

PANTHEON CHINA+ DATA WRAP 4 DEC 24

In one line: China Caixin services PMI slows a notch

- China: Caixin services PMI slipped to 51.5 in November from 52.0 in October. Consensus was 52.4.

The headline Caixin services activity index dipped 0.5 points to a still-robust 51.5 in November, dragged by a modest fade in demand. Overall

new orders slid 0.2 points to 51.8, while new export orders edged down 0.2 points to 52.7.

The output price index fell 0.4 points to 49.6, and has been below 50 in three of the last four months, in an indication of mild deflation. The input price index dropped 1.9 points to 50.1, the lowest since June 2020, reflecting diminishing cost pressure. Some firms reported falling raw material costs, though others said they had higher labour costs.

The expectations index rose 0.9 points to 57.6 in November, albeit well below the long-term average, 64.3. Some surveyed firms, however, worry about intensified competition and the international trade outlook. Services firms continued low-level hiring, with the employment index unchanged at 50.2.

The National People's Congress in early November approved an RMB10T local government debt refinancing

scheme over five years. This includes RMB2T quota to be issued by year-end. Local governments have already announced plans to issue - or issued - RMB1.8T of this quota, according to local financial media. Local officials say it will boost the scale of available funds for local finances and reduce liquidity risks.

Existing stimulus policies should support services sector activity in the rest of Q4, with likely relatively high levels of property market and

stockmarket turnover, if a bit lower than October. The trade-in scheme is providing a lift to auto and home appliance sales. Domestic tourism activity is likely to slow, though, with no local public holidays until Spring Festival 2025. The Central Economic Work Conference should take place in the next week or two and is likely to bring further piecemeal support, such as recapitalising state banks and state-owned investment groups.

Caixin Services PMI	Sep-24	Oct-24	Nov-24
Business Activity	50.3	52	51.5
New Orders	51	52.1	51.8
New Export Orders	53.5	52.9	52.7
Employment	50.3	50.2	50.2
Backlogs of Work	50.4	50.7	50.5
Input Prices	53.3	52.1	50.1
Output Prices	49.4	50	49.6
Future Activity	53.9	56.6	57.6

Legend	
Darker Green	PMI>50 and rising
Light Green	PMI>50 and falling
Darker Red	PMI<50 and falling
Light Red	PMI<50 and rising
White	No Change