

## ***China Business New Flashes by ISM-PRD***

***1<sup>st</sup> Quarter, 2012***

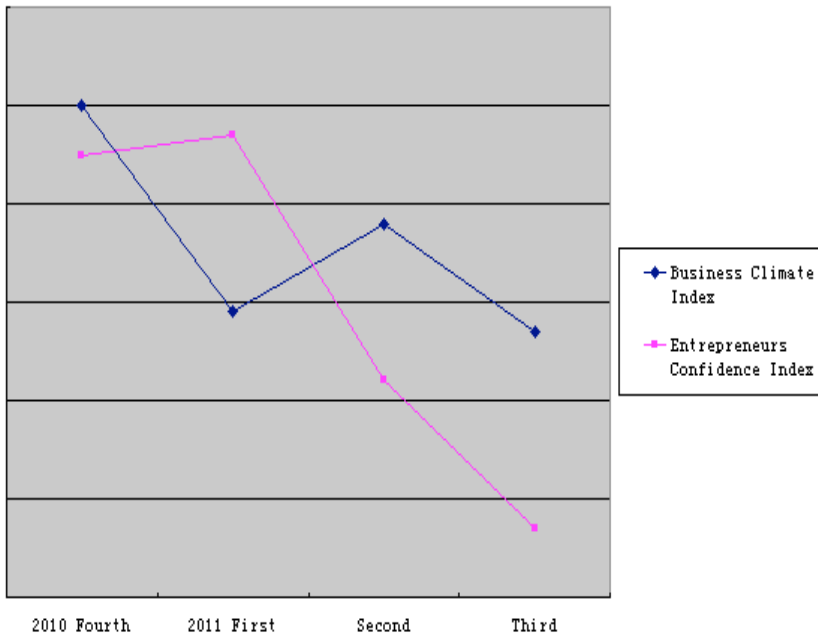
The euro debt crisis has been a hot topic in recent months as most euro leaders hope to save their countries from bankruptcy. However, there is still no consensus among the leaders even after G20 meeting.

From the statistics below, it is observed that the economy is not so optimistic to support the manufacturing sectors, only around 53%. The business climate index and entrepreneurs' confidence index have reached lowest level in 2011 and will continue to drop. In 2012, the GDPs of the tertiary, secondary and primary industries have reduced to 2011 first quarter level. All these indicators reflect that the euro debt does have a serious effect to other countries, not just Europe alone. That is why Hong Kong government has reminded Hong Kong citizens a few times to be ware of euro situation.

The exchange rate of CNY to USD has ceased the trend for increasing as People's Bank of China has widened the existing band to allow significant movements in the exchange rate over time. This may cause the fluctuations of CNY to USD exchange rate in the future.

What we can do right now is to wait for the result of coming 17<sup>th</sup> June Egypt

## Business Climate Index Vs Entrepreneurs Confidence Index



## Business Climate Index

## Entrepreneurs Confidence Index

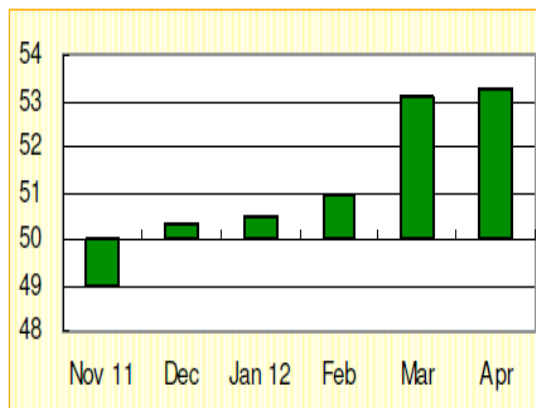
After a drop in the end of 2010, the Business Climate Index experiences modest fluctuation in the first three quarters in 2011.

In comparison, the Entrepreneur Confidence Index has gone through continuous decrease in 2011, indicating a drop in entrepreneur investment.

election to see any effective measures to solve euro debt crisis.

## China Manufacturing PMI, seasonally adjusted

11/12	PMI
Nov	49.0
Dec	50.3
Jan	50.5
Feb	51.0
Mar	53.1
Apr	53.3



## PMI Index

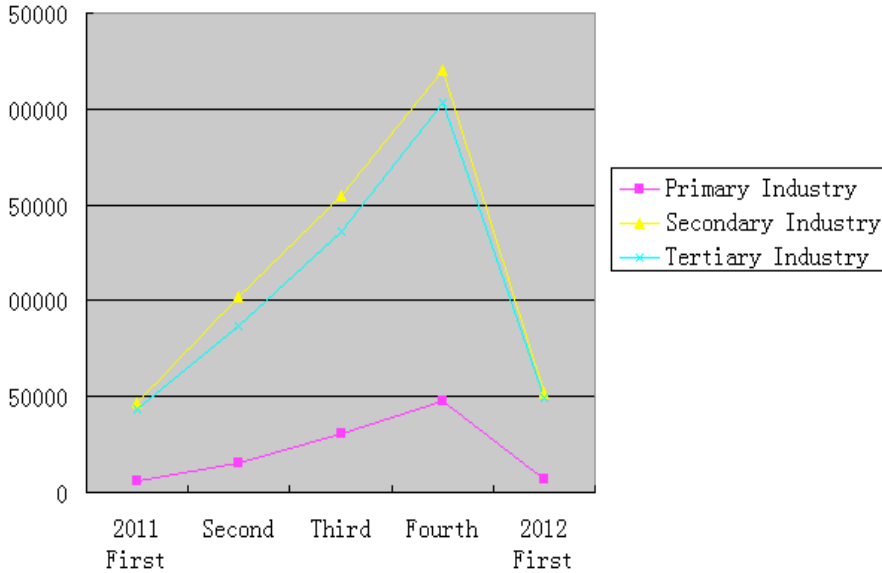
China's manufacturing PMI improved from 53.1% in March to 53.3% in April.

The index has stayed above the critical level of 50% for five consecutive months, indicating that the underlying momentum of the manufacturing sector in China has continued to improve.

Source:

[http://www.lifungroup.com/eng/knowledge/research/PMI\\_may12.pdf](http://www.lifungroup.com/eng/knowledge/research/PMI_may12.pdf)

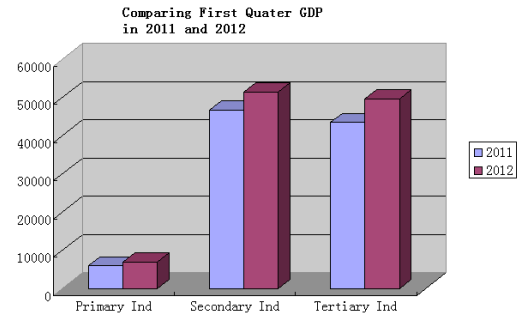
**Gross Domestic Product (GDP)**  
2011 1st Quarter -2012 1st Quarter



## Gross Domestic Product (GDP)

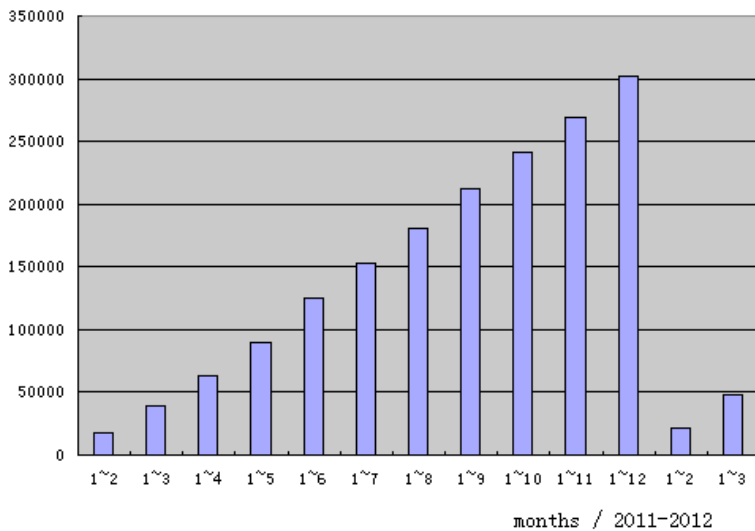
The real GDP in Tertiary, Secondary and primary industries have a sharp drop.

Comparing the GDPs of the same period last year, the three industries have experienced a slight growth.



**Accumulated Investment in Fixed Assets (Excluding Rural Households) From 2011.1-12 to 2012.1-3**

Investments (100 million RMB)



## Investment in Fixed Assets 201

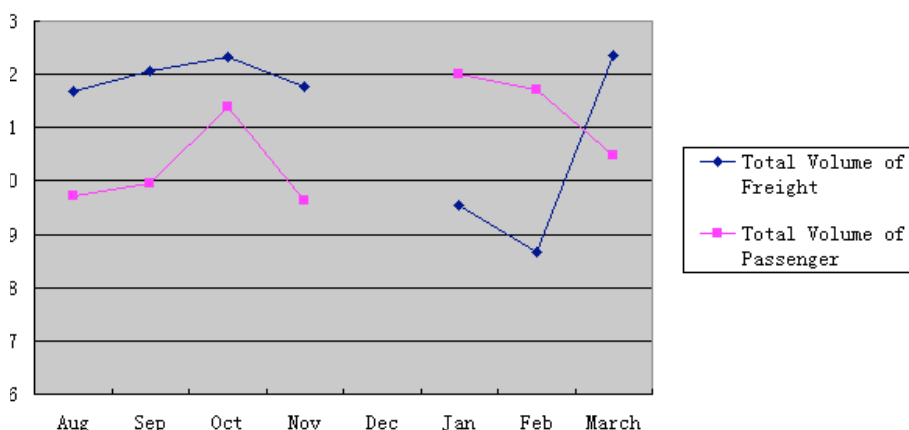
2012

(Accumulated from January)

The accumulated investment in Fixed Assets (in 100 million RMB) from January to March last year is 39464.9 while it's 47865.4 in Q1 this year.

The growth rate over the same period of previous year is 21.29%.

### Total Volume of Freight Vs Total Volume of Passenger (2011-2012)



Note: Official data of December is incomplete

### Total Volume of Transportatic 2011-2012

The total volume of transportatic stays in the range of 28million to 33million.

In the second half of 2011, the total volume of freight has kept a stable advantage over the total volume passenger. Starting from 2012, this trend is reversed while the total volume of freight rebounds at the end of Feb.

### Logistics Performance Index (LPI)

#### International

	Hong Kong, China	
<b>Overall LPI</b>	score	3.88
	rank	13
<b>Customs</b>	score	3.83
	rank	8
<b>Infrastructure</b>	score	4
	rank	13
<b>International shipments</b>	score	3.67
	rank	6
<b>Logistics competence</b>	score	3.83
	rank	14
<b>Tracking &amp; tracing</b>	score	3.94
	rank	17
<b>Timeliness</b>	score	4.04
	rank	26

The overall LPI of Hong Kong and China ranks 13 in the world. In terms of classified LPI, Customs and International Shipments ranks top 10.

### Logistics Performance Index (LPI)

#### Domestic – Performance

	China
Clearance time with physical inspection (days)	3.0
Clearance time without physical inspection (days)	1.0
Physical inspection (%)	8.0
Multiple inspection (%)	2.0
Lead time export for port/airport, median case (days)	2.0
Lead time import for port/airport, median case (days)	2.0
Number of agencies - exports	4.0
Number of agencies - imports	4.0
Typical charge for a 40-foot export container or a semi-trailer (US\$)	418.0
Typical charge for a 40-foot import container or a semi-trailer (US\$)	376.0

#### Source:

<http://info.worldbank.org/etools/tradesurvey/mode3a.asp?countryID=25#>

Domestic Performance in general is in accordance with the international score and rank. Compared to export, import performance in lead time, number of agencies and charge for containers indicates a better result.



Source: <http://hk.finance.yahoo.com/q/bc?s=CNYUSD=X&t=1y&f=on&z=m&q=l&c>

## CNY to USD

Following an increase in the exchange rate of CNY to USD in the second half 2011, the trend has come to moderate with slight fluctuation at the beginning 2012. In May 2012, the exchange rate drops from 0.1593 to 0.1575.



Source: <http://hk.finance.yahoo.com/currency>

## PHP to CNY

The exchange rate of PHP to CNY in March and April in 2012 fluctuates at the level 1.475 with a surge in late April.

From the beginning of May, the exchange rate of PHP to CNY demonstrates a sharp decrease to 0.1450 and the downward trend is likely to continue. The drop in exchange rate is largely related to the recent political conflict between Philippines and China over Huang Yan Island.

## Reference

Website of National Bureau of Statistic of China

<http://www.stats.gov.cn/english/>

<http://hk.finance.yahoo.com>

Monthly Archive Web of Li Fung Group

[http://www.lifunggroup.com/eng/knowledge/research.php?report=pmi\\_monthly  
&version=archive](http://www.lifunggroup.com/eng/knowledge/research.php?report=pmi_monthly&version=archive)

Disclaimer: Should there be any different views in the interpretation, please always refer to the original media source as reference. Institute for Supply Management – PRD accepts no liability in respect of the accuracy and truthfulness of the materials included in this article.

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