

# PMI

Caixin China  
General Services  
PMI Press Release

2024.06



# Caixin China General Services PMI®

## Service activity growth softens to slowest pace in eight months

China's service economy continued to expand into the end of the second quarter of 2024, supported by rising new and export business. That said, rates of expansions eased in June. This contributed to a reduction in optimism levels. Firms were also cautious about hiring additional staff, even as backlogs accumulated at the fastest pace in just over two years.

Price pressures meanwhile eased with firms raising their charges only fractionally. This was amidst falling input cost inflation in June.

The seasonally adjusted headline Caixin China General Services Business Activity Index posted 51.2 in June, down from 54.0 in May. This signalled an expansion in activity for an eighteenth consecutive month, albeit at the slowest pace since October 2023.

Central to the latest expansion in services activity was rising new business inflows. Incoming new business increased again in June, extending the sequence of growth to one-and-a-half years. Anecdotal evidence suggested that better underlying demand conditions and a widening of the range of services on offer among firms supported the latest expansion in new work. Meanwhile an increase in tourism activity and improvements in overseas business conditions led to another solid rise in export sales. That said, the rates at which new and export business expanded both eased from May.

Service providers remained generally optimistic that activity can expand in the next 12 months, as signalled by the Future Activity Index posting above the 50.0 neutral print. However, the level of confidence eased to the lowest level since March 2020 with some firms concerned about rising competition and softer economic conditions dampening activity in the year ahead.

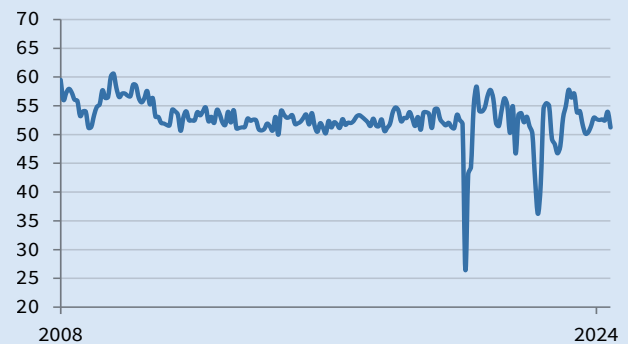
Chinese service providers were also generally reluctant to hire additional staff, with employment levels falling marginally in June amid resignations and redundancies.

As a result of the rise in new business and reduction in staffing levels, backlogs accumulated in the service sector for the first time in five months. Whilst modest, the rate at which the volume of outstanding business rose was the fastest in just over two years.

Finally, average input prices continued to increase in June, extending the sequence of inflation that commenced in July 2020. Survey panellists often mentioned higher input material, labour and transport costs as factors. The sustained rise in costs led to Chinese service providers raising selling prices again in June. However, rates of inflation for both input and output prices both eased since May, with the net rise in charges only marginal.

### China General Services Business Activity Index

sa, >50 = growth since previous month



Sources: Caixin, S&P Global PMI

#### Key findings:

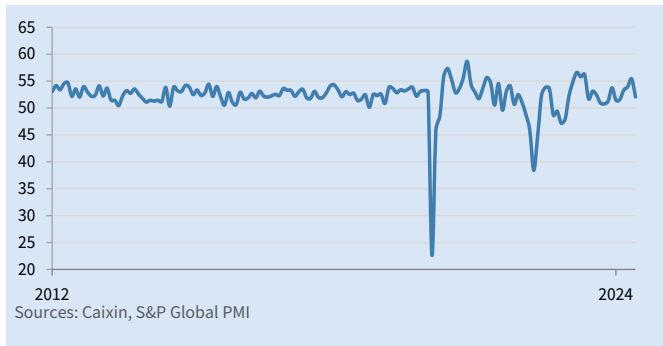
Export business growth remains solid despite slowing in line with overall new business

Staffing levels fall marginally in June

Charges rise only fractionally as input price inflation declines

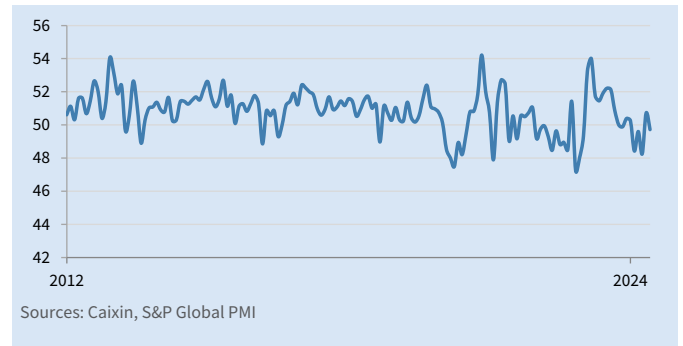
## New Business Index

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 51.2 in June, down 2.8 points from the previous month. Although the index remained in expansionary territory for the 18th consecutive month, the growth momentum weakened compared to May.”*

*“Supply and demand both continued to expand. Business activity and total new orders grew for the 18th month in a row, although at a slower pace. The gauge for the former recorded its lowest level in eight months, while that of the latter reached a four-month low. External demand remained strong, driven by robust tourism spending, with new export orders growing for the 10th straight month.”*

*“Employment in the services sector worsened again. Service providers still expressed a strong motivation to reduce their payrolls and improve efficiency, unwilling to fill vacant positions. Employment contracted for the fourth time in five months. The decline in staff numbers led to increased backlogs of work, pushing the gauge into expansionary territory for the first time since*

*January.*

*“Prices were under pressure. Costs of raw materials, wages and freight increased by varying degrees, keeping the gauge for input costs in expansionary territory. Some of the increased input costs were passed on to consumers, reflected by rises in prices charged by service providers. However, both indicators declined from May, indicating limited inflationary pressure.”*

*“Market optimism weakened. The corresponding gauge remained in positive territory, but was significantly below the historical average, recording the lowest level since March 2020. The market was concerned about downward pressure on the economy.”*



# Caixin China General Composite PMI®

## Solid expansion of business activity in June

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 52.8 in June, down from 54.1 in May. This signalled that Chinese business activity expanded for an eighth successive month. The rate of growth was solid despite easing from May. Underlying data revealed that output growth accelerated in the manufacturing sector but eased for services.

New orders continued to rise in June, albeit at the slowest pace in four months. Meanwhile sentiment deteriorated with firms being the least upbeat in five years. Employment also declined across both manufacturing and service sectors.

Meanwhile, an easing of output price inflation was observed, attributed mainly to slower increases in service sector output charges as manufacturing selling prices rose for the first time in the year-to-date. The rate of overall input cost inflation was unchanged from May.

### 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 measured 52.8, down 1.3 points from the previous month, remaining in expansionary territory since November 2023. Supply and demand expanded, with the manufacturing sector outperforming services. Employment at the composite level contracted, while price levels remained stable. The price levels in the services sector were weaker than those in manufacturing. Notably, the gauge for future output expectations recorded a five-year low in June, indicating weak optimism among both manufacturers and service businesses.*”

*“Recent macroeconomic data show that the economy continues to recover, with stable production, demand, employment and prices, as well as strong exports. The Caixin manufacturing PMI has been in expansionary territory for eight straight months. Despite this, insufficient market confidence and effective demand remain key challenges.*”

*“Looking ahead, policy support requires further consolidation. Efforts in optimizing real estate regulations, upgrading equipment on a large scale, replacing old consumer goods, and the “three major projects” — those involving affordable housing, urban village renovation, and dual-use public facilities that can be used for everyday and emergency purposes — need to be strengthened. In addition, fiscal and tax reforms should focus on creating more optimistic expectations among market participants.”*

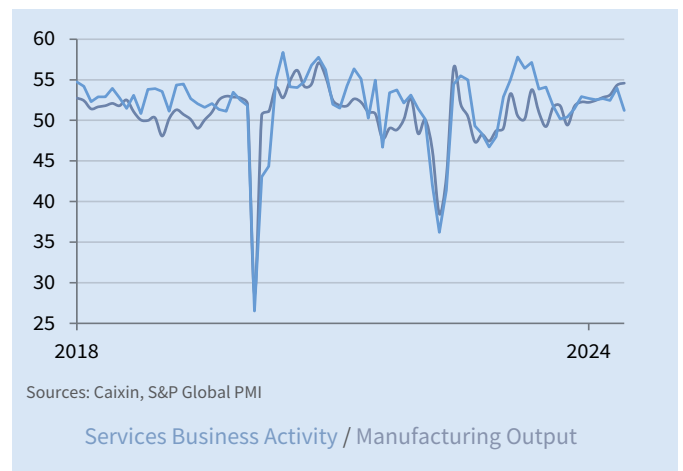
### China General Composite Output Index

sa, >50 = growth since previous month



### Index by sector

sa, >50 = growth since previous month





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## Survey methodology

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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](mailto:economics@spglobal.com).

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## Survey dates and history

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Data were collected 12-20 June 2024.

Data were first collected November 2005.

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## About PMI

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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

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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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