

PMI

Caixin China
General Services
PMI Press Release

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Caixin China General Services PMI®

Services activity growth accelerates in May

China's service sector expanded at a faster pace midway through the second quarter. Services companies signalled stronger increases in both new business and activity during May. This was despite a renewed fall in new export orders. As a result, companies hired additional staff to cope with higher workloads, leading to a slower rise in the level of outstanding business.

Turning to prices, cost inflation quickened in May, but firms opted to cut their selling prices, despite stronger optimism regarding future activity.

The headline Caixin China General Services Business Activity Index posted 51.1 in May, up from 50.7 in April. This marked the twenty-ninth 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 services activity growth accelerated since April but remained modest overall.

Faster new business growth underpinned the latest upturn in services activity. Anecdotal evidence suggested that efforts to expand business and widen the pool of clients drove May's expansion in new work. This was despite subdued trade conditions dampening exports, according to panellists. Notably, new export business declined for the first time in 2025 so far, though only marginally.

To support higher amounts of incoming new business, service providers hired additional workers in May. This followed two successive months of job shedding. Though only slight, the rate of employment growth was the quickest seen since last November. As a result, backlogs of work accumulated at a softer and only fractional pace in May.

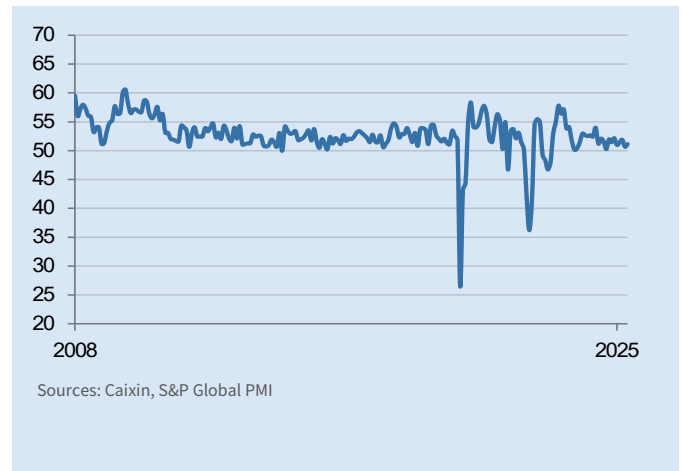
Average input costs meanwhile continued to increase across China's service sector. According to anecdotal evidence, increased purchase prices and wages drove the latest upturn in operating expenses. The rate of inflation was the fastest since last October but remained below the long-run average.

On the other hand, selling prices declined for a fourth straight month in May. Though marginal, the rate of discounting was the steepest in eight months. Chinese service providers often linked the reduction in output prices to greater competition for new work and promotional activities.

Overall sentiment remained positive in the Chinese service sector midway through the second quarter of 2025. Firms were often hopeful that improvements in global trade conditions and business developments plans could help to spur sales and boost activity levels over the next 12 months. The level of confidence strengthened since April, but remained below-average.

China General Services Business Activity Index

sa, >50 = growth since previous month



Key findings:

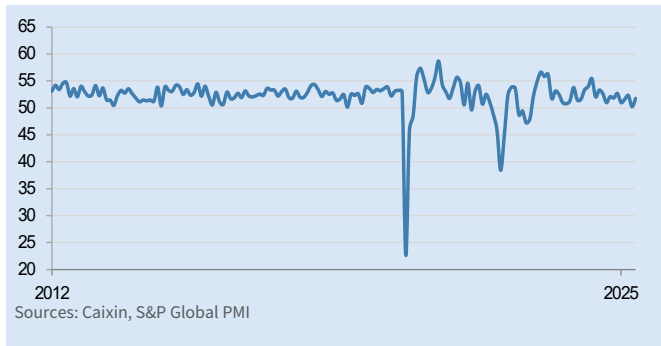
Incoming new business expands at second-fastest pace in year-to-date

Fresh rise in employment

Output charges fall despite stronger cost inflation

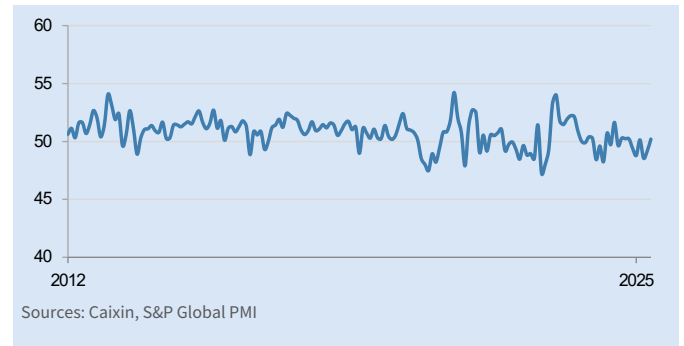
New Business Index

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 51.1 in May, increasing 0.4 points from the previous month and remaining in expansionary territory for the 29th straight month.”

“Both supply and demand grew at a slightly faster clip as businesses sought to acquire new clients. Business activity and total new orders both grew for the 29th consecutive month. However, foreign demand took a hit from the global trade conflict, with new export business declining for the first time this year.”

“Employment expanded. The labor market ended its two-month streak of contraction and recorded a modest expansion in May, with the corresponding gauge reaching a high not seen since November. Some companies continued to cut headcounts to control costs, while others hired more workers in response to increasing demand. Meanwhile, backlogs of work generally remained stable, with the corresponding indicator standing just above 50.”

“The trend of rising input costs alongside declining output prices continued. Businesses’ purchasing prices and labor costs continued

to rise, leading to input costs increasing for a third straight month and at the fastest pace in seven months. In stark contrast, prices charged to customers declined for the fourth month in a row as market competition drove service providers to continually cut prices.”

“Business optimism improved. In May, although the indicator for future activity expectations remained below its historical average, the reading ticked up by just over 1 point. Surveyed companies were hopeful that the negative impact of the U.S. tariffs may ease in the future.”

Caixin China General Composite PMI®

Business conditions soften marginally in May

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 below the 50.0 no-change threshold at 49.6 in May, down from 51.1 in April. This marked the first reduction in output since December 2022. Underlying data indicated that faster services activity growth in May had failed to offset a drop in manufacturing production.

A renewed reduction in composite new orders underpinned the fresh fall in activity. Employment also declined slightly, driven by job shedding across the goods-producing sector. At the same time, backlogs of work were depleted for the first time since January. However, overall business confidence improved, supported by rising optimism across both sectors.

Turning to prices, average charges continued to fall in May, declining at the quickest pace in just over two years as input cost inflation eased.

Comment

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

“In May, the Caixin China General Composite PMI was 49.6, down 1.5 points from the previous month and marking the first contraction since December 2022. While the services sector improved slightly, the contraction in manufacturing weighed on the overall market. The manufacturing sector also dragged on supply, demand and employment at the composite level.

“On the external demand front, new export orders remained sluggish in both the manufacturing and services sectors. Average costs for businesses rose slightly, but selling prices continued to weaken, increasing profit pressure. Market expectations, however, rebounded slightly from April’s record low.

“Currently, unfavorable factors remain relatively prevalent. Uncertainty in the external trade environment has increased, adding to domestic economic headwinds.

“Major macroeconomic indicators showed a noticeable weakening at the start of the second quarter. Downward pressure on the economy has significantly intensified compared to preceding periods.

“In terms of policy, the lasting impact of earlier consumption-stimulating measures needs further evaluation, and follow-up actions should be introduced based on the actual conditions in the economy.

“More importantly, boosting domestic demand should be grounded in improving household incomes. As such, effective measures must be taken to improve the employment environment, strengthen social security, raise households’ disposable income, improve market expectations, and ultimately drive a continued economic recovery.”

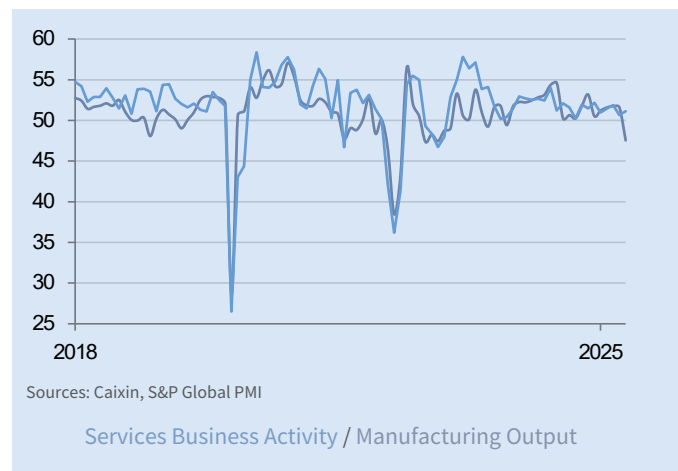
China General Composite Output Index

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 May 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.

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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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