

PMI

Caixin China
General Services
PMI Press Release

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Caixin China General Services PMI®

Softest rise in services activity in nine months

China's service sector expanded again at the end of the second quarter. That said, rates of both business activity and new order growth eased since May. This was amidst another reduction in new export business. Meanwhile, job shedding was recorded for the third time in the past four months, which contributed to a faster accumulation of backlogged work. Overall sentiment was positive regarding the 12-month outlook, but remained historically subdued.

On prices, a slower rise in average input costs coupled with competitive pressures led to another fall in output charges in June.

The headline Caixin China General Services Business Activity Index posted 50.6 in June, down from 51.1 in May. This marked the thirtieth successive month in which the index has registered above the crucial 50.0 no-change mark to indicate an expansion of services activity in China. The pace of growth was the softest since last September, however.

Central to the softer rise in services activity was a moderation in the rate of new business growth. While marketing efforts and the launch of new products supported higher overall sales, the rate of expansion eased amid subdued global conditions. New export business declined for a second successive month and at the quickest pace since December 2022.

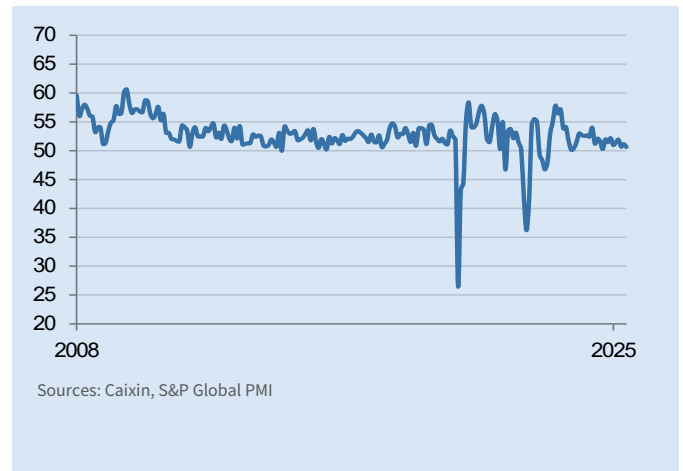
Staffing levels were lowered in June, which survey respondents often linked to a slowdown in new order growth and concerns over costs. The fall in employment was only marginal, but nevertheless contributed to a build-up of outstanding work in June. The level of outstanding business increased at the most pronounced pace in a year.

Turning to prices, average input costs remained on an upward trend in June. Comments from panellists often pointed to higher raw material and fuel costs as the main drivers of inflation. The rate of increase eased to a three-month low and was marginal, however. Services companies opted to continue absorbing cost increases in June and cut their output charges for a fifth successive month. Anecdotal evidence suggested that intense market competition had underpinned the latest reduction in selling prices, which were cut at the sharpest pace since April 2022.

Overall sentiment in the service sector remained positive at the end of the second quarter. Service providers were hopeful that better economic conditions and business expansion plans will help to spur sales and push up activity levels over the next 12 months. The level of confidence rose for a second successive month in June, but remained well below the long-run average.

China General Services Business Activity Index

sa, >50 = growth since previous month

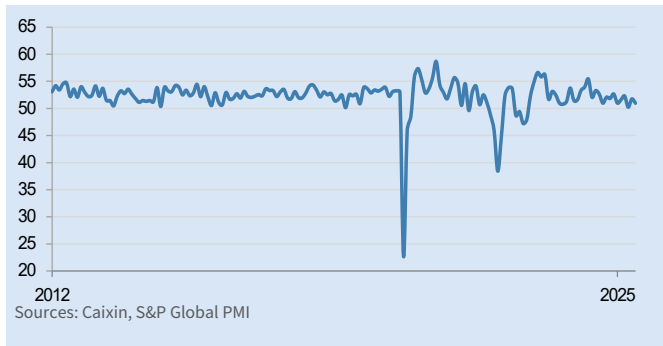


Key findings:

- New business expands at slower pace amid a reduction in export sales
- Employment falls marginally
- Output charges decline at strongest pace in over three years

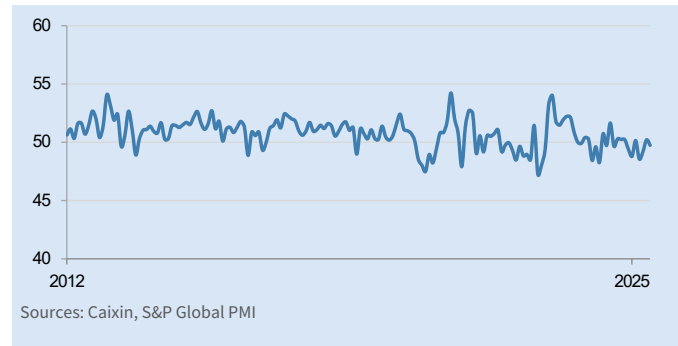
New Business Index

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 50.6 in June, down 0.5 points from the previous month to reach the lowest point since September, although staying in expansionary territory for the 30th straight month.

“Expansion in supply and demand slowed. Despite businesses’ efforts to pursue new customers, growth in demand was limited. In June, business activity and total new orders both grew for the 30th consecutive month but at slower clips than the previous month. External uncertainties had a greater negative impact on service exports, with new export business continuing to decline, doing so at the sharpest pace since December 2022.

“Employment declined. In June, the corresponding gauge was in contractionary territory for the third time out of the past four months. Service providers remained cautious about hiring as they continued to prioritize controlling costs. The shrinking workforce led to a moderate increase in backlogs of work, which grew at the fastest pace in a year.

“The trend of rising input costs alongside declining output prices continued for the fourth straight month. Prices of energy and raw materials increased slightly, while labor costs and interest payments decreased. As a result, input costs grew marginally in June. Meanwhile, service providers continued to cut prices to remain competitive, resulting in the prices charged to customers declining at the quickest rate since April 2022.

“Business optimism was sustained, however. In June, surveyed companies were confident about future improvements in economic conditions and the expansion of their business, with the indicator for future output expectations largely remaining unchanged from the previous month. However, it remained significantly lower than the historical average.”



Caixin China General Composite PMI®

Overall output expands amid fresh rise in factory production

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 June, up from 49.6 in May. This indicated that output returned to expansion after falling in the prior month. Underlying data revealed that a renewed increase in manufacturing production had offset a softening of services activity growth.

New business also returned to expansion, despite subdued exports. That said, business optimism softened slightly and job shedding persisted in June. Lower workforce capacity contributed to the fastest accumulation of backlogged work in a year.

Finally, average input prices declined fractionally following two consecutive months of inflation. Cost savings were generally shared with clients amid efforts to stimulate sales. Furthermore, average selling prices were cut at the quickest rate in more than two years.

Comment

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

“In June, the Caixin China General Composite PMI was 51.3, up 1.7 points from the previous month. Both supply and demand returned to growth, with manufacturing experiencing greater expansion in production.”

“Employment continued to contract. Average business costs were generally stable, but sales prices declined at the fastest pace since April 2023, straining profitability. While businesses remained optimistic, the sentiment weakened from the previous month, with the level below its historical average.”

“With earlier policy measures aiming to stabilize the economy continuing to take effect, the overall operation of the economy remains stable, alongside a gradual recovery of market conditions.”

“However, we must recognize that the external environment remains severe and complex, with increasing uncertainties. The issue of insufficient effective demand at home has yet to be fundamentally resolved.”

“Recently, major macroeconomic indicators have shown divergence, with consumption in certain sectors increasing beyond expectations, while the momentum of growth in investment and industrial production has weakened. Market participants’ expectations remain weak.”

“While some of the existing stimulus policies may have front-loaded short-term consumption, unleashing consumption potential in the long term still relies on stabilizing employment, reinforcing confidence, and increasing incomes.”

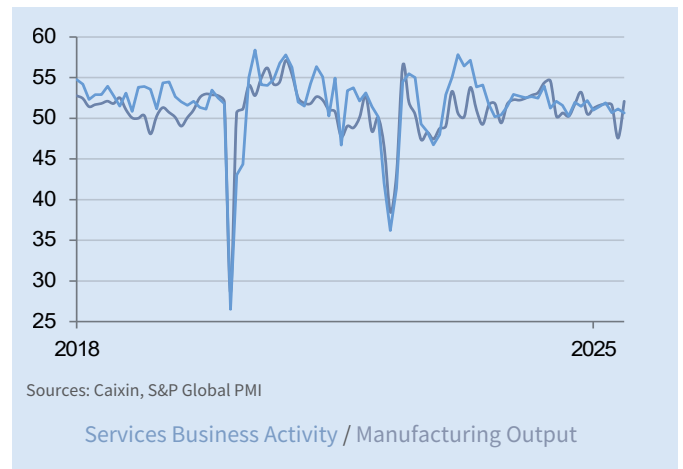
China General Composite Output Index

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 12-20 June 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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