

INDUSTRYWEEK

**IndustryWeek.com**
LEADERSHIP IN MANUFACTURING

[Home](#) : [Economy & Public Policy](#) : [Global Economy](#) : China Manufacturing at 12-month High

China Manufacturing at 12-month High

Driven by domestic demand

Monday, August 03, 2009

By . Agence France-Presse

Mainly driven by domestic demand, manufacturing in China hit a 12-month high in July, the CLSA China Purchasing Managers Index (PMI) showed on August 3.

The, a closely watched indicator in the world's third-largest economy, rose to 52.8 last month, the highest since July 2008, when it stood at 53.3. A reading above 50 means the sector is expanding, while a reading below 50 indicates an overall decline. The PMI sank to a record low of 38.8 in November as the global financial crisis bit, but improved continuously in the following months, moving above 50 in March.

Domestic demand was the principal driver of new order growth while external demand remained lackluster in July despite rising for a second successive month, the CLSA said.

Job creation in the sector was the strongest since May 2008, it said, without giving a figure.

The independent reading confirmed official data released over the weekend suggesting that the recovery trend of the key sector is consolidating. Figures published by the China Federation of Logistics and Purchasing on August 1 showed the sector expanded in July for the fifth consecutive month to 53.3, up from 53.2 in June.

The official index tends to be more upbeat because it attaches greater weight to state-owned enterprises, which usually follow government directions and benefit first from stimulus policies, analysts have said.

China's economy expanded by 7.9% in the second quarter, up from 6.1% in the first quarter, mainly as a result of massive government spending amid the global crisis. 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 accounts for more than 40% of the economy in China.

Copyright Agence France-Presse, 2009

©2008 IndustryWeek. All Rights Reserved.

This copy is for your personal, non-commercial use only. To order distribution-ready copies or to electronically reproduce this material on your site, contact the IndustryWeek Reprints Department at 1-888-858-8851, or by e-mail at jkirk@penton.com. A complimentary subscription to

IndustryWeek magazine is available to those who qualify. Fill out our online form at <http://www.submag.com/sub/iy?pk=W0105>. Distribution and use of this material are governed by copyright law. Copyright© 1998-2008 [Penton Media, Inc.](#) All rights reserved.