

Growth in Chinese manufacturing

China's manufacturing sector grew in October at its fastest rate in 18 months, a survey has suggested.

The purchasing managers index (PMI) from the state-sanctioned China Federation of Logistics and Purchasing rose to 55.2 from 54.3 in September.

The survey is a further sign of the strength of the recovery in the Chinese economy, which grew at an annual rate of 8.9% between July and September.

Many major economies are only just starting to grow after long recessions.

Any figure above 50 in the survey indicates growth in the manufacturing sector.

October is the eighth month in a row that the sector has expanded, after six months of decline.

Government support

"These figures show that China's economic growth will accelerate in the future," said Zhang Liqun, an economist at the State Council Development Research Center.

He added that the economy would likely grow by 9.5% in the final three months of the year.

China's strong recovery has been aided by government stimulus packages, similar to those put in place by other major world economies.

At the end of 2008, the government announced a 4 trillion yuan (\$586bn; £355bn) stimulus plan involving increased spending on infrastructure, such as rail and roads, to boost the domestic economy as exports slumped.

"China's recovery has been impressive, but has been heavily reliant on government-directed investment," said Brian Jackson at the Royal Bank of Canada in Hong Kong.

But economists believe that even without state aid, China's economy will now enjoy robust growth.

"External demand will provide an additional source of support for growth in the months ahead," said Mr Jackson, before adding that the government may begin scaling back its support "from early 2010".

Jing Ulrich at JP Morgan added that, "while public investment may moderate in the months ahead, private real estate investment, consumer spending and export demand should drive growth in the coming months."

Figures released last week showed that the US economy grew by an annual rate of 3.5% between July and September, its first expansion in more than a year.

Germany, France and Japan all returned to growth between April and June.

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