

# China

## PMI surveys show China's economy gathering pace amid rising prices

- **PMI surveys signal China's economy on track for its best quarter in three-and-half years**
- **Caixin Composite Output PMI unchanged at 52.9**
- **Input price inflation picks up to fastest in over five-and-a-half years**

China's economy is showing signs of stronger growth and improved hiring in the fourth quarter, although the expansion is marred by surging input prices.

At 52.9 in November, unchanged from October's figure, the Caixin Composite Output PMI for China, compiled by Markit, showed business activity across manufacturing and services growing at its joint-strongest rate since March 2013. The sustained improvement raises prospects of the economy having gained momentum in the fourth quarter.

While manufacturing expansion (fuelled by rising domestic demand) eased slightly, service sector growth accelerated to the fastest since July 2015, allaying concerns that signs of revival in the traditional goods-producing industries might come at the expense of services industries.

### Stable employment

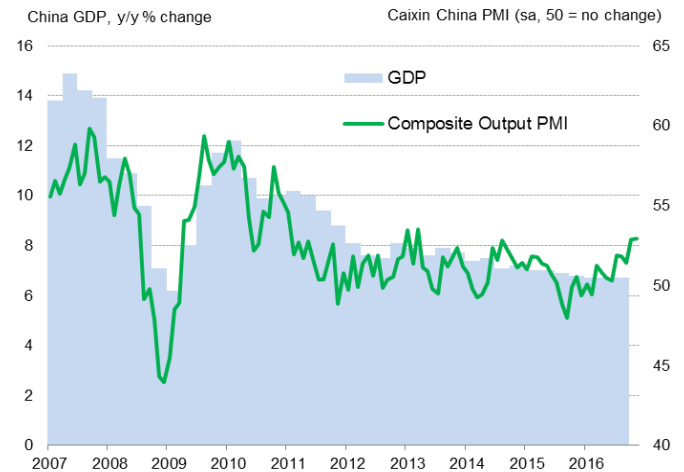
The upturn in activity signalled by the November PMI surveys was accompanied a welcome upturn in the employment indicators, which showed broadly stable headcounts following 17 months of continual decline. Hiring picked up to an 18-month high in the service sector, and the rate of decline in factory jobs eased to the slowest in one-and-half years.

### Price hikes

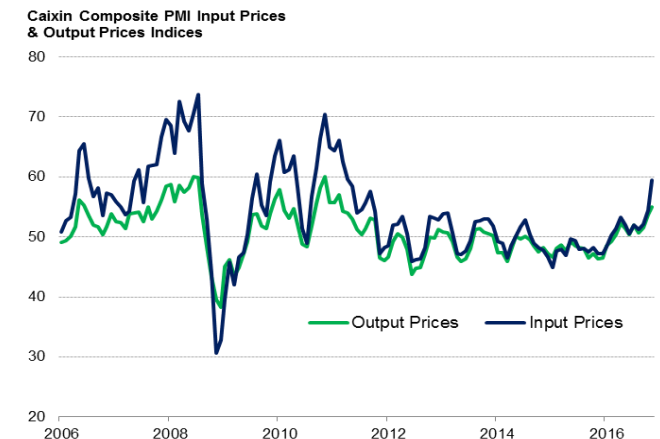
November survey data meanwhile also highlighted the extent to which the continued improvement in the Chinese economy is being accompanied by sharply higher prices.

November composite data indicated that input costs surged higher to the greatest degree in over five-and-a-half years. To protect margins, Chinese firms were able to pass on some of these higher costs to their customers, particularly those in the manufacturing sector. Prices charged increased briskly in November, rising at the quickest rate in nearly six years.

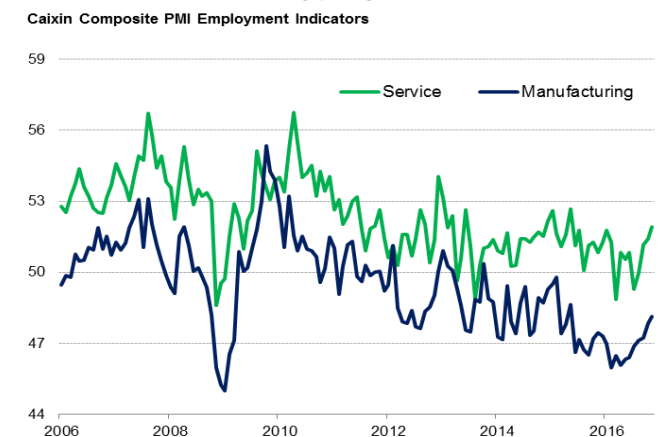
### Caixin PMI v China GDP



### Spikes in inflation



### Service sector still driving job growth



## **Bernard Aw**

**Economist**

**IHS Markit**

Tel: +65 6922 4226

Email: [bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

[Click here](#) for more PMI and economic commentary.

For further information, please visit [www.ihsmarkit.com](http://www.ihsmarkit.com)