

ECONOMY

## Services sector strong in October, survey reveals

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Activity in China's services sector accelerated in October as the economy continued its strong recovery from the coronavirus outbreak earlier this year, a private survey showed yesterday.

The Caixin/Markit services purchasing managers' index (PMI), a gauge of sentiment among smaller, private firms, rose to 56.8 in October from 54.8 in September. A reading above 50.0 indicates growth, while a reading below represents a contraction.

October's reading was higher than the median prediction of 55.0 expected by analysts in a survey by Bloomberg and was the second highest in 10 years, behind only the 58.4 recording in June.

The Caixin/Markit composite PMI, which combines sentiment readings for the manufacturing and services sector, rose to 55.7 from 54.5 in September.

On Saturday, the official non-manufacturing PMI, which measures sentiment in the services and construction sectors but focus on larger, state-owned firms, stood at 56.2 in October,

above the 55.9 reading for September.

China's services industry had initially lagged other sectors of the economy in the country's post-pandemic recovery as lockdown measures prevented consumers from shopping, dining out and taking holidays.

Its overall economy has continued its recovery from the impact of the coronavirus, with growth in the third quarter accelerating to 4.9 per cent from 3.2 per cent in the second and a contraction 6.8 per cent in the first.

China is expected to be the only Group of 20 country to record positive growth this year, with the International Monetary Fund projected growth of 1.9 per cent this year, following by a further acceleration to 8.2 per cent in 2021.

Within the Caixin/Markit services PMI, services companies reported a sharp and accelerated rise in new orders during October, with the rate of increase the third-steepest since September 2010.

This also led to an increase in staffing levels for a third month in a row, with the rate of job creation the strongest recorded for just over a year.