

ECONOMY

Official PMI data shows recovery slowing last month

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China's economic recovery continued in February, but at a slower-than-expected pace, with all major sectors posting their lowest growth rates since last spring.

The official manufacturing purchasing managers' index (PMI) – a survey of sentiment among factory owners – fell to 50.6 last month from 51.3 in January, according to the National Bureau of Statistics (NBS).

The latest data encompasses the Lunar New Year holiday period, during which economic activity usually slows.

But a spike in coronavirus infections in northern China in January might have depressed activity more than usual last month, especially in the service sector, after the central government urged workers not to return to their hometowns for the holidays to avoid spreading the contagion.

February's reading was below the median prediction of 51.1 in a Bloomberg poll of analysts, and was the lowest since February 2020, when the index hit a record low of 29.6 at the height of the coronavirus lockdowns.

China's non-manufacturing PMI – a gauge of sentiment in the service and construction sectors – fell to 51.4 in February from January's reading of 52.4.

That result was also below expectations, as analysts had predicted a smaller decline in the reading to 52.1.

The non-manufacturing index was the lowest since May 2020, which was second only to the all-time low of 35.7 reported in February last year.

Within the non-manufacturing PMI, the sub-index for the construction sector fell to 54.7 in

February from 60 in January, while the service sector index fell to 50.8 from 51.1.

A reading above 50 indicates growth in activity, while a number below that mark represents contraction. The higher the reading above 50, the faster the pace of expansion.

The official composite PMI – a combination of the manufacturing and non-manufacturing indices – fell to 51.6 in February from 52.8 in January.

The employment indices for both the manufacturing and non-manufacturing sectors showed bigger contractions in February than in January.



The manufacturing PMI dropped from 51.3 to 50.6 for last month.

“Due to the Lunar New Year holiday and weather factors, the progress of projects in the construction industry has slowed,” said NBS senior statistician Zhao Qinghe, explaining the sharp drop in the subsector's index.

He also said that despite the overall slowdown in service sector activity across the country, the sectors that were related to consumer spending still grew in February.

“The business activity indices of the retail, catering, entertainment and other sectors closely related to household consumption are all in the expansion range and higher than the previous month, with business activities relatively active,” he said.