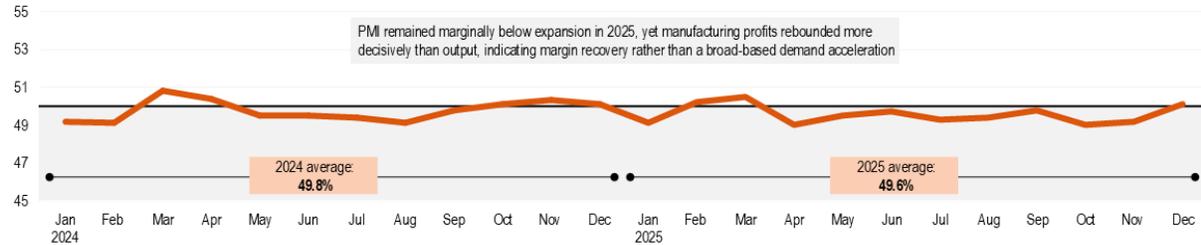


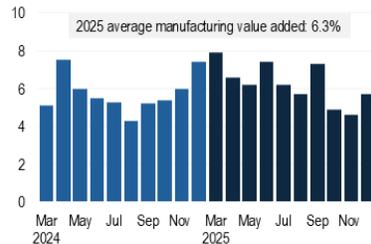
## China's Industrial Cycle in 2025: Output Steady, Margins Recovering Despite Muted Sentiment

*While PMI remained cautious and marginally contractionary, steady export demand and resilient output kept manufacturing on a modest but stable growth path.*

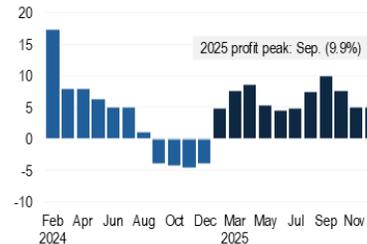
China Manufacturing Purchasing Managers' Index, % (2024-2025)



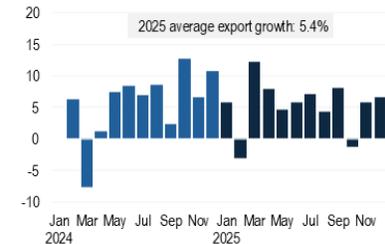
China Manufacturing Value Added: Monthly YoY Growth Rate, % (2024-2025)



China Manufacturing Profits: Accumulated Monthly YoY Growth Rate, % (2024-2025)



China Exports: Monthly YoY Growth Rate, % (2024-2025)



Note: Manufacturing Value Added: No data for Jan.-Feb.; Industrial Profits: No data for Jan. Source: National Bureau of Statistics of China, China Customs, ANDAMAN PARTNERS Analysis

China's manufacturing cycle in 2025 was characterised less by acceleration than by stabilisation. Manufacturing PMI averaged 49.6 in 2025, marginally below the 50 expansion threshold and slightly weaker than the 49.8 average recorded in 2024. Business sentiment therefore remained cautious throughout the year, with only intermittent moves above 50 and no sustained shift into clear expansion territory.

Despite muted survey readings, hard activity data were more resilient. Manufacturing value added expanded at an average rate of 6.3% in 2025, broadly in line with late-2024 performance and indicative of steady output growth rather than contraction. Production volumes held up even as firms reported subdued order momentum, suggesting operational stability across core industrial segments.

Profitability improved more decisively. After weakening in mid-2024, manufacturing profit growth recovered through 2025, peaking at 9.9% in September and remaining positive thereafter. The divergence between modest output growth and stronger profit performance points to margin normalisation, likely reflecting easing input cost pressures and improved pricing discipline rather than a broad-based demand surge.

External demand provided an additional stabilising force. Monthly export growth averaged 5.4% in 2025, with volatility but generally positive momentum. While not indicative of an export boom, this steady performance helped offset softer domestic sentiment.

Overall, China's manufacturing sector in 2025 can be described as stable but unspectacular: output steady, margins repairing, exports supportive and sentiment cautious. The cycle ended the year on firmer footing than mid-2024, yet without clear evidence of a decisive demand-led upswing.

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*Also by ANDAMAN PARTNERS:*

- [The Next Wave of Global Industrial Export Growth Is Consolidating in Key Emerging Markets](#)
- [High-Tech Manufacturing Export Growth Has Shifted to Asia, But China Remains the Industrial Core](#)
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