

Asian manufacturing rises as European slowdown eases

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Manufacturing activity rose in China and India in May, while the rate of decline in manufacturing in the euro zone slowed, according to data released Monday.

The figures appeared to show that the interest rate cuts and stimulus measures adopted quickly by governments around the world since late last year were beginning to affect the global economy. The data also highlighted the gap between the rate of recovery in Asia and that in Europe.

While the manufacturing sectors in China and India have expanded for two or three consecutive months, manufacturing activity in the euro zone continued to shrink last month — albeit at a much slower pace than early this year.

China's official purchasing managers' index came in at 53.1, the third successive month that the reading was above the 50-point level that separates expansion and contraction. The April reading was 53.5.

"For the first time, the P.M.I. shows genuine evidence that policy really is gaining traction," Eric Fishwick, head of economic research at CLSA, an Asian brokerage firm, said in a research note. He added that the results pointed to months of sustained output growth.

The reports bolstered the view of many economists that China's gross domestic product, helped by the government's ability to deploy vast amounts of cash to support growth, could expand by about 8 percent this year.

Although that rate of growth would be well below the double-digit rates of recent years, it would contrast starkly with the recessions in most other large economies.

India, which is less reliant on exports than many other emerging economies in Asia, is also expected to have significant growth this year. A purchasing managers' index there was at 55.7 in May, the second month of expansion after an April reading of 53.3.

By contrast, the May purchasing managers' index for the manufacturing sector in the euro zone remained well below the 50-point level, though it improved to 40.7, from 36.8 in April.

Taken together, the data appeared to indicate that a global recovery remains some way off and is likely to be feeble.

Even in Asia, which was relatively insulated from the initial financial crisis, renewed growth will be hampered by weak demand in the United States and Europe for Asian goods.

New York Times, New York, June 1, 2009, Global Business, online.