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China Manufacturing Steady in September

Companies were hiring in September at the fastest rate in 25 months to keep up with rising sales volumes.

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By . Agence France-Presse

China's manufacturing activity continued to expand at a steady rate in September, as domestic and overseas demand continued to improve. The HSBC China Manufacturing PMI, or purchasing managers index, fell slightly to 55.0 in September, from 55.1 in August.

A reading above 50 nevertheless means the sector is expanding, while a reading below 50 indicates an overall decline.

"Although the headline PMI remained broadly unchanged from the previous month, there was a marked expansion of manufacturing employment in September," the bank's chief China economist Hongbin Qu said.

Manufacturers were hiring in September at the fastest rate in 25 months to keep up with rising sales volumes, HSBC said.

Foreign order levels rose for a fourth straight month, but the increase in total new orders outpaced export sales, suggesting domestic demand was driving the overall improvement, the bank said.

The PMI sank to a record low of 38.8 in November as the global financial crisis took hold, but improved continuously in the following months, moving above 50 in March.

China's economy expanded by 7.9% in the second quarter of the year, up from 6.1% in the first quarter, mainly as a result of massive government spending amid the global downturn. Beijing announced a four-trillion-yuan (US\$585 billion) stimulus package last year in a bid to prop up growth in the country by boosting investment in infrastructure and other government-backed projects.

Manufacturing accounted for more than 40% of China's economic output last year, which has been hit hard by evaporating demand for its products in key export markets such as the U.S. and Europe.

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