

PMI

Caixin China
General Services
PMI Press Release

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Caixin China General Services PMI®

Services activity growth accelerates to three-month high

China's service sector expanded again in March, with both business activity and new orders increasing at faster rates in the latest survey period. Firms were also optimistic regarding future output. Staffing levels declined, however, whilst improved efficiency helped to clear backlogs of work. Meanwhile, greater market competition led firms to lower their selling prices in March. This was despite a renewed increase in input costs.

The headline Caixin China General Services Business Activity Index posted 51.9 in March, up from 51.4 in February. Scoring above the crucial 50.0 no-change mark for the twenty-seventh month in a row, the latest reading signalled another expansion of services activity in China. While modest, the rate of growth was the most marked since last December.

Higher new business inflows underpinned the latest improvement in services activity growth. The pace at which new orders rose was the quickest in three months, aided by supportive policies, marketing efforts and a broad improvement in demand conditions, according to panellists. The latest data indicated that the expansion of total new business stemmed mainly from firmer domestic demand, as the volume of new export business was unchanged in March.

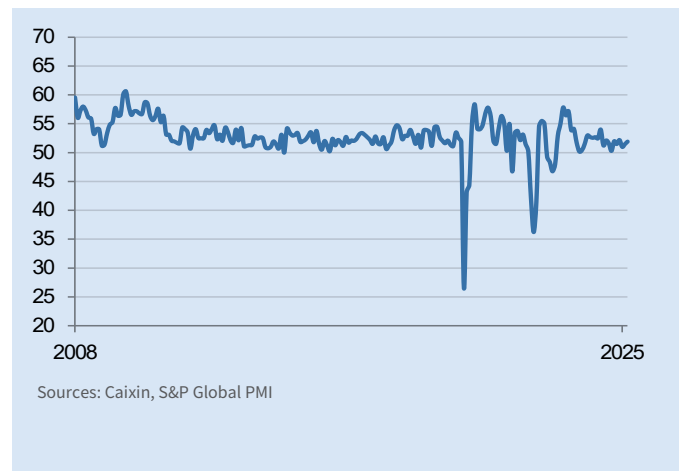
Panellists also mentioned improvements in business efficiency at the end of the first quarter, which supported a third monthly reduction in the volume of backlogged work. That said, the rate of depletion remained marginal overall. Signs of spare capacity contributed to a renewed drop in employment in March. The pace of job shedding was the quickest in nearly a year, albeit modest. Some service providers also reported reducing their headcounts amid cost concerns.

Indeed, average input prices rose in March after falling fractionally in the prior month. Panellists often mentioned higher staff expenses and greater supplier charges as key factors driving inflation. That said, the rate of input price inflation was only marginal. Services firms generally opted to absorb any cost increases and lowered their charges for a second straight month. While only slight, the rate of discounting was the most pronounced in six months. Heightened market competition placed pressure on services firms to lower their selling prices to support sales, according to anecdotal evidence.

Overall, business sentiment in the Chinese service sector remained upbeat in March. Panellists often hoped that supportive domestic policies and business development efforts will boost sales and output in the next 12 months. Although still above the average recorded over 2024, the level of business confidence moderated from February, with some firms expressing concerns over the global economic and geopolitical outlooks.

China General Services Business Activity Index

sa, >50 = growth since previous month



Key findings:

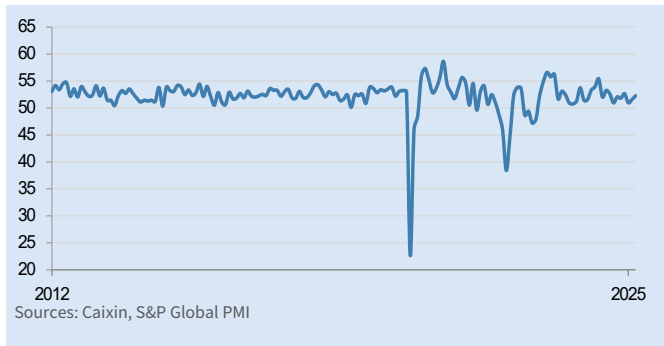
New business increases at quickest pace since last December

Staffing levels decline at strongest rate in nearly a year

Output charges cut at fastest pace in six months

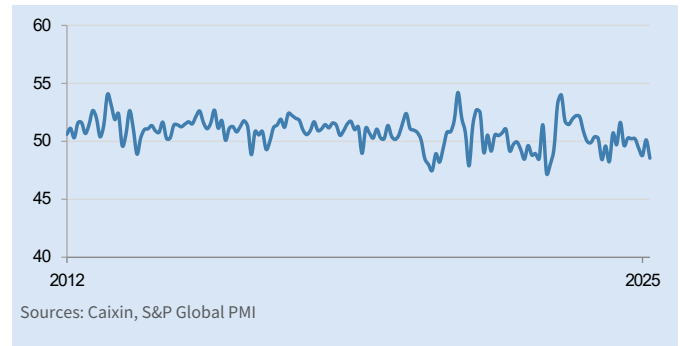
New Business Index

sa, >50 = growth since previous month



Employment Index

sa, >50 = growth since previous month



Commenting on the China General Services PMI® data, Dr. Wang Zhe, Senior Economist at Caixin Insight Group said:

“The Caixin China General Services Business Activity Index came in at 51.9 in March, gaining 0.5 points from the previous month and indicating unbroken growth in the services sector since early 2023.

“Supply and demand expanded at a faster pace than in February as the market continued to improve. Business activity and total new orders grew for the 27th month in a row, with both gauges hitting new highs for this year. External demand remained steady as the measure for new export orders stood at 50.

“Employment was sluggish. Businesses took a cautious approach to hiring as they worked to reduce costs, dragging the corresponding gauge into negative territory. This marked the third contraction in four months, with employment shrinking at the sharpest pace in 11 months. Backlogs of work declined thanks to continued efforts in reducing costs while improving efficiency, keeping the corresponding gauge in contraction for the third straight month.

“Prices remained under pressure. Input costs increased moderately due to slightly rising wages and prices offered by suppliers. Service

providers continued to cut prices charged to customers to promote sales amid fierce market competition, pushing the indicator to its lowest level in six months.

“Market optimism was maintained. The indicator for expectations of future activity measured lower than February but remained in expansionary territory. Service providers were hopeful about future policy support at home. However, some expressed concerns over a potentially deteriorating global trade environment.”



Caixin China General Composite PMI®

Broad-based acceleration in output growth

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 51.8 in March, up from 51.5 in February, signalling that business activity growth strengthened to the fastest since last November. This was supported by quicker rates of output growth in both the manufacturing and service sectors.

Central to the rise in activity was greater inflows of new business, including new export business. Backlogs also accumulated for a second straight month. Employment levels declined, however, linked mainly to job shedding in the service sector. Overall business sentiment remained optimistic, with the level of confidence still above the 2024 average, despite easing since February.

Turning to prices, average charges declined for a fourth straight month as input prices fell at a pace that, though marginal, was the quickest in almost five years.

Comment

Commenting on the China General Composite PMI® data, Dr. Wang Zhe, Senior Economist at Caixin Insight Group said:

“In March, the Caixin China General Composite PMI was 51.8, up 0.3 points from the previous month while remaining in expansive territory for the 17th straight month. Supply and demand improved across sectors, with manufacturing experiencing strong foreign demand. But prices remained weak, with sales prices particularly subdued. The job market in manufacturing improved slightly, but employment in its services counterpart was a drag. The market overall remained optimistic about the economic outlook.

“The major macroeconomic indicators in the first two months were in line with or slightly exceeded market expectations. The economy had a stable start to the year, with signs of further recovery and improvement. However, the job market remained relatively sluggish, and deflationary pressures persisted, due to insufficient effective demand at home and market participants’ weak optimism.

“The government has made boosting consumption the top priority of its economic work this year. That means policy efforts should focus on stabilizing employment, alleviating households’ financial burdens, and increasing their disposable income. Stabilizing the stock and real estate markets while enhancing asset income for households is also essential for spurring consumption.

“In 2025, as the external environment becomes increasingly severe and complex, China’s macroeconomic policies need to be more proactive and decisive, with measures implemented as soon as possible to support a sustained economic recovery.”

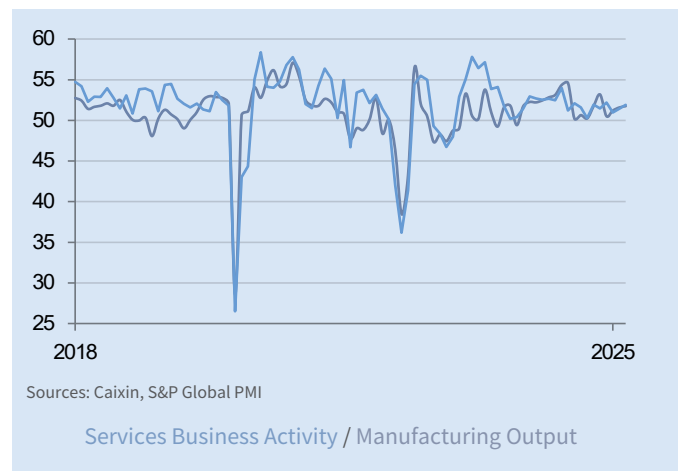
China General Composite Output Index

sa, >50 = growth since previous month



Index by sector

sa, >50 = growth since previous month





Survey methodology

The Caixin China General Services PMI[®] is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 private and state-owned services companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. For the purposes of this report, China is defined as mainland China, excluding Hong Kong SAR, Macao SAR and Taiwan.

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 more information on the survey methodology, please contact: economics@spglobal.com.

Survey dates and history

Data were collected 12-21 March 2025.

Data were first collected November 2005.

About PMI

Purchasing Managers' Index[™] (PMI[®]) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

www.spglobal.com/marketintelligence/en/mi/products/pmi

About Caixin

Caixin is an all-in-one media group dedicated to providing financial and business news, data and information. Its multiple platforms cover quality news in both Chinese and English. Caixin Insight Group is a high-end financial research, data and service platform. It aims to be the builder of China's financial infrastructure in the new economic era.

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