Royston Carr Asset Management Comments as China Manufacturing Slightly Up in November

Royston Carr Asset Management - Trade war risks and weak domestic demand weigh on China's manufacturing sector.

TAIPEI, TAIWAN, December 4, 2018 /EINPresswire.com/ -- According to the data revealed by a recent survey, China's manufacturing activity expanded marginally last month while new orders continued to decline and the sector showed further signs of the negative impact of trade frictions between the world's two largest economies.

Last month's Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) showed that manufacturing activity increased to 50.2 in November from 50.1 the month before. 50.0 is the mark that divides growth from contraction and Royston Carr Asset Management analyst had forecast a reading of 50.0 for last month.

Royston Carr Asset Management analysts say that although new orders have been steadily declining over the past few months as China's economy feels the strain of the trade war with the United States, they showed a slight improvement in November reaching 50.9 from 50.4 in October.

Though exports have held their ground so far, the persistent threat of increased tariffs from one of China's biggest trading partners continues to place a strain on China's manufacturing sector.

The risk to China's exports from the ongoing escalation of the trade war was emphasized by a decline in new export orders which reached just 47.7 last month, down from 48.8 in October.

Although China and the US have agreed to press pause on any further trade war action for the next 90 days, Martin Crossley, Head of Corporate Equity at Royston Carr Asset Management says a more important concern for China's manufacturing sector at this point is slowing domestic demand.

In an effort to offset the weakening domestic demand, Chinese manufacturers reduced prices for the first time in more than 18 months last month but that was not enough to prevent an increase in inventories.

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