A Chinese manufacturing gauge unexpectedly increased this month, suggesting export demand is helping the economy withstand a property slump.

The preliminary Purchasing Managers’ Index from HSBC Holdings Plc and Markit Economics was at 50.5, matching the highest estimates in a Bloomberg News survey of analysts and up from August’s final reading of 50.2. Asian stocks pared declines, the Australian dollar rallied and copper advanced.

Today’s report contrasts with August data that showed weaker growth and may ease pressure for stimulus that’s broader than the limited liquidity injections and expedited spending on railways that Premier Li Keqiang’s government has enacted. With the euro region and Japan battling to shore up expansions, a trough in China’s slowdown would aid a patchy global recovery.

The rebound will “come as a major relief to markets after numerous signs suggesting further downward pressure on the manufacturing sector,” said Dariusz Kowalczyk, senior economist at Credit Agricole CIB in Hong Kong. “The positive surprise should put some upward pressure on FX and rates in Asia.”

Australia’s dollar rose from a seven-month low, while the MSCI Asia Pacific excluding Japan Index was little changed by 12:30 p.m. in Hong Kong, recovering from a drop of as much as 0.3 percent.

“Economic activity in the manufacturing sector showed signs of stabilization in September,” Qu Hongbin, chief China economist at HSBC in Hong Kong, said in a statement. “Overall the data still point to modest expansion. The property downturn remains the biggest downside risk to growth. We continue to expect more monetary easing from the PBOC in order to steady the recovery.”

Measures of new orders and new export orders increased at a faster rate, the report showed.

### Export Demand

Robust export demand is helping China weather a property slump. China’s trade surplus climbed to a record in August as exports rose on the back of increased shipments to the U.S. and Europe. New-home prices fell in all except two of the 70 cities monitored by the government last month, the most since January 2011, when the government changed the way it compiles the data.

The final HSBC-Markit PMI reading for September is scheduled for release Sept. 30. A separate
manufacturing index from the National Bureau of Statistics and China Federation of Logistics and Purchasing will be published on Oct. 1. That figure fell to 51.1 in August from 51.7 in July.

Today’s report, known as the Flash PMI, is typically based on 85 percent to 90 percent of responses to surveys sent to purchasing managers at more than 420 companies. Estimates of today’s number from 21 analysts ranged from 48.5 to 50.5, while the median was 50. Numbers above 50 indicate expansion.

Beige Book

A separate report showed China’s economy remained stuck in “low gear” this quarter. The China Beige Book showed growth in investment slowed further, borrowing costs rose and the share of firms applying for and getting bank loans remained at “rock bottom levels.” In contrast, hiring picked up and corporate profit margins improved, suggesting widespread government efforts to reignite growth are unlikely, it said.

“The absence of deteriorating conditions for most firms, both in terms of hiring and margins, does much to explain Beijing’s reluctance to introduce more large-scale stimulus,” Leland Miller, China Beige Book International president, said in a statement with Craig Charney, research and polling director.

Stimulus Restraint

Finance Minister Lou Jiwei reiterated on Sept. 21 that the economy is stable and job creation has been sound, damping speculation of broad-based stimulus. The government won’t make major policy adjustments in response to changes in individual indicators, he said, echoing comments made by Premier Li Keqiang earlier this month.

In the latest step aimed at supporting the sliding property market, China’s four biggest banks may loosen terms for mortgage lending. Criteria for loans to first-home buyers may be eased and people who have paid outstanding mortgages may be considered eligible for first-home status, the Guangzhou-based 21st Century Business Herald reported.

China will keep a “steady and prudent” monetary policy stance, Ma Jun, the chief economist for the research bureau of the People’s Bank of China, wrote in a commentary last week in Financial News, which is published by the central bank. Strong stimulus measures aren’t needed because China is shifting its focus to employment from gross domestic product, and monetary-policy easing will increase economic and financial risks, Ma wrote.

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