

# China Manufacturing Slows In July

Manufacturing.net

BEIJING (AP) -- China's manufacturing slowed further in July as Beijing cooled an overheated economy and demand for exports weakened amid Europe's debt crisis and sluggish U.S. growth, two surveys showed Monday.

China has been a bright spot amid global economic gloom and a slowdown could have repercussions for other countries that are looking to its giant manufacturing industries to drive demand for iron ore, factory machinery and other goods.

HSBC's purchasing managers' index fell to its lowest level in 16 months and showed manufacturing activity contracting. A survey by an industry group, the China Federation of Logistics and Purchasing, showed activity expanding but only slightly.

Chinese industrial production has slowed following repeated interest rate hikes and other curbs as the government tries to slow rapid economic growth and cool inflation that surged to a three-year high of 6.4 percent in June.

HSBC said its PMI fell to 49.3 from June's 50.1 on a 100-point scale on which numbers below 50 show activity contracting. It was the lowest level since March 2009. New export orders, one component of the index, fell for a third month.

"This has confirmed the slowing growth momentum of the manufacturing sector against the backdrop of sustained tightening and lackluster external demand," said HSBC economist Qu Hongbin in a statement.

However, Qu said activity still was strong enough that Beijing can tighten monetary policy further in the current quarter to cool inflation.

The Chinese logistics group said its PMI fell to 50.7 from June's 50.9, also on a 100-point scale.

China's economy grew by 9.5 percent in the three months ending in June, down from the previous quarter's 9.7 percent but strong enough to ease fears of a sharp decline.

China's export growth eased in June to 17.9 percent over a year earlier from May's 19.4 percent. Growth in imports of raw materials, industrial components and consumer goods also fell to 19.3 percent, down sharply from May's 28.4 percent.

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