

News Release

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S&P Global China Business Outlook

Confidence in the economic outlook supports improved profit forecasts

Key findings

Sentiment around business activity and profitability strengthens

Cost inflation expectations tick higher in October

Firms foresee only slight reduction in headcounts

October's S&P Global China Business Outlook survey indicated that optimism among Chinese companies regarding future output growth had improved since the summer. This was accompanied by positive projections for profitability. R&D spending and capital expenditure are meanwhile set to rise to a greater extent. On the price front, both staff and non-staff cost inflation expectations picked up.

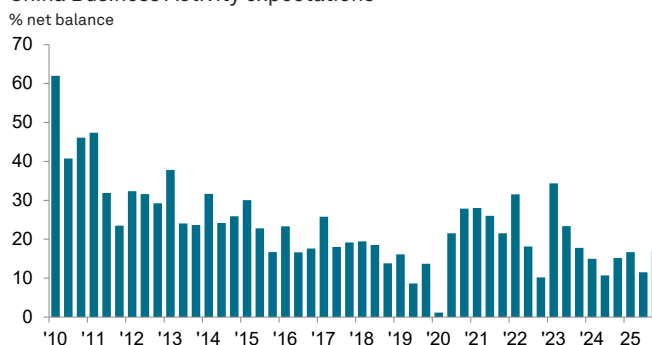
At +17% in October, the net balance of Chinese companies that expect business activity to rise over the year ahead was up from June's one-year low of +11%. Despite being the joint-highest in two years (on a par with February 2025), the latest reading remained below the long-run average. Furthermore, the figure for China was among the lowest seen across the 12 countries for which comparable data are available, with only France (+6%) and Germany (+14%) registering lower readings.

Detailed sector data indicated that sentiment improved across both the manufacturing and service sectors, with the service sector recording the higher net balance of the two at +19%, up from +15% in June. Optimism among goods producers meanwhile rose to +15%, up from +7% in June.

Companies cited a number of opportunities for the next year, including forecasts of better market demand and new product developments that are anticipated to boost client interest. Firms also mentioned that supportive government policies and technological advancements could help to support business activity growth in the next 12 months.

On the other hand, some companies expressed concerns over the global economic environment, geopolitical uncertainty and intense competition.

China Business Activity expectations



Source: S&P Global PMI.

Data were collected 09-23 October 2025.

Comment

Commenting on the China Business Outlook survey data, Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

“The latest S&P Global Business Outlook survey indicated that optimism among Chinese firms regarding future business activity improved to one of the highest levels in two years in October. The net balance of companies anticipating growth was up from June’s recent low, when firms expected greater pressure on performance and profits amid heightened global trade uncertainty. Companies were often optimistic that technological advancements and new product innovation could help to drive business activity growth in the year ahead, alongside supportive government policies and a recovery in demand.”

“Despite firms revising up their projections for both staff and non-staff costs in October, selling price inflation expectations remained muted amid intense competition. However, firmer overall demand conditions were anticipated to support an improvement in future profitability.”

“Overall, hiring intentions remained subdued among Chinese companies, but on a positive note, businesses projected a softer fall in employment compared to June.”

Companies anticipate slight fall in employment

Despite an improvement in sentiment around future activity, Chinese companies remained downbeat around staff hiring in the year ahead. The net balance measuring employment expectations picked up from a survey-record low of -3% in June to -1% in October, however, to signal an easing in the rate of anticipated job shedding. Sector data indicated that marginal drops in staffing levels are forecast at both manufacturers (-2%) and services companies (-1%).

Higher staff and non-staff costs forecast

Companies operating in China foresee an increase in input costs over the next year. A net balance of +10% of firms projected higher non-staff costs in October, up from +5% in June. Similarly for staff costs, companies upwardly adjusted their inflation projections, with the respective net balance rising from +5% in June to +9%.

Despite increasing from the previous survey, the net balances for both staff and non-staff costs were below their respective long-run and global averages.

Meanwhile, selling prices in China are expected to rise in the year ahead. However, the respective net balance of +1% was unchanged from June, and remained the joint-lowest seen since mid-2020.

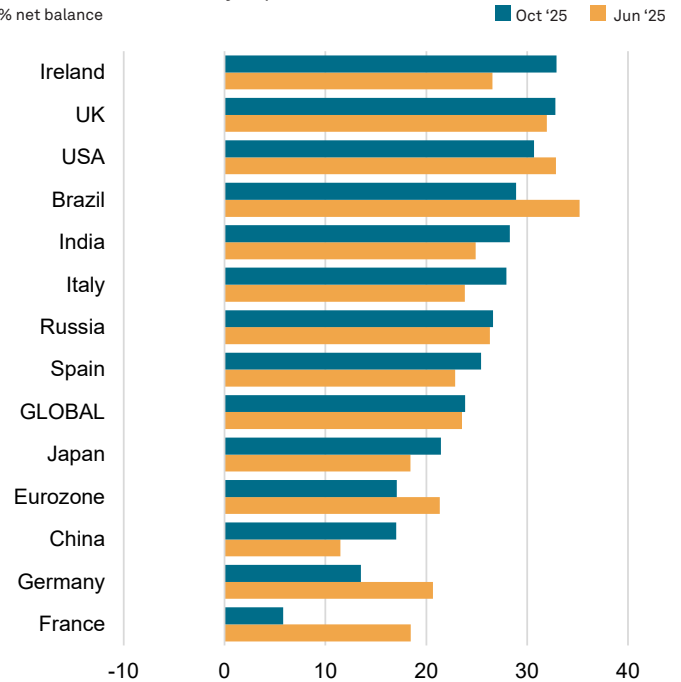
Renewed optimism around future profitability

At +5% in October, up from -1% in June, sentiment around future profitability turned optimistic. The level of confidence remained historically subdued, however, and was below the global average (+9%). The improvement in overall sentiment was driven by more upbeat forecasts at service providers (+10%), though manufacturers were less downbeat than in June (-1%).

R&D spending intentions at highest since February 2024

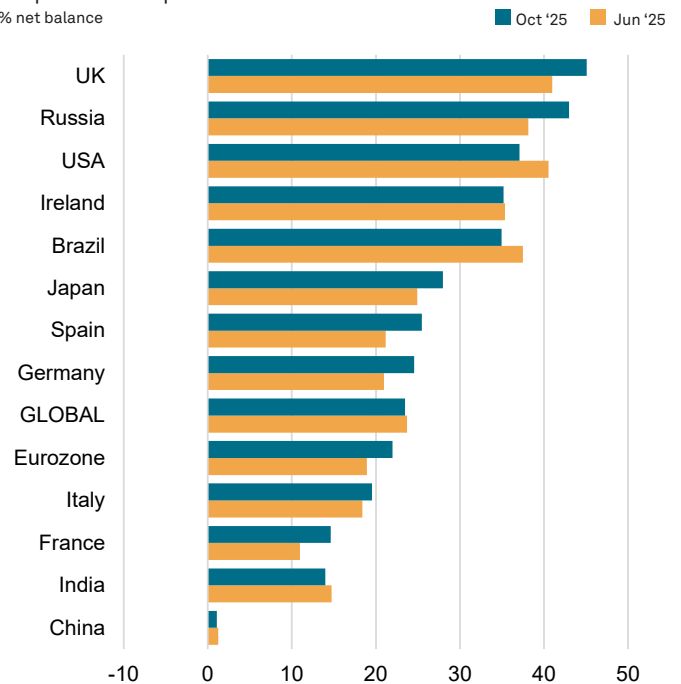
Latest survey data indicated that the net balance of Chinese companies anticipating higher capex over the next year rose to +4% in October from +2% in June. Meanwhile, R&D spending projections also strengthened, with the respective net balance rising from +5% in June to +10%; the highest in over one-and-a-half years. Globally, the net balance for R&D spending was the fourth-highest, behind only Russia (+17%), Italy (+12%) and Spain (+11%).

Global Business Activity expectations
% net balance



Source: S&P Global PMI.

Output Prices expectations
% net balance



Source: S&P Global PMI.

Full data available on request from economics@spglobal.com.

Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0 signalling a neutral outlook for the coming 12 months. Values above 0 indicate optimism amongst companies regarding the outlook for the coming 12 months while values below 0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy*. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 7,700 firms.

*The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.

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