

HSBC Flash China Manufacturing PMI™

New business increases slightly at start of 2015

Key points

- Flash China Manufacturing PMI™ at 49.8 in January (49.6 in December). Two-month high.
- Flash China Manufacturing Output Index at 50.1 in January (49.9 in December). Three-month high.

Data collected 12–21 January 2015.

The HSBC Flash China Manufacturing *Purchasing Managers' Index™ (PMI™)* is published on a monthly basis ahead of final PMI data, making the HSBC PMI the earliest available indicator of manufacturing sector operating conditions in China. The estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate indication of the final PMI data. January final PMI data will be released on 2 February 2015.

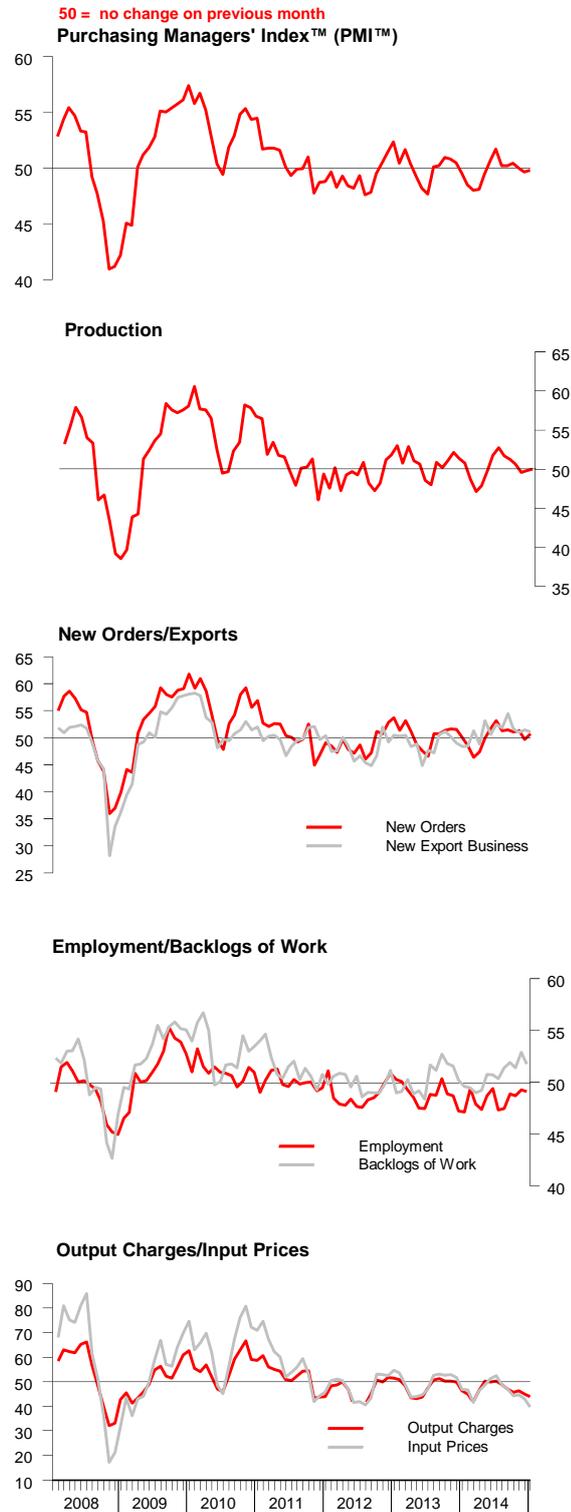
China Flash Manufacturing PMI™ Summary

50.0 = no change on previous month (seasonally adjusted)

PMI	Change
PMI	Increase, slower rate
Output	Increase, from decrease
New Orders	Increase, from decrease
New Export Orders	Increase, slower rate
Employment	Decrease, faster rate
Backlogs of Work	Increase, slower rate
Output Prices	Decrease, faster rate
Input Prices	Decrease, faster rate
Stocks of Purchases	Decrease, faster rate
Stocks of Finished Goods	Decrease, rate unchanged
Quantity of Purchases	No change, from decrease
Suppliers' Delivery Times	Lengthening, slower rate

Commenting on the Flash China Manufacturing PMI survey, Hongbin Qu, Chief Economist, China & Co-Head of Asian Economic Research at HSBC said:

"The HSBC China Manufacturing PMI rose to 49.8 in the flash reading for January, up from 49.6 in December. Domestic demand improved marginally while external demand remained solid. The labour market weakened and prices fell further. Today's data suggest that the manufacturing slowdown is still ongoing amidst weak domestic demand. More monetary and fiscal easing measures will be needed to support growth in the coming months."



For further information, please contact:

HSBC

Hongbin Qu, Chief Economist, China &
Co-Head of Asian Economic Research
Telephone +852-2822-2025
Email hongbinqu@hsbc.com.hk

Diana Mao, Head of Communications, (China)
Telephone +86 21-3888-1251
Email dianayqmao@hsbc.com.cn

Markit

Annabel Fiddes, Economist
Telephone +44-1491-461-010
Email annabel.fiddes@markit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@markit.com

Notes to Editors:

Final January data are published on 2 February 2015.

The HSBC China Report on Manufacturing is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 420 manufacturing companies. The flash estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2008 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
HSBC China Manufacturing PMI	0.0	0.4
HSBC China Manufacturing Output Index	0.0	0.7

The panel is stratified by Standard Industrial Classification (SIC) group and company size, based on industry contribution to Chinese GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The *Purchasing Managers' Index*[™] (*PMI*[™]) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

HSBC:

HSBC is one of the world's largest banking and financial services organisations. With more than 6,200 offices in both established and emerging markets, we aim to be where the growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper, and, ultimately, helping people to fulfil their hopes and realise their ambitions.

We serve around 52 million customers through our four Global Businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 74 countries and territories in Europe, the Asia-Pacific region, the Middle East, Africa, North America and Latin America.

Listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by about 216,000 in 129 countries and territories.

About Markit:

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see www.markit.com

About PMI:

Purchasing Managers' Index[™] (*PMI*[™]) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics

The intellectual property rights to the HSBC Flash China Manufacturing *PMI*[™] provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[™] and *PMI*[™] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. HSBC use the above marks under license. Markit is a registered trade mark of Markit Group Limited.