



CCBI SECURITIES | RESEARCH

中国经济评论：PMI 反弹，但预计 7 月工业生产仍将走弱

China Economics Update: PMI rebounds, but production may weaken in Jul

7 月中国官方制造业 PMI 小幅反弹，升幅略超市场预期，且好于我们看跌的预测。生产、新订单、采购和价格指数均温和反弹。

反弹显示 G20 会议后制造业信心有所改善。然而，其他领先指标表明工业生产的下行压力仍然存在。

在周二的政治局会议上，中国领导层评估国内经济下行压力较三个月前加大。虽然房地产市场调控基调未变，但政策在下半年稳增长的优先性提高，将重点支持投资和消费。我们预计汽车和基建投资的反弹将支撑经济企稳，缓解出口下滑带来的压力。

China's Jul PMI rebounded slightly more than consensus had expected and beat our forecast of a decline. Production, new orders, purchases and producer price measures all bounced back moderately.

The rebound implies an improvement in business sentiment in the manufacturing sector after the G20 meeting. However, other indicators suggest persistent downward pressure on IP growth.

At Tuesday's Politburo meeting, China's leadership assessed that downside risks to growth have increased. Although the tightening stance on the housing market has not changed, policymakers have given growth stability a higher priority, with plans to buttress investment and consumption in 2H. We expect the rebound in auto and infrastructure investment to support economic to stability while taking some of the sting out of sliding exports.

Li Cui

(852) 3911 8274

cui@ccbintl.com

Claire Huang

(852) 3911 8012

clairehuang@ccbintl.com

Ying Xue

(852) 3911 8013

xueying@ccbintl.com

Indicators	Jul 18	1Q19	2Q19	Jun 19	Jul 19 (cons)	Jul 19 (CCBIS)	Jul 19 (actl)
Manufacturing PMI	51.2	49.7	49.6	49.4	49.6	49.3	49.7
Non-manufacturing PMI	54.0	54.6	54.3	54.2	54	-	53.7
- Services PMI	53.0	53.6	53.4	53.4	-	-	52.9
- Construction PMI	59.5	60.6	59.1	58.7	-	-	52.3

Source: Bloomberg, CCBIS estimates

Manufacturing PMI recovered, beating expectations

China's Manufacturing PMI rose 0.3 ppt to 49.7 in Jul, beating the market and our expectations (Bloomberg cons: 49.6; CCBIS: 49.3).

Sub-indexes showed the improvement was led by production and new orders:

- **Production and New Orders indexes picked up** by 0.8 ppt and 0.2 ppt, respectively, together adding nearly 0.3 ppt to the headline PMI (Fig 1). Jul's Production Index was 0.4 ppt higher than the 2Q average. Within the Orders Index, New Export Orders rose 0.6 ppt to 46.9 after declining for two months in a row. Yet the overall trend is still towards cooling compared with 2Q. External demand remains weak indicated by the further slowdown in manufacturing PMIs in major overseas economies. The Import Index improved by 0.6 ppt thanks to warming domestic demand.
- **Raw Material Inventory eased slightly while input prices increased after a sharp decline**, supported by a slight recovery in domestic demand. The Purchasing Price Index and Producer Price Index rose by 1.7 ppt and 1.5 ppt, respectively. Higher output prices suggest PPI will improve in Jul after falling 0.3% MoM in Jun. We expect flat or possibly slightly higher PPI month over month (Fig 2).
- **Business Expectation and Employment indexes also improved.** As New Orders and the Business Expectation Index improved after softer readings the previous month, the PMI Employment Index also recovered, rising 0.2 ppt to 47.1, slightly above the average level in 2Q.

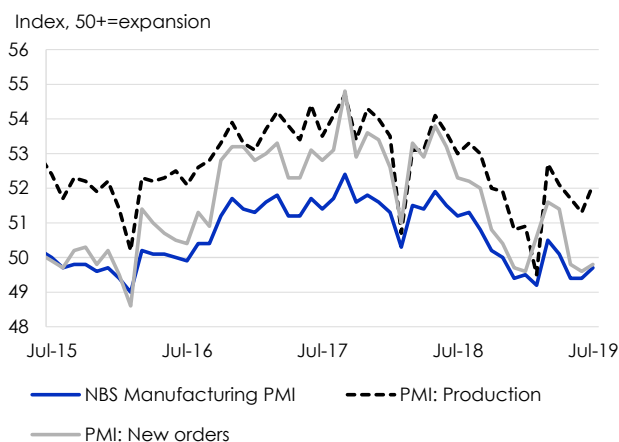
Non-manufacturing PMI eased on weaker services and construction activity

Non-manufacturing PMI fell further than expected to 53.7 in Jul from 54.2 in Jun. **Service PMI and Construction PMI both eased** 0.5 ppt from the previous month. NBS attributed slower expansion in the wholesale and financial sectors mainly to the slowdown in the non-manufacturing sector. While construction production softened due to unfavorable weather, construction business expectations and employment both improved after declines in Jun, suggesting an improving outlook for the sector.

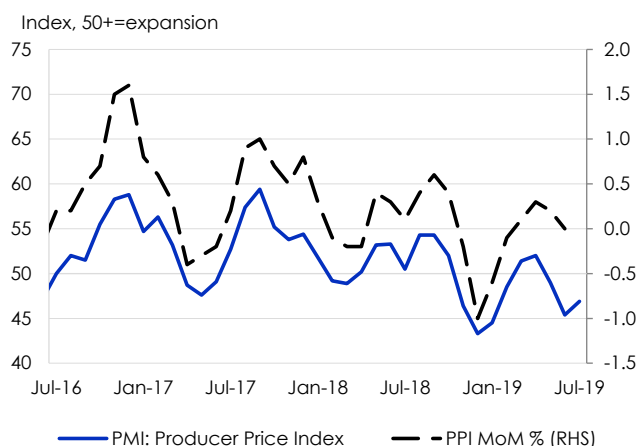
Our view

Although Manufacturing PMI recorded a modest rebound in Jul, other leading indicators still point to sullen growth in the near term. Domestic coal consumption by major power plants slowed in Jul. Korean exports in the first 20 days of Jul contracted, echoing declines in the euro area and US Markit PMIs. We expect actual industrial production growth to remain under downward pressure and weaken slightly in Jul.

The Politburo meeting at the end of Jul indicates China's leadership senses greater downward pressure on growth and has tilted towards giving growth stability a higher priority. However, the meeting sends a clear signal that China will not revert to the housing sector for short-term stimulus, but will instead focus on market liberalization to cultivate long-term growth potential. In 2H, policy support will concentrate on stabilizing manufacturing investment, promoting infrastructure investment and boosting rural consumption. We expect the rebound in auto sales and infrastructure investment to contribute to overall stabilization of China's domestic economy in 2H.

Fig 1. Production and new orders led the recovery in Manufacturing PMI


Source: NBS, CEIC, CCBIS

Fig 2. Output prices improved, suggesting sequential improvement in the PPI


Source: NBS, CEIC, CCBIS

Table 1: PMI breakdown

	Jul-18	2Q18	3Q18	4Q18	1Q19	2Q19	Jun-19	Jul-19
NBS Manufacturing PMI	51.2	51.6	51.1	49.9	49.7	49.6	49.4	49.7
Production	53.0	53.6	53.1	51.6	51.0	51.7	51.3	52.1
New orders	52.3	53.3	52.2	50.3	50.6	50.3	49.6	49.8
Raw materials inventory	48.9	49.3	48.5	47.2	47.6	47.6	48.2	48.0
Employment	49.2	49.0	49.0	48.1	47.6	47.0	46.9	47.1
Supplier delivery times	50.0	50.2	49.8	50.1	50.0	50.3	50.2	50.1
New export orders	49.8	50.6	49.1	46.8	46.4	47.3	46.3	46.9
Backlog orders	45.7	45.9	45.9	44.2	44.6	44.3	44.5	44.7
Finished goods inventory	47.1	46.5	47.3	48.0	46.8	47.6	48.1	47.0
Purchases	51.5	52.8	51.6	50.5	49.5	50.4	49.7	50.4
Imports	49.6	50.4	49.1	46.9	46.9	47.9	46.8	47.4
Purchasing Price Index	54.3	55.8	57.6	51.0	50.6	51.3	49.0	50.7
Producer Price Index	50.5	52.2	53.0	47.2	48.1	48.8	45.4	46.9
Production and business expectations	56.6	58.3	56.7	54.4	55.2	54.8	53.4	53.6
Large enterprises	52.4	52.7	52.2	50.8	51.3	50.3	49.9	50.7
Medium enterprises	49.9	50.5	49.7	48.4	48.0	49.0	49.1	48.7
Small enterprises	49.3	49.9	49.9	49.2	47.3	48.6	48.3	48.2
NBS Non-manufacturing PMI	54.0	54.9	54.4	53.7	54.6	54.3	54.2	53.7
Services	53.0	53.9	53.3	52.3	53.6	53.4	53.4	52.9
Construction: Business activities	59.5	60.5	60.6	61.9	60.6	59.1	58.7	58.2
Construction: New business	56.4	54.1	53.9	56.4	55.2	54.2	56.0	54.7
Construction: Business expectations	64.1	65.0	65.0	66.3	65.6	62.9	62.6	63.7
PMI Composite Production Index	53.6	54.4	53.8	52.8	53.2	53.2	53.0	53.1

Rating definitions:**Outperform (O) – expected return > 10% over the next twelve months****Neutral (N) – expected return between -10% and 10% over the next twelve months****Underperform (U) – expected return < -10% over the next twelve months****Analyst certification:**

The author(s) of this document, hereby declare that: (i) all of the views expressed in this document accurately reflect his/her personal views about any and all of the subject securities or issuers and were prepared in an independent manner; and (ii) no part of any of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this document; and (iii) he/she receives no insider information/non-public price-sensitive information in relation to the subject securities or issuers which may influence the recommendations made by him.

The author(s) of this document further confirm that (i) neither he/she nor his/her respective associate(s) (as defined in the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the Hong Kong Securities and Futures Commission) has dealt in/traded or will deal in /trade the securities covered in this document in a manner contrary to his/her outstanding recommendation, or neither he/she nor his/her respective associate(s) has dealt in or traded in the securities covered in this document within 30 calendar days prior to the date of issue of this document or will so deal in or trade such securities within 3 business days after the date of issue of this document; (ii) neither he/she nor his/her respective associate(s) serves as an officer of any of the companies covered in this document; and (iii) neither he/she nor his/her respective associate(s) has any financial interests in the securities covered in this document.

Disclaimers:

This document is prepared by CCB International Securities Limited. CCB International Securities Limited is a wholly-owned subsidiary of CCB International (Holdings) Limited ("CCBIH") and China Construction Bank Corporation ("CCB"). Information herein has been obtained from sources believed to be reliable but CCB International Securities Limited, its affiliates and/or subsidiaries (collectively "CCBIS") do not guarantee, represent and warrant (either express or implied) its completeness or accuracy or appropriateness for any purpose or any person whatsoever. Opinions and estimates constitute our judgment as of the date of this document and are subject to change without notice. CCBIS seeks to update its research as appropriate, but various regulations may prevent it from doing so. Besides certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate according to the analyst's judgment. Forecasts, projections and valuations are inherently speculative in nature and may be based on a number of contingencies. Readers should not regard the inclusion of any forecasts, projections and valuations in this document as a representation or warranty by or on behalf of CCBIS that these forecasts, projections or valuations or their underlying assumptions will be achieved. Investment involves risk and past performance is not indicative of future results. Information in this document is not intended to constitute or be construed as legal, financial, accounting, business, investment, tax or any professional advice for any prospective investors and should not be relied upon in that regard. This document is for informational purposes only and should not be treated as an offer or solicitation for the purchase or sale of any products, investments, securities, trading strategies or financial instruments of any kind in any jurisdiction. CCBIS makes no representations on the availability of the securities covered in this document (or related investment) to the recipients. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Neither CCBIS nor any other persons accept any liability whatsoever for any loss or damages (whether direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential) arising from any use of this document or its contents or otherwise arising in connection therewith. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. The opinions and recommendations herein do not take into account prospective investors' financial circumstances, investment objectives, or particular needs and are not intended as recommendations of particular securities, financial instruments or strategies to any prospective investors. The recipients of this document should consider this document as only a single factor in making their investment decision and shall be solely responsible for making their own independent investigation of the business, financial condition and prospects of companies referred to in this document. Readers are cautioned that (i) the price and value of securities referred to in this document and the income derived from them may fluctuate; (ii) past performance is not a guide to future performance; (iii) any analysis, ratings and recommendations made in this document are intended for long-term (at least for 12

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=1_10984

