing Growth Improves In March

The Associated Press

BEIJING (AP) — Growth in China's manufacturing picked up in March in a potentially positive sign for the recovery in the world's second-largest economy.

The China Federation of Logistics and Purchasing said Monday that its Purchasing Managers' Index rose to 50.9 in March from 50.1 in February, which was the lowest reading in five months. Numbers above 50 denote expansion on a 100-point scale.

Chinese manufacturing is closely watched as an indicator of global consumer sales and potential demand for countries that supply its factories with raw materials and industrial components.

China's economic growth rebounded to 7.9 percent in the final quarter of last year following its deepest slowdown since the 2008 global crisis. But analysts warn the recovery will be weak and gradual, and growth could be vulnerable if trade or investment weakens.

The federation said in a statement that the improvement in factory production was largely due to an increase in orders and less pressure for prices of manufacturing inputs to rise.

"This indicates that the economy overall is stabilizing," economist Zhang Liquan said in the statement.

Zhang said that growth rates for investment and export orders have accelerated, and the level of new orders suggests a rise in business activity.

He cautioned, however, that the improving trend is not confirmed, partly because the Lunar New Year Holiday fell in February this year, which makes the data for the first quarter of the year less conclusive. Factories shut for up to two weeks during the holiday.

The latest Chinese manufacturing data come as hopes for stronger global growth have been boosted by a series of indicators including employment that suggest the U.S. economic recovery is gaining momentum.

China's slowdown was largely due to government controls imposed to cool inflation and surging housing prices. It deepened when global demand for Chinese exports weakened unexpectedly in 2011.

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