

# PMI

Caixin China  
General Services  
PMI Press Release

2024.08



# Caixin China General Services PMI®

## Service sector expansion sustained in August

China's service economy continued to expand midway through the third quarter of 2024. Incoming new business and activity remained in growth, with export business rising at an accelerated rate in August. Meanwhile capacity pressures were observed with a renewed accumulation of backlogged work, but firms reduced staffing levels amid cost concerns.

Average input prices notably climbed at the fastest rate in more than a year, but firms opted against raising selling prices even as business confidence improved.

The seasonally adjusted headline Caixin China General Services Business Activity Index posted 51.6 in August, down from 52.1 in July. This extended the period of expansion that commenced in January 2023, though with the rate of growth being among the lowest in the year-to-date.

Service activity expansion was sustained by rising new business inflows in August according to the latest data. Chinese service providers often linked the expansion of new work to better underlying demand conditions and a widening of service offerings. In line with overall business activity, new work inflows expanded at a softer rate compared to July.

In contrast, export business increased at an accelerated pace. According to panellists, there was an uptick in overseas client interests, including in the tourism industry, which supported faster export business growth.

Employment declined in August after rising in July. This was despite renewed accumulation of unfinished business in the latest survey period. According to panellists, job shedding occurred due to both resignations and redundancies stemming from the need to lower costs.

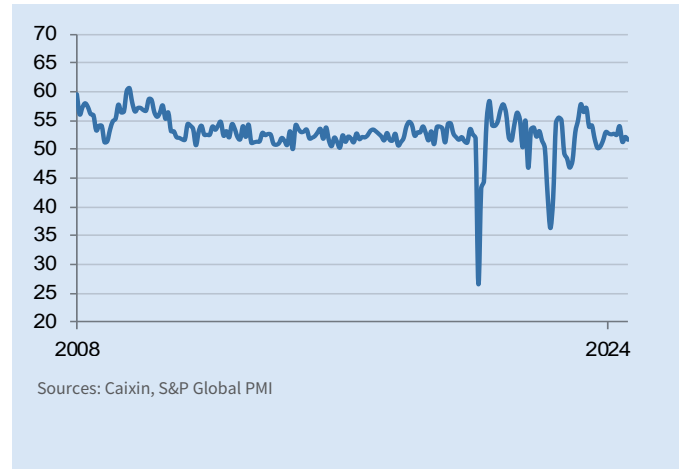
Average input prices continued to rise in the Chinese service sector. Furthermore, the rate of cost inflation accelerated to the highest since June 2023 amid reports of rising input material, staff and transportation costs.

In contrast, selling prices fell for the first time in seven months. While marginal, the rate at which output prices declined was the most pronounced since April 2022. Anecdotal evidence suggested that rising competition led service providers to lower prices and offer discounts to support sales.

Overall sentiment in the Chinese service sector remained positive in August. Although still below the series average, the level of optimism rose for a second successive month to the highest since May. Firms were generally hopeful that better market conditions and business expansion plans can spur services activity growth in the year ahead.

### China General Services Business Activity Index

sa, >50 = growth since previous month



#### Key findings:

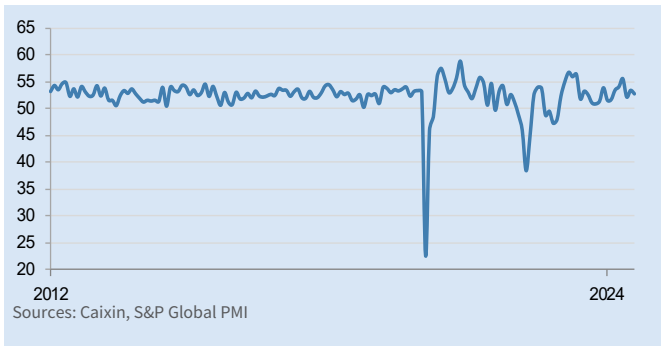
New business growth supported by a faster rise in export business inflows

Staffing levels fall marginally amidst cost concerns

Average charges decline for the first time since January

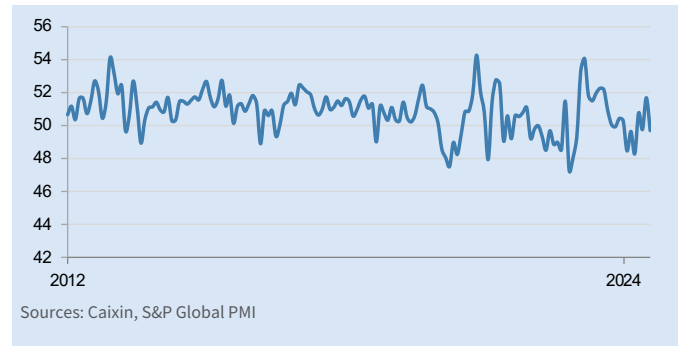
## New Business Index

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 51.6 in August, down 0.5 points from the previous month. Although the index remained in expansionary territory for the 20th straight month, growth in activity slowed.*

*“Supply and demand continued to expand amid market improvement. Business activity and total new orders grew for the 20th month in a row, although both decelerated compared to July. The gauge for the former recorded its second-lowest level so far this year. The number of foreign tourists visiting China continued to increase, contributing to accelerated growth in external demand, keeping the corresponding gauge in expansionary territory for the 12th consecutive month.*

*“Employment in the services sector shifted from expansion to contraction. The indicator sank into negative territory for the fifth time in the past seven months. Surveyed companies adopted a cautious approach to hiring to save costs, leaving the labor market under pressure. The reduced workforce coupled with a slowdown*

*in business activity contributed to a slight increase in backlogs of work.*

*“An increase in input costs was accompanied by a decline in output prices. Input costs were under pressure as a result of rising costs for raw materials, wages and freight, pushing the gauge to its highest level since June 2023. In contrast, output prices declined for the first time in seven months, with the gauge registering the lowest level since April 2022. Competition in the sector was still fierce and boosting sales through price cuts became a priority for businesses.*

*“Market optimism was retained. Businesses expressed confidence in further market improvement, keeping the corresponding gauge in positive territory. But it was still below the historical average, indicating the optimistic sentiment needed to be strengthened.”*



# Caixin China General Composite PMI®

## Private sector output remains in modest expansion

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 51.2 in August, unchanged from July. This signalled that Chinese business activity expanded for a tenth straight month, albeit at the same subdued pace in July. Faster manufacturing output growth was offset by slower services activity expansion in August.

Likewise for new orders, a renewed improvement in the manufacturing sector contrasted with a slower increase in services new business, though overall growth picked up pace from July.

Meanwhile, employment levels fell despite rising backlogged orders and improved confidence among private sector firms.

Turning to prices, input cost inflation rose slightly in August, but increased competition resulted in selling prices falling at the fastest pace since January. Charges declined across both manufacturing and service sectors.

### Comment

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

*“In August, the Caixin China General Composite PMI measured 51.2, unchanged from the previous month and remaining in expansionary territory for the 10th straight month. Both the manufacturing and services sectors continued to expand. The marginal slowdown in the growth of supply and demand in the services sector contrasted with the shift from decline to growth seen in the manufacturing sector.*

*“Dragged by the services sector’s shrinking labor market, the composite indicator for employment was slightly below 50.0. On the price front, while input costs increased across both sectors, prices charged by manufacturers and service providers declined by various degrees, further increasing pressure on businesses’ profitability.*

*“Data released recently on industrial production, consumption, and investment showed that although the economy has continued the trend of stabilization seen in the second quarter, it remains significantly weaker than market expectations.*

*“The Caixin Manufacturing PMI for August returned to expansionary territory, but growth was limited. Considering the government’s ambitious annual economic growth target, the challenges and difficulties in stabilizing growth over the coming months will be substantial.*

*“Prominent issues such as insufficient domestic demand, significant uncertainties in external demand, and weak market optimism persist. There is still room for fiscal and monetary policy adjustments. There is an increasingly urgent need for China to enhance policy support and ensure the effective implementation of earlier policies.”*

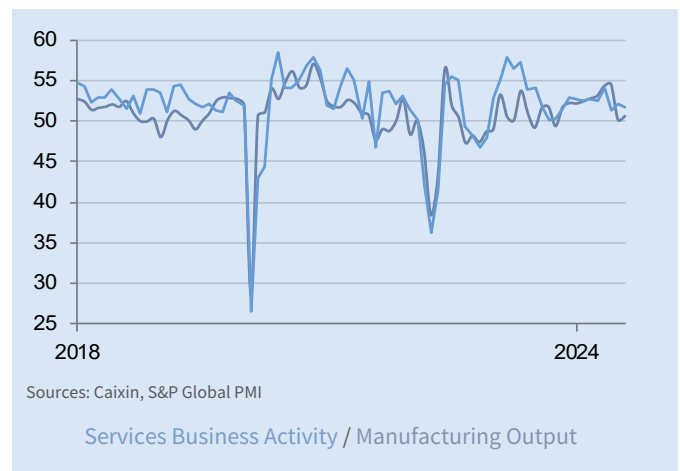
### China General Composite Output Index

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 12-21 August 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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