

PMI

Caixin China
General Services
PMI Press Release

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Caixin China General Services PMI®

Business activity growth softens at the start of 2025

China's services economy commenced 2025 in growth territory as incoming new business continued to rise. That said, the pace of new business and activity growth softened since December. A lack of capacity pressure meanwhile resulted in another round of job shedding among service providers, though firms grew more optimistic regarding future activity at the start of the year.

Turning to prices, the rate of selling price inflation softened despite an intensification of cost pressures.

The seasonally adjusted headline Caixin China General Services Business Activity Index posted 51.0 in January, down from 52.2 in December. This extended the period of expansion that commenced in January 2023. The pace of business activity growth softened since December, however, and was modest.

Higher new business, underpinned by improvements in underlying demand and successful business development efforts, supported the rise in services activity at the start of 2025. This included foreign demand, with new export business returning to growth after falling at the end of 2024. The rate of overall new business growth was modest, however, having eased since December.

The softening of new business growth and better efficiency at service providers led to the first decline in the level of unfinished business since July 2024. Moreover, the rate of decline was the most pronounced in two-and-a-half years despite being marginal. The lack of capacity pressure therefore led to further job shedding in the service sector at the start of the year. Both resignations and redundancies contributed to the fastest decline in services employment in China since April last year, according to panellists.

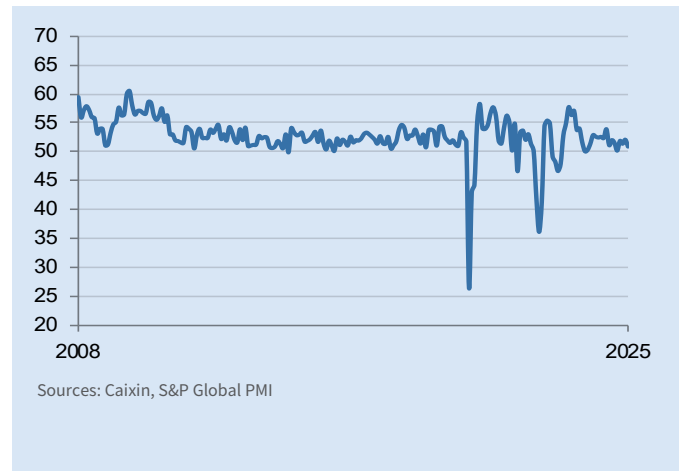
Meanwhile, cost pressures intensified for Chinese services firms at the start of 2025. Higher raw material and labour costs were often mentioned by panellists as reasons for the latest rise in average input prices. The rate of cost inflation, though marginal, was the highest in three months.

As a result of rising input costs, Chinese service providers raised their selling prices for a second straight month in January. The increase in average charges was fractional, however, and smaller than in December. The latest softening of charge inflation was reflective of firms' willingness to partially absorb price increases in order to support sales.

Finally, sentiment in the Chinese service sector was positive at the start of 2025. Firms expressed hopes that business growth plans and supportive government policies can support sales in the next 12 months. Despite rising from December, the level of confidence remained below-average as some firms indicated concerns over heightening competition and trade uncertainties negatively affecting demand for services from China.

China General Services Business Activity Index

sa, >50 = growth since previous month



Key findings:

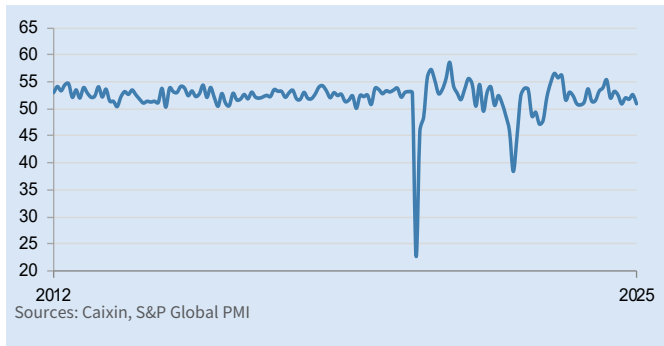
New business growth eases to four-month low

Employment levels decline at fastest pace since April 2024

Selling price inflation eases despite a quicker rise in average costs

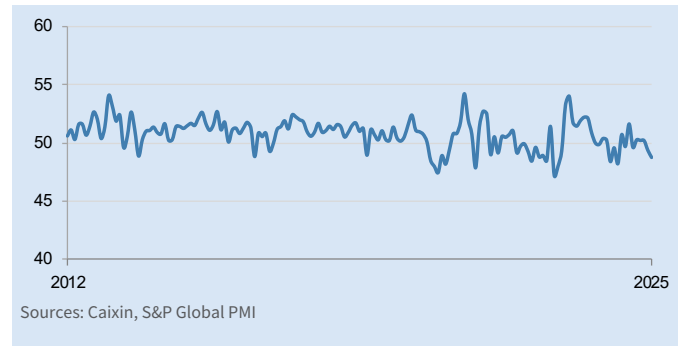
New Business Index

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 stood at 51 in January, falling 1.2 points from the previous month but marking the 25th consecutive month that the index has remained in expansionary territory.

“The pace of expansion in both supply and demand slowed. While business activity and new orders grew for the 25th consecutive month, they both expanded at their slowest rates in four months. External demand rebounded in January after recording a short-lived decline in the previous month, with the gauge for new export orders remaining in expansionary territory for the 16th time in the past 17 months.

“Employment in the services sector shrank for a second consecutive month. Firms remained focused on cutting their headcount and becoming more efficient, driving the employment gauge to its lowest reading since April 2024. Relatively weak market demand and enhanced operational efficiency resulted in the first decline in backlogs of work since July 2024.

“Price pressures persisted. Both input costs and output prices increased, though the growth was modest. Costs rose, driven by increases in wages and raw material prices, which was reflected in slight increases in selling prices.

“Market sentiment continued to be optimistic. The indicator for business expectations remained in expansionary territory in January, rising by more than 2 points from the previous month. However, the gauge remained below its historical average. Service firms continued to express concerns about intense market competition and global trade uncertainties.”



Caixin China General Composite PMI®

Fastest fall in employment in 26 months

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 51.1 in January, down from 51.4 in December. This extended the period of continuous expansion to 15 months. The pace of growth softened to the lowest in four months, however, as quicker manufacturing output growth failed to offset a softening of services activity expansion.

Incoming new orders also expanded at a softer pace, though export business returned to growth after shrinking in December. Meanwhile, employment levels declined at the fastest pace in over two years amid a lack of capacity pressure.

A broad-based improvement in business optimism was observed at the start of the year. That said, firms were unwilling to raise prices despite an increase in average input prices. Selling prices fell at the quickest pace in four months at the start of 2025.

Comment

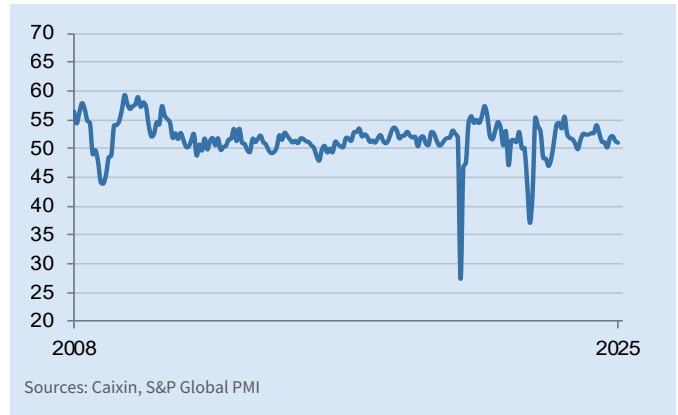
Commenting on the China General Composite PMI® data, Dr. Wang Zhe, Senior Economist at Caixin Insight Group said:

“The Caixin China General Composite PMI came in at 51.1 in January, down 0.3 points from the previous month while marking the 15th consecutive month of expansion. While both manufacturing and services saw improvements in supply and demand, the services sector exhibited weaker momentum. Employment in both sectors fell significantly, and overall price levels remained subdued, particularly factory-gate prices in manufacturing. Meanwhile, market optimism improved slightly but remained below its historical average.”

“The stimulus policies introduced since September 2024 have delivered tangible results, enabling China to achieve its economic growth target for the year. However, the effectiveness of the measures — such as large-scale equipment upgrades and trade-in programs for consumer goods — may diminish in 2025. Additionally, rising uncertainty on the international stage could worsen China’s export environment, posing significant challenges for its economy. In this context, macroeconomic policies must be well-prepared and adjusted promptly to adapt to evolving circumstances. Domestically, weak effective demand and sluggish consumer spending persist, underscoring the need for policies that boost residents’ disposable income. Moreover, with the number of new births in 2024 remaining at low levels, it is essential to prioritize incentives and other responsive measures to support population growth.”

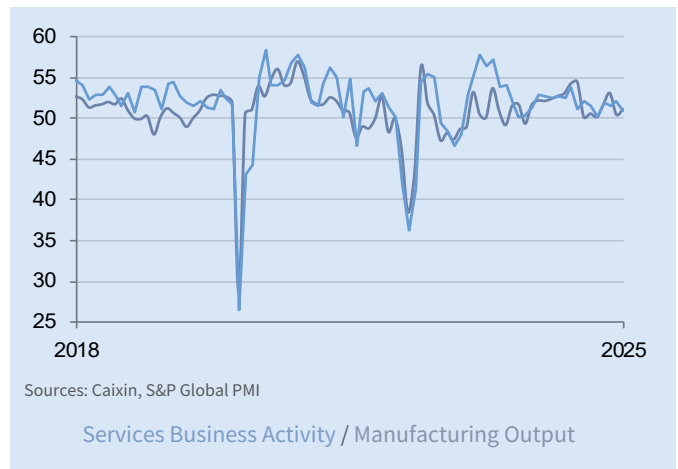
China General Composite Output Index

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 09-23 January 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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