

PMI

Caixin China
General Services
PMI Press Release

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Caixin China General Services PMI®

Modest growth of service sector sustained in February

China's service sector continued to expand in February, with higher activity supported by another modest increase in new business volumes. Employment numbers also stabilised following two months of contraction, whilst confidence in the outlook improved to its highest level since last November. A fractional decline in input prices and market competition helped explain a first (albeit marginal) decline in output charges for the first time in three months.

After accounting for seasonal factors, the headline Caixin China General Services Business Activity Index recorded 51.4 in February. That was an improvement on January's reading of 51.0 and represented a modest expansion of the service sector. Moreover, the headline index has now posted above the crucial 50.0 no-change mark for 26 months in a row to signal a sustained period of continuous growth.

Panellists reported that February's expansion of activity was driven by a combination of higher sales, the start-up of new projects and promotional work. Increased new business volumes were indeed recorded during the month, although growth was also modest and – as was the case with activity – still below its historical trend level. Still, firms reported an improvement in general market demand and heightened success in converting this into actual new contract wins. Foreign sales also rose since January, with growth of new export business solid and its highest in three months.

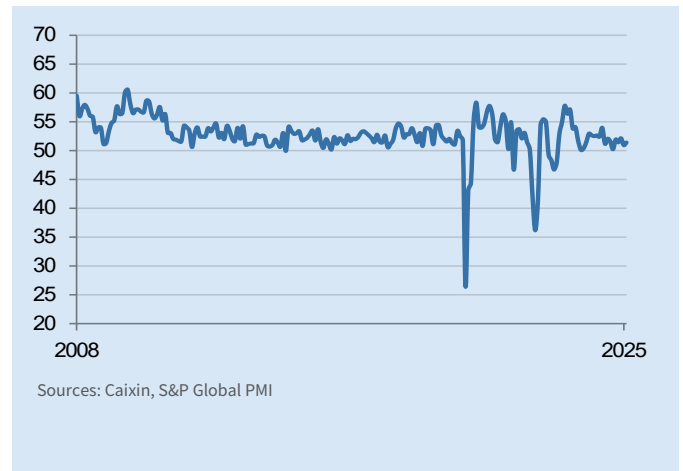
The more positive market environment meant that employment levels rose fractionally in February with some firms directly linking growth to higher new work volumes. The broad stabilisation of staffing levels followed two months of falling employment and helped firms to largely keep on top of their overall workloads. Latest data showed that outstanding business was down for a second month running in February.

A heightened confidence in the outlook also helped to support some recruitment activity in the latest survey period. Optimism improved to its highest level since last November. Firms are hopeful of stronger market demand and better economic conditions. To take advantage of an expected stronger business environment, service sector companies are planning to release new services and bolster promotional activities over the year ahead.

On the price front, February's survey data signalled little change in input costs, though the fractional decline was significant in being the first time that prices had failed to rise since June 2020. Panellists reported that lower market demand, plus a general reduction in the price of some raw materials, had weighed on operating expenses. A marginal decline in output charges was also registered in February as firms sought to pass on reduced input costs and offer promotional discounts in a competitive market environment.

China General Services Business Activity Index

sa, >50 = growth since previous month



Key findings:

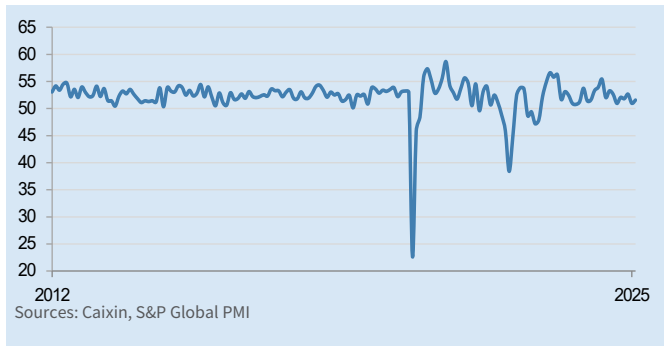
Activity and new work both increase since January

Stabilisation of employment numbers

Market competition leads to decline in output charges

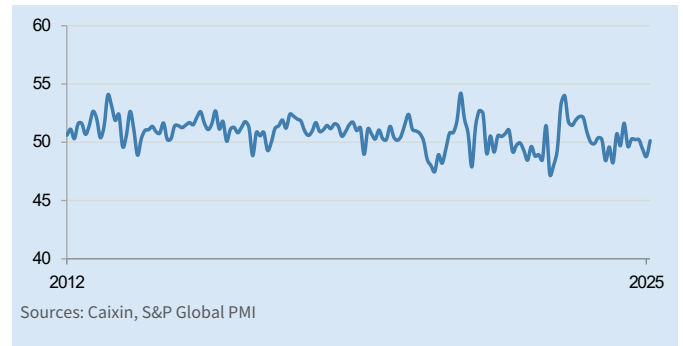
New Business Index

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:

“In February, the Caixin China General Services Business Activity Index reached 51.4, up 0.4 points from the previous month. This marked the 26th consecutive month of services activity expansion, signaling a sustained recovery.”

“Both supply and demand grew. Amid an improving economic environment, service providers continued to roll out new products and ramp up their promotional efforts. The gauges for business activity and total new orders remained above 50 for the 26th straight month, both edging up from January. External demand improved, as the gauge for new export orders hit a three-month high while staying in expansionary territory.”

“Employment remained largely stable. While rising demand boosted hiring at some firms, many others remained cautious. In February, the employment gauge moved into positive territory but only marginally. A slight increase in hiring, coupled with ongoing efficiency improvements, led to a modest reduction in backlogs.”

“Price pressures persisted. Amid a decline in the cost of some raw

materials, input costs fell for the first time since June 2020, though the drop was minimal. This encouraged service providers to cut their prices to stimulate demand, resulting in a slight decline in output prices.”

“Market sentiment continued to improve. The indicator for future activity expectations rose for the second consecutive month, staying in expansionary territory. Service firms were generally optimistic about the economic outlook for the coming year and planned to take more aggressive measures to boost sales.”



Caixin China General Composite PMI®

Modest expansion of overall business activity signalled in February

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 improved to a level of 51.5 in February, up from 51.1 at the start of the year and a three-month high. Modest growth rates in output were recorded across the manufacturing and service sectors, linked to strengthened gains in new orders.

Having declined at the fastest rate in over two years during January, latest data showed only a marginal decline in staffing levels overall. Backlogs of work rose slightly for the first time in 2025 so far as mild capacity pressures persisted in manufacturing.

Finally, latest PMI price data showed the joint-slowest rise in input costs since mid-2023 whilst output charges continued to fall at a marginal pace.

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 51.5 in February, up 0.4 points from the previous month. This marked the 16th straight month of expansion, with improved supply and demand in both sectors. Overall price levels remained subdued, with sales prices in manufacturing and services declining to varying degrees. Overall employment saw a slight contraction, dragged down by the manufacturing sector. Despite this, market sentiment remained upbeat.

“The Chinese New Year holiday saw robust consumption momentum, and technological innovations in certain industries added to the positive sentiment, helping sustain the market recovery. Nonetheless, China’s economy still faces significant challenges, with rising uncertainties in employment and household income constraining efforts to boost domestic demand and stabilize the economy. March represents a critical moment for policymakers. Supportive measures should address market expectations and societal concerns, focusing on key economic bottlenecks. Meanwhile, policies should prioritize demand-side measures, strengthen countercyclical adjustments, and promote higher household income and consumer confidence.”

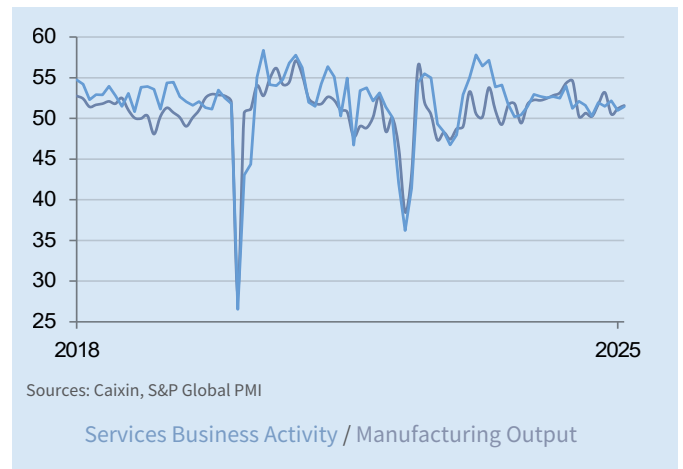
China General Composite Output Index

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 10-20 February 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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