

# PMI

Caixin China  
General Services  
PMI Press Release

2024.10



# Caixin China General Services PMI®

## Business activity growth accelerates at start of fourth quarter

China's service economy expanded at an accelerated rate at the start of the final quarter of 2024. Growth in new business partly reflected another solid rise in export orders. This led to a quicker rise in business activity while the level of backlogged work also increased.

As a result of rising workloads and improved confidence about future output, service providers in China continued to raise staffing levels in October. On the price front, selling prices were unchanged whilst input cost inflation softened.

The seasonally adjusted headline Caixin China General Services Business Activity Index posted 52.0 in October, up from 50.3 in September. This extended the period of expansion that commenced in January 2023. While modest, the rate of growth was the fastest in three months.

Improvements in underlying demand and market conditions underpinned growth in new business inflows in October. The rate of expansion rose for the first time in four months though remained modest overall. Growth in new work was supported by another solid increase in export business which panellists attributed to successive business development efforts and rising interests from foreign markets such as the US.

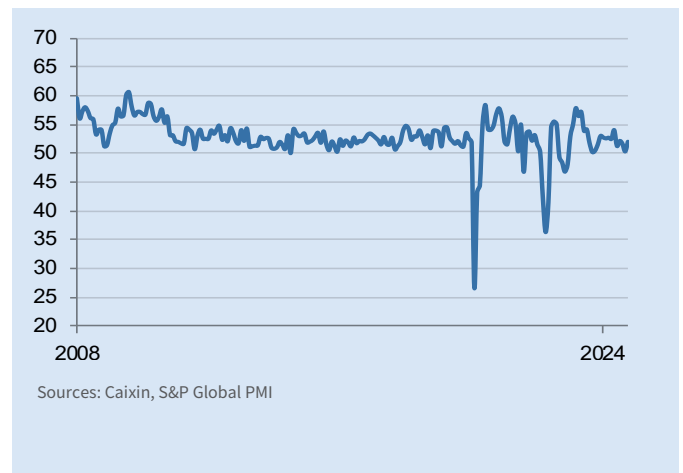
Capacity pressure was meanwhile observed in the service sector. Despite faster services activity growth, backlogs accumulated again and at a slightly quicker pace than in September. As a result of rising workloads, Chinese service providers raised their staffing levels for a second consecutive month, albeit only marginally.

Average input prices continued to increase for Chinese services firms in October amid reports of rising input material and energy costs. The rate of inflation fell below the series average, however, dropping to a three-month low. Meanwhile, selling prices stabilised after falling for two successive months. While some firms opted to pass on higher costs to clients, others lowered prices amid heightened competition.

Finally, sentiment in the Chinese service sector remained positive at the start of the final quarter of the year. Moreover, the level of confidence rose from September's low to the highest since May. Anecdotal evidence suggested that firms were hopeful that a better economic climate and increased promotional efforts can help to support sales growth in the year ahead.

### China General Services Business Activity Index

sa, >50 = growth since previous month



#### Key findings:

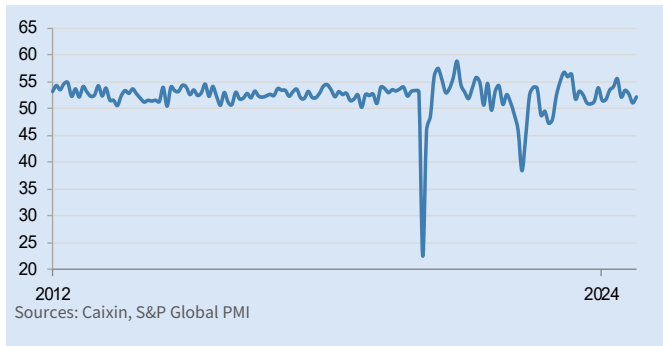
New business expansion picks up speed for the first time in four months

Selling prices stabilise in October

Business confidence rises to highest level since May

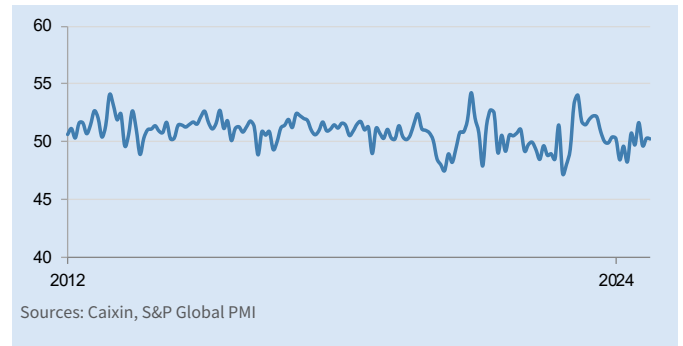
## New Business Index

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 52 in October, up 1.7 points from the previous month. The sector has continued to expand since the beginning of last year, with a slight acceleration in pace from September.*

*“Supply and demand continued to grow as the market improved. Business activity and total new orders increased for the 22nd month in a row, both edging up by more than 1 point compared to September. Overseas demand grew for the 14th straight month, with surveyed companies citing improved external conditions.*

*“Employment continued to expand slightly, with the indicator staying in positive territory for the second consecutive month. An increase in total new orders pushed service providers to moderately increase their workforces. In October, backlogs of work increased marginally for the third straight month.*

*“An increase in input costs was accompanied by stabilized output prices. Input costs continued to grow, though at a slower pace than in September. Rising prices for energy and raw materials partly*

*offset lower salary costs at some of the surveyed companies. Output prices were largely unchanged. Price increases at some businesses were balanced out by cheaper offerings from others as the market remained competitive.*

*“Market optimism improved. The gauge for future activity expectations rebounded by nearly 3 points to reach a five-month high. Businesses expressed confidence in macroeconomic conditions in the near term.”*



# Caixin China General Composite PMI®

## New business returns to expansion in October

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 51.9 in October, up from 50.3 in September to extend the current period of expansion in Chinese business activity to a year. Moreover, the rate of growth was the fastest in four months, supported by improvements in both the manufacturing and service sectors.

Higher output in October was driven by a renewed rise in new business. Meanwhile, the volume of unfinished work also returned to growth after falling briefly in September. Workforce capacity continued to shrink, however, attributed primarily to falling manufacturing headcounts.

On prices, average input prices rose at a faster pace in October. Higher input cost inflation, alongside improved business confidence, therefore led to selling prices rising for the first time in four months, though only fractionally.

### Comment

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

*“In October, the Caixin China General Composite PMI measured 51.9, up 1.6 points from the previous month and remaining in expansionary territory for the 12th straight month. Both the manufacturing and services sectors continued to expand, with the latter outperforming the former.”*

*“A contraction in manufacturing enterprises’ workforces dragged on the labor component of the composite PMI. Prices were generally stable with a slight uptick in the services sector’s input costs. Market optimism recovered from the record low in September.”*

*“In late September, the Politburo noted emerging economic challenges and emphasized the need to focus on key areas. Following this, a series of new policies were rolled out. The Caixin manufacturing and services PMI surveys showed that market demand stabilized and optimism improved, early signs of the new policies’ impact.”*

*“However, the labor market remains under pressure, and prices are still subdued. The effectiveness of these new policies in improving domestic demand, employment and livelihoods will require close monitoring. Additionally, achieving China’s 2024 growth target will depend on a sustained recovery in consumer demand. That means policy efforts should focus on increasing household disposable income.”*

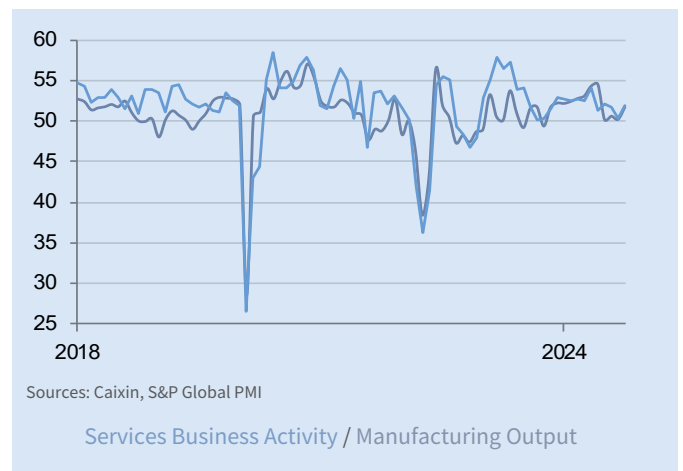
### China General Composite Output Index

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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup>' 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 10-23 October 024.

Data were first collected November 2005.

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## About PMI

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Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) 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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