

ECONOMY

# Industrial profits grow for first time since outbreak

He Huifeng

huifeng.he@scmp.com

Profits at the mainland's big industrial firms increased last month for the first time since the coronavirus outbreak as the economy shows signs of recovery.

In May, the profits of industrial firms saw a year-on-year increase of 6 per cent, from a decrease of 4.3 per cent year on year in April, data from the National Bureau of Statistics (NBS) released yesterday showed.

Total profits in May reached 582.34 billion yuan (HK\$637 billion).

The NBS attributed the improvement in May to a significant drop in the purchase price of industrial products, as well as

profit rebounds in several sectors, including petroleum processing, electric power, chemical industry and steel.

"Although the profits of industrial firms in May have been positive with a growth for the first time this year, the market demand under the influence of the pandemic is still weak, and it needs further observation to see if profit recovery could continue," senior NBS statistician Zhu Hong said.

Over the first five months of 2020, industrial firms saw profits fall by 19.3 per cent year on year, a slight improvement from the 27.4 per cent drop over the first four months, and the record 38.3 per cent year-on-year decline in the first two months.

This only covers the profits received from the principal

business of industrial enterprises above designated size.

Earlier this month, the mainland reported strong growth in its industrial engine for May, as the economy continued to slowly recover from the effects of the pandemic.

In May, industrial production, a gauge of manufacturing, mining and utilities sector activity, grew by 4.4 per cent from a year earlier. That was up from 3.9 per cent growth in April but slightly below the median forecast of a Bloomberg poll of analysts, which called 5 per cent growth.

Within that, manufacturing grew by 5.2 per cent, with mining up 1.1 per cent.

Retail sales, a key indicator of consumption in the world's biggest consumer market, remained

negative at minus 2.8 per cent growth from a year previous. But that was an improvement on April's 7.5 per cent slump, the NBS data showed. Analysts had expected a 2.3 per cent contraction.

Fixed asset investment, the year-to-date value of spending on real estate, infrastructure and capital equipment, fell by 6.3 per cent from a year earlier in the first five months of 2020, worse than the median result of the Bloomberg poll of analysts, which predicted minus 6 per cent. But it was better than April's reading of minus 10.3 per cent.

Among all 41 industrial sectors surveyed by the NBS, profits in 30 sectors decreased in the first five months of the year, while profits rose in 10 sectors and were flat in one sector.