

China PMI Signals Continued Decline in Manufacturing

The official manufacturing purchasing managers index for June came in at 49.7

Wall Street Journal - Updated June 29, 2025 11:39 pm ET

China's manufacturing activity declined for the third straight month in June as trade frictions with the U.S. continued to weigh on the world's second-largest economy.

The official manufacturing purchasing managers index for June—the first full month after the China-U.S. trade truce was reached in London—came in at 49.7, edging up from May's 49.5 and matching the 49.7 tipped by a Wall Street Journal poll of economists, according to data released by the National Bureau of Statistics on Monday.

A reading above 50 suggests an expansion in manufacturing while a reading below that suggests a contraction.

Monday's print followed a run data suggesting the Chinese economy had lost some momentum in May amid the remaining U.S. tariffs slapped on Chinese goods despite the trade detente.

Still, economists say Chinese policymakers seem satisfied with the economy's performance so far this year.

Chinese Premier Li Qiang last week said that economic indicators continued to improve in the second quarter despite external challenges. Also, China's central bank has also adopted a less dovish policy tone, according to Goldman Sachs' economists in a recent report.

"We think the upcoming July Politburo meeting is unlikely to announce major stimulus and additional easing measures should be targeted (e.g., focusing on labor and property markets) rather than broad-based," the Goldman economists said.

Other subindexes released Monday showed mild improvements. The production subindex increased to 51.0 in June from 50.7 in May. The subindex for total new orders moved back to the expansionary territory and climbed to 50.2 in June, compared with 49.8 in May, and the new export orders subindex rose to 49.7 from 47.5.

China's nonmanufacturing [PMI](#), which covers both service and construction activity, edged up to 50.5 in June from 50.3 in May, said the statistics bureau.

Noting the signs of improvement in June, Zichun Huang, an economist at Capital Economics remained cautious about China's economic outlook, citing weaker export growth and a fading fiscal tailwind that is likely to slow activity later this year.

Economists say eventually Beijing will need more aggressive stimulus to secure its official annual goal for around 5% economic growth as policymakers grapple with a protracted property slump and a bleak labor market.