

# Asian manufacturing

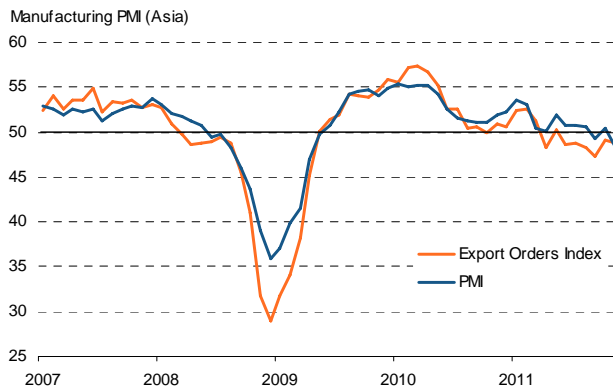
## Asian manufacturing contracts at steepest rate since early-2009

- **Asian PMI at 31-month low as exports continue to fall**
- **China, Taiwan, S Korea and Japan all see worsening business conditions**
- **Orders:inventory ratio signals production weakness ahead**

### Asia PMIs signal manufacturing decline

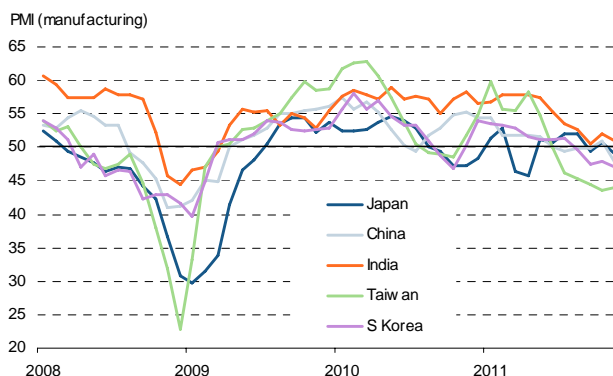
Asian manufacturing sector business conditions worsened at the fastest rate since April 2009. November PMI surveys showed the sector contracting for the second time in the past three months as PMIs came in below 50.0 no change levels in China, Taiwan, South Korea and Japan. Only India's PMI held above 50, but even there the expansion was only marginal.

### Pan-Asia Manufacturing PMI



Sources: Markit, HSBC, JMMA.

### Manufacturing PMIs



Sources: Markit, HSBC, JMMA.

### PMIs for November (with prior month)

Asia	48.3 (50.4)	31-month low
Asia ex-Japan	47.9 (50.3)	32-month low
Japan	49.1 (50.6)	7-month low
China	47.7 (51.0)	32-month low
India	51.0 (52.0)	2 <sup>nd</sup> lowest in 32 months
Taiwan	43.9 (43.7)	2 <sup>nd</sup> lowest in 34 months
S Korea	47.1 (48.0)	2 <sup>nd</sup> lowest in 33 months

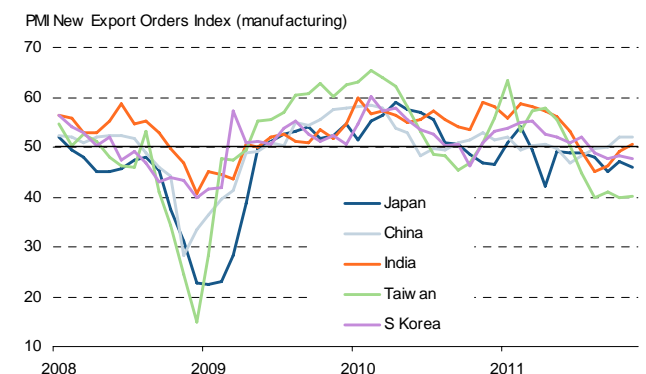
PMIs descended to levels not seen since early-2009 in all countries except Japan. Taiwan saw the steepest rate of decline, followed by South Korea and then China.

### Export decline

A key driver of the downturn was a fall in Asian manufacturing exports for the seventh time in the past eight months, with the rate of decline picking up slightly since October.

Taiwanese manufacturers also saw an especially steep drop in new export orders, though rates of decline gathered pace in South Korea and Japan. India reported a marginal return to growth of exports – the first such rise in five months – and China saw a surprising upturn in its export growth, which remained subdued but improved to the fastest since January.

### Manufacturing export orders



Sources: Markit, HSBC, JMMA.

The ratio of new orders to inventories – a commonly watched gauge of future production trends – fell to a 32-month low in November, thereby suggesting that

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Asian manufacturing will continue to contract in coming months. Japan and Taiwan saw the lowest ratios, followed by China.

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