News Release
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RatingDog China General Services PMI®

Service sector activity expands modestly in December

December 2025

Business activity and sales both rise at slowest rates in six months

Job shedding persists

Output charges fall for second time in three months

China's service sector continued to grow in the final month of the year, according to the latest PMI® data. That said, both new orders and business activity expanded at the slowest rates since June. The slowdown in sales growth occurred amid a renewed fall in new export business. Companies cut staffing levels again, which contributed to a slight accumulation of backlogged work. Meanwhile, intense market competition contributed to a renewed fall in output prices, even though input costs continued to increase. Nevertheless, business confidence regarding the year-ahead improved to a nine-month high.

The headline RatingDog China General Services Business Activity Index fell slightly from 52.1 in November to 52.0 in December. Posting above the neutral 50.0 mark, the latest reading indicated another expansion of services activity in China, thereby extending the current period of growth to three years. That said, the rate of increase was the softest in six months and modest overall.

Higher new business contributed to the sustained expansion in services activity. According to panellists, promotional activities and greater customer interest supported the latest upturn in sales. The rate of new order growth was the softest in six months, however, as new export business declined. New business from abroad shrank in December amid reports of reduced tourist numbers. Although marginal, the contraction contrasted with an increase in overseas sales in November.

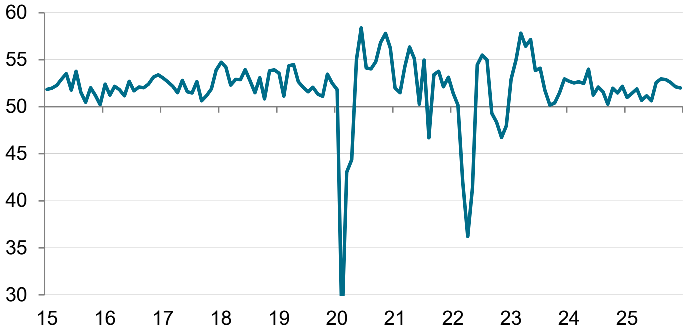
Services companies in China remained cautious with regards to staffing levels in December, as headcounts fell for the fifth month in a row. Panellists that reduced their payroll numbers often cited concerns over costs and company restructuring plans, with firms shedding both full-time and part-time employees. The decline in workforce capacity contributed to a fractional rise in the volume of outstanding business.

Higher raw material and wage costs led to a tenth successive monthly increase in average input prices. While modest, the rate of inflation was among the highest seen in 2025. However, service providers opted to lower their output charges in the final month of the year. Anecdotal evidence suggested that greater market competition had limited firms' pricing power.

Finally, business sentiment improved among service providers in the closing month of the year. Companies generally linked

RatingDog China General Services PMI Business Activity

Index, sa, >50 = growth m/m



Data were collected 4-15 December 2025.

Sources: RatingDog, S&P Global PMI. ©2026 S&P Global.

Comment

Commenting on the China General Services PMI Yao Yu, Founder at RatingDog said:

"The RatingDog China General Services PMI fell slightly to 52.0 in December, indicating that the pace of expansion slowed for the fourth consecutive month.

"In terms of sub-components, demand for services showed divergence in December. While the new orders index continued the growth trend seen since early 2023, the pace of growth slowed compared to the previous month due to a renewed fall in new export business. New export business returned to contraction following a brief improvement in November, primarily due to reduced tourist numbers, particularly from Japan. Employment remained in contraction for the fifth straight month, with the pace of reduction reaching its highest since September. Firms cited cost concerns and restructuring efforts as the main drivers for job shedding.

"Regarding price indicators, input prices rose for the tenth consecutive month, driven by higher costs for raw materials and labor. Output prices returned to contraction; to support sales amid intense market competition, firms opted to lower their charges.

"Notably, business sentiment improved significantly, with the future activity expectations index climbing to a nine-month high. This optimism was fueled by forecasts of stronger market conditions and business expansion plans for 2026, aligned with the "investing in people" policy momentum.

"Overall, the services sector ended 2025 with a "modest growth, high expectations" profile. While the recovery in expectations provides psychological support for the 2026 outlook, the contraction in employment and external demand volatility remain key constraints facing the sector."

optimism to forecasts of stronger market conditions and business expansion plans, which are anticipated to drive sales growth and push activity levels higher in 2026. The level of confidence was the best recorded since March, albeit below the survey's long-run average.

RatingDog China Composite PMI®

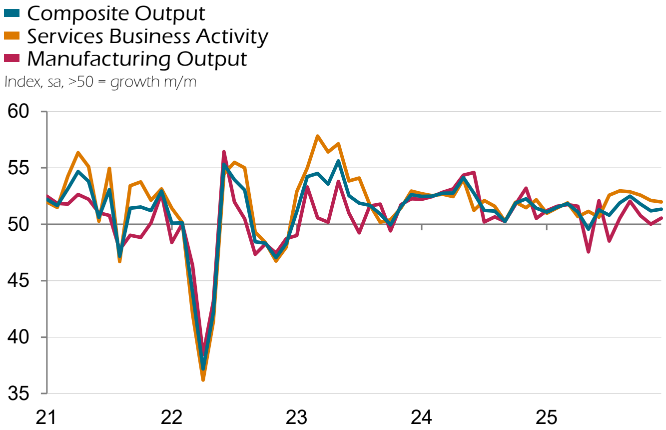
Composite output expands for the seventh month in a row

Composite indices are weighted averages of comparable manufacturing and services indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

The Composite Output Index posted above the 50.0 no-change threshold at 51.3 in December, up slightly from 51.2 in November, to indicate a further increase in overall business activity across China at the end of the year. The rise in output was supported by both higher services activity and a renewed increase in factory production.

Total new business also increased in December, albeit with the rate of expansion falling to a six-month low due to a fresh reduction in new export business. Meanwhile, job shedding continued amid muted capacity pressures and relatively subdued business confidence.

Overall selling prices continued to fall in December, despite a slight intensification of cost pressures.



Sources: RatingDog, S&P Global PMI. ©2026 S&P Global.

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Methodology

The RatingDog China General Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 650 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in November 2005.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

RatingDog

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