

ECONOMY

Robust demand boosts activity in services sector

Reuters in Beijing

Activity in the mainland's services sector expanded at a faster pace last month, buoyed by robust demand, although rising inflationary pressures weighed on business confidence for the year ahead, a private survey showed.

The Caixin/Markit services purchasing managers' index (PMI) rose to 53.8, the highest since July, from 53.4 in September. The 50-point mark separates growth from contraction on a monthly basis.

The improved readings in the private survey released yesterday, which focuses more on small firms in coastal regions, stood in contrast with an official survey that showed the expansion in the sector lost some steam.

Analysts said the services sector, which has been slower to recover from the Covid-19

pandemic than manufacturing, was more vulnerable to sporadic virus outbreaks in the country, clouding the outlook for the anticipated rebound in consumption in the months to come.

The mainland's leisure and tourism businesses have been feeling the heat from the country's

zero-tolerance strategy to contain infections since late October. Cities with cases, or those with concerns about the virus, have closed entertainment venues, restricted tourism or delayed cultural events.

A sub-index for new business edged up to 54.1 from 53.1 in

September, bolstered by rising export orders, which contracted the month before. Input prices also rose for the 16th consecutive month and at the fastest pace since July because of higher labour and raw material costs. Solid demand allowed firms to pass some of the costs to consumers, driving an uptick in prices to the highest in three months.

But persistent inflationary pressures and concerns about supply chains drove business confidence to the lowest in four months, the survey showed.

Caixin's composite PMI, which includes both manufacturing and services activity, increased slightly to 51.5 from 51.4 previously.

"Supply and demand recovery both retained momentum. Employment was more or less stable. Gauges for prices were high," said Wang Zhe, senior economist at Caixin Insight Group.



Work is in full swing at the construction site of the Nanningbei railway station in Nanning, Guangxi Zhuang autonomous region. Photo: Xinhua

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