

S&P Global China General Services PMI[®]

Services activity rises at fastest pace since May 2024

July 2025

New business expands at quickest rate in a year amid rising exports

Fresh upturn in employment

Average charges increase for first time since January

China's service sector expanded at a stronger pace at the start of the third quarter, according to latest PMI[®] data. Services activity rose at a quicker pace due to rising inflows of new business, which were in turn supported by a fresh rise in foreign demand. Business sentiment also improved to the highest level since March. Higher workloads and rising confidence led services firms to hire additional staff in July. An expansion of workforce capacity meanwhile led to a softer accumulation of backlogged work.

Turning to prices, average input costs and output charges both increased marginally. Nevertheless, this marked the first rise in selling prices since January.

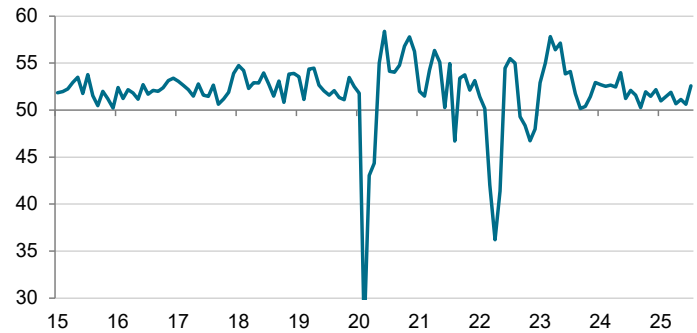
The headline S&P Global China General Services Business Activity Index rose to 52.6 in July, up from 50.6 in June. Posting above the 50.0 no-change mark, the latest data indicated another expansion of services activity in China, thereby extending the current period of growth to just over two-and-a-half years. Furthermore, the rate of expansion was the fastest since May 2024.

Higher new business supported the rise in activity going into the second half of the year, according to panellists. The increase in new work was solid and the fastest recorded in a year, with firms linking the upturn to an improvement in underlying demand conditions and successful business development efforts. External demand picked up for the first time in three months, with reports of increased tourism activity and more stable trade conditions driving the fastest increase in export orders since February.

Greater amounts of new work supported a fresh round of job creation in July. After shedding staff in June, service providers raised their staffing levels at the quickest pace since July 2024. The increase in headcounts led to a slower and only fractional rise in backlogs of work in July.

Amid rising new business and activity, overall business confidence improved. Service providers were the most upbeat in four months, driven by hopes that better economic conditions and improved global trade flows will support new sales and activity growth in the year ahead. The level of confidence remained well below the series average, however.

S&P Global China General Services PMI Business Activity
Index, sa, >50 = growth m/m



Data were collected 10-23 July 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

Commenting on the China General Services PMI Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence said:

“July’s S&P Global China General Services PMI revealed that the service sector grew at an accelerated pace going into the second half of the year. Better demand conditions underpinned the latest rise in activity, and this had notably included firmer external demand, as highlighted by the first expansion in new export business in three months.

“It was positive to see business sentiment recovering further, with the overall level of confidence the highest since March amid hopes that both global economic and trade conditions will strengthen in the coming months. A renewed rise in employment also reflected Chinese service providers’ optimism regarding future output, though many of these additional workers were reported to be on a part-time basis.

“Notably, the latest survey signalled a fresh increase in output charges in July, which also indicated improved confidence as firms were comfortable to pass on higher costs to clients for the first time in six months. Overall, the service sector fared better in July, which contrasted with the slowing trend seen for manufacturing.”

Lastly, on prices, rising raw material, fuel and salary expenses led to a further increase in average input costs in July. As a result, service providers raised their output charges. Notably, it was the first time that selling prices had increased in six months. Overall, rates of both input cost and output price inflation were marginal and below their respective averages.

S&P Global China Composite PMI®

Service sector drives overall expansion of output in July

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 50.8 in July, down from 51.3 in June. This indicated that output expanded for a second successive month, albeit at a softer pace. Growth was limited to the service sector, as manufacturing production declined at the start of the third quarter.

New business growth picked up since June and was broad-based, but export sales declined amid falling external demand for goods. Meanwhile, employment growth was driven by services companies, and overall business sentiment picked up slightly.

Finally, average input prices rose at the quickest pace in eight months, though output charges continued to fall.

Methodology

The S&P Global 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.

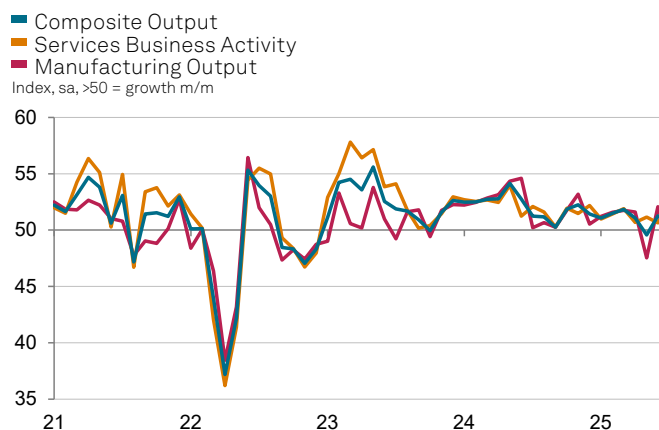
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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