

PMI

Caixin China
General Services
PMI Press Release

2025.04

Caixin China General Services PMI®

Softest rise in services activity in seven months

China's service sector expanded at a softer pace at the start of the second quarter of 2025. This was driven by a slower and only marginal rise in new business, which in turn was impacted by recent tariff announcements. Business sentiment dipped to the lowest level seen since February 2020, while staffing levels continued to fall. Concurrently, concerns over the outlook for sales led service providers to reduce their charges again despite stronger cost inflation in April.

The headline Caixin China General Services Business Activity Index posted 50.7 in April, down from 51.9 in March. This marked the twenty-eighth successive month in which the index has posted above the crucial 50.0 no-change mark to indicate an expansion of services activity in China. That said, the rate of growth eased to the softest since last September.

The slowdown in business activity growth reflected the trend seen for new business. Disruptions to goods trade amid fresh tariffs had negatively impacted some service providers in April, according to anecdotal evidence, and led to the slowest rise in overall new work for 28 months. New export business increased only fractionally, with some firms noting improved foreign demand amid rising tourism activity.

Concerns over the negative impact of shifting trade policies also weighed on sentiment in April. Business confidence among service providers slipped to the second-lowest level recorded since data collection began in November 2005. Nevertheless, businesses generally anticipate that new marketing plans and improvements in efficiency can help to drive business activity growth in the next 12 months.

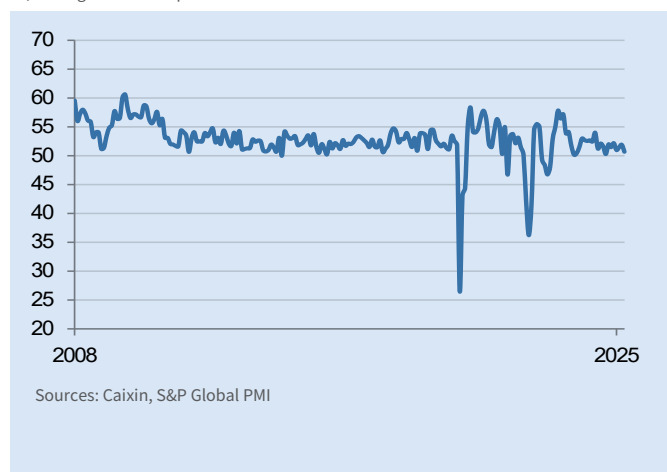
Chinese services firms opted to lower their staffing levels for a second consecutive month in April amid concerns around costs. A further uptick in sales coupled with tariff-related uncertainty resulted in the first accumulation of outstanding business in four months.

Turning to prices, average input costs continued to increase in April. Despite reductions to staffing levels, greater wage costs were mentioned as a key factor pushing up expenses, alongside rising raw material prices. The rate of inflation was the strongest since January but remained below the series average.

Despite higher costs, Chinese service providers lowered their average output charges for the third month in a row. Firms often mentioned offering discounts and lowering their charges to support sales as market competition had intensified.

China General Services Business Activity Index

sa, >50 = growth since previous month



Key findings:

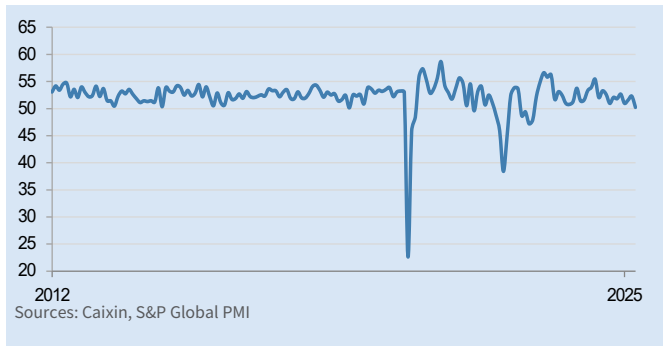
New order growth weakens to 28-month low

Firms cut output charges, despite rising input prices

Optimism among service providers slips to second-lowest on record

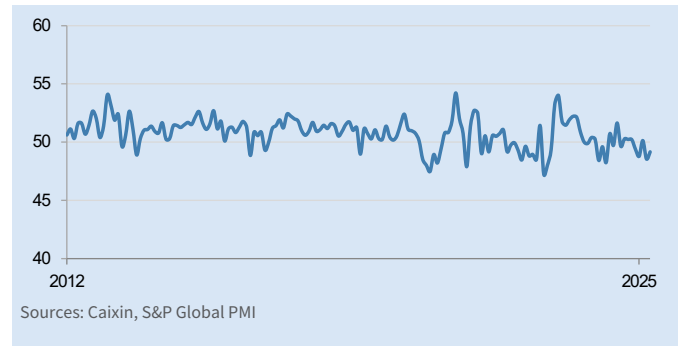
New Business Index

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 50.7 in April, down 1.2 points from the previous month. That’s the lowest reading since September, though still in expansionary territory.

“In April, supply and demand grew at a slower pace than the previous month. Market improvements were limited amid the China-U.S. trade row. Business activity and total new orders both grew for the 28th month in a row. However, the growth of the former slowed significantly from the previous month, while the latter grew at the slowest pace since December 2022. Foreign tourists remained a driver of services sector exports, contributing to marginal growth in new export business.

“Employment shrank for the second straight month, marking the fourth contraction in the past five months. Businesses cut staff to save costs. The shrinking job market led to increases in backlogs of work, pushing the corresponding gauge above the expansion line for the first time this year.

“In terms of prices, a rise in input costs contrasted with a decline in prices charged. Input costs rose for the second consecutive month, partly due to increased wages and raw material prices. Service providers cut prices charged to customers to boost sales amid tepid demand and fierce market competition, resulting in a third straight monthly drop in prices charged.

“The gauge measuring market optimism fell to one of its lowest levels on record. Service providers expressed concerns over the effects of U.S. tariffs. The indicator for expectations of future activity, though still in expansionary territory, fell to the second-lowest level on record, only higher than the reading in February 2020 — when the Covid outbreak hit the country.”



Caixin China General Composite PMI®

Softest increase in overall output for three 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 April, down from 51.8 in March, signalling that business activity growth eased to a three-month low. The slowdown reflected softer increases in output across both the manufacturing and service sectors.

April data also signalled a slower expansion in overall new work, which rose at the softest pace in seven months amid a renewed contraction in new export business. Overall optimism among Chinese firms weakened to the lowest level since this series began in April 2012, resulting in further job cuts in April.

Turning to prices, average input costs increased after falling in the prior month. That said, charges declined for the fifth successive month, with reductions in selling prices recorded across both the manufacturing and service sectors.

Comment

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

“In April, the Caixin China General Composite PMI was 51.1, down 0.7 points from the previous month while remaining in expansionary territory for the 18th straight month. Expansion of supply and demand in the manufacturing and services sectors slowed in light of the China-U.S. trade conflict, with exports in the former under greater pressure.

“Employment at the composite level contracted. Average input costs increased moderately, but sales prices remained subdued, adding to the pressure on profits. Notably, the indicator for expectations of future business activity in both sectors fell to one of the lowest levels on record, pushing the gauge at the composite level to a record low, reflecting a dim outlook.

“China’s economy got off to a strong start in the first quarter, with key macro indicators exceeding market expectations, showing that incremental and existing policies were working.

“However, there are still many unfavorable factors dragging on economic growth, especially those stemming from global trade uncertainties.

“With a cloud over the market outlook, both business and consumer confidence are subdued, making it harder to boost domestic demand. The ripple effects of the ongoing China-U.S. tariff standoff will gradually be felt in the second and third quarters. As such, policymakers should prepare well and take action sooner rather than later.”

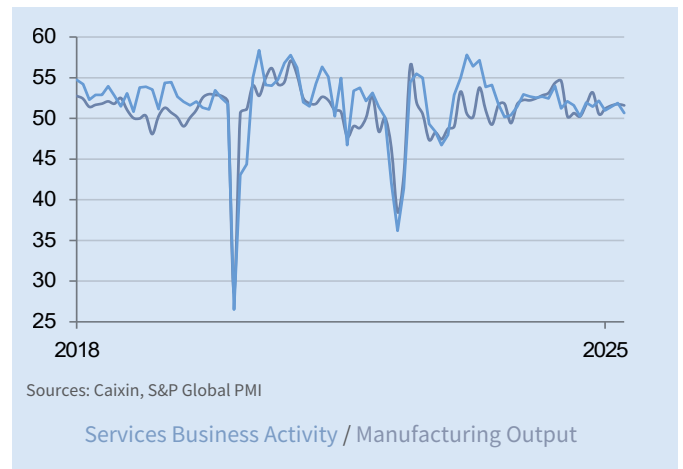
China General Composite Output Index

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 09-22 April 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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