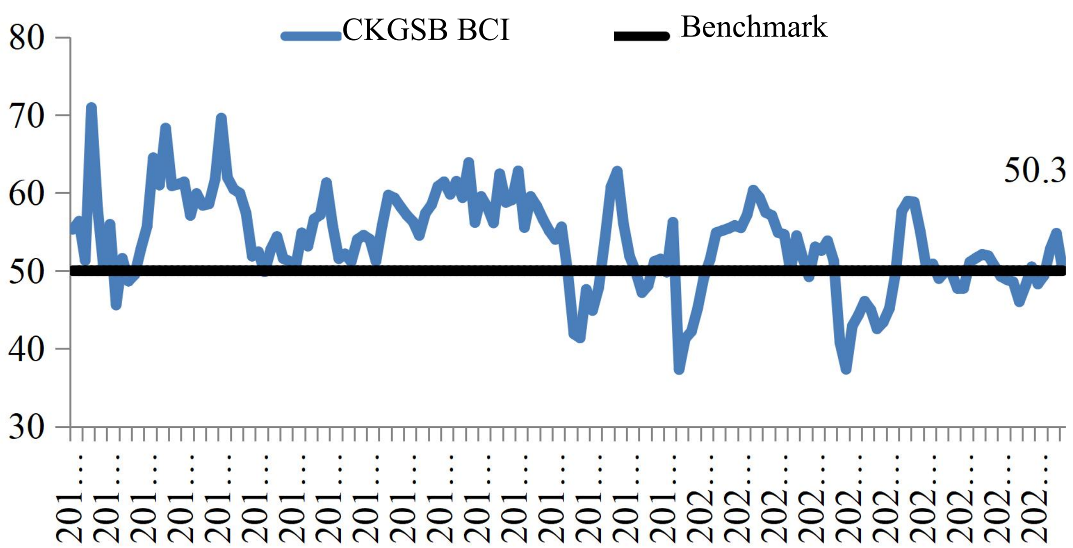
CKGSB BCI

May 2025

May 22, 2025 Case Center and Big Data Economic Research Center

The CKGSB Business Conditions Index (BCI) for May 2025 registered at 50.3, reflecting a slight increase from the 50.1 recorded April 2025 (**Figure 1**).

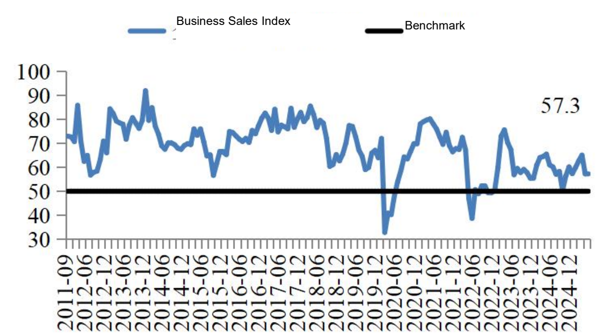
Figure 1



Source: CKGSB Case Center and Big Data Economic Research Center.

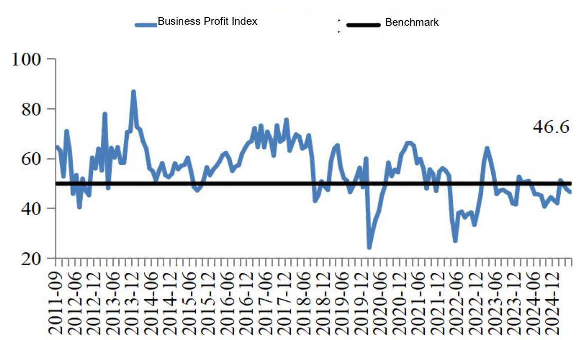
The CKGSB BCI is an arithmetic mean of four sub-indices: the Business Sales Index, the Business Profit Index, the Business Financing Index, and the Business Inventory Index. Among these, three are forward-looking indices, while only the Financing Index reflects the current state. Let’s delve into the performance of these four indices for May 2025:

Figure 2



Source: CKGSB Case Center and Big Data Economic Research Center.

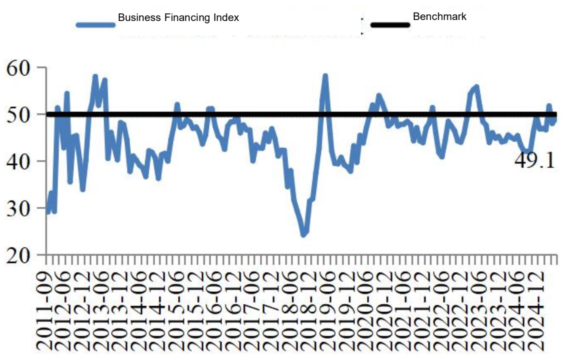
Figure 3



Source: CKGSB Case Center and Big Data Economic Research Center.

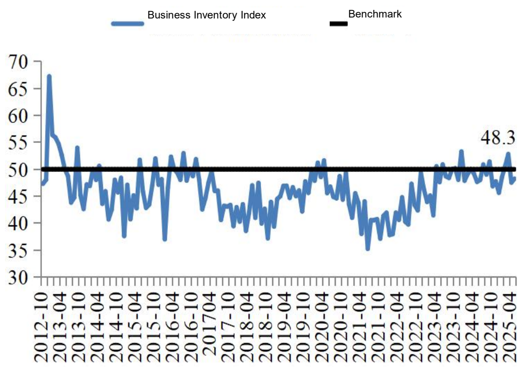
This month, the four sub-indices showed a pattern of three increases and one remaining unchanged. The Business Sales Index remained stable at 57.3 this month (**Figure 2**). The Business Profit Index demonstrated a slight decrease, with this month's index at 46.6, compared to 47.7 last month (**Figure 3**).

Figure 4



Source: CKGSB Case Center and Big Data Economic Research Center.

Figure 5



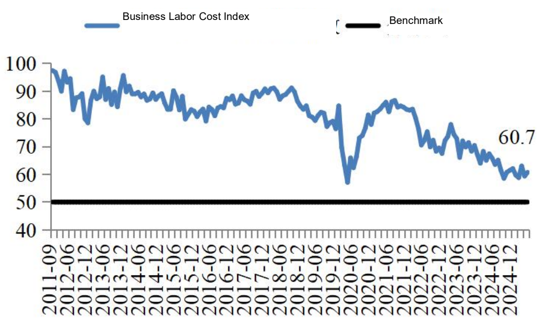
Source: CKGSB Case Center and Big Data Economic Research Center.

The Business Financing Index saw a slight increase this month, reaching 49.1 compared to 48.0 last month (**Figure 4**). On the other hand, the Business Inventory Index exhibited a marginal increase, with this month's index at 48.3, up from 47.6 last month (**Figure 5**).

It is crucial to understand the specific meanings of the four sub-indices: sales, profit, financing, and inventory. Simply put, an increase in the first three sub-indices signals an improvement in business conditions, while a decrease points to a worsening situation. On the other hand, a rise in the Inventory Index reflects a decrease in inventory levels, whereas a decline suggests an accumulation of inventory.

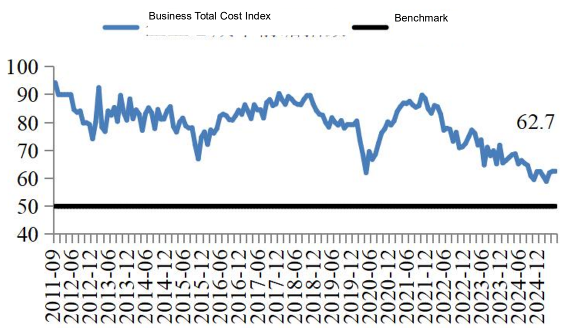
Beyond the BCI, our survey also captured companies' expectations concerning costs, prices, investment, and employment, creating the following indices that complement the BCI. We will begin by analyzing the indices on costs:

Figure 6



Source: CKGSB Case Center and Big Data Economic Research Center.

Figure 7



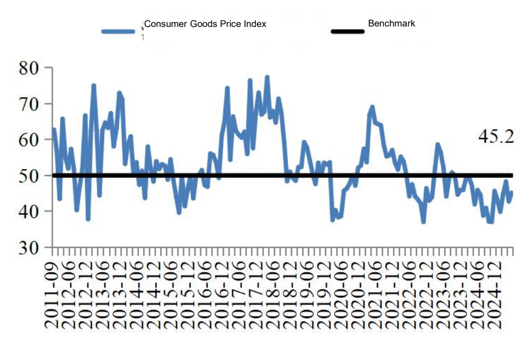
Source: CKGSB Case Center and Big Data Economic Research Center.

The Business Labor Cost Index saw a slight increase this month, rising from 59.4 last month to 60.7 this month. However, the Business Total Cost Index registered a marginal increase, from 62.6 last month to 62.7 this month. A rise in the Labor Cost Index suggests that more companies expect an increase in total labor costs over the next six months, and the same logic applies to the Total Cost Index. It is crucial to recognize that an increase in cost-related indices does not inherently signal a deterioration in business conditions.

When the economy is on an upswing, companies may ramp up production or sales, necessitating more significant inputs of labor and materials, which could actually indicate an improvement in business health. Only when the cost per unit of production or sales escalates does it genuinely signify a worsening of business conditions. For detailed figures, please consult **Figure 6** and **Figure 7**.

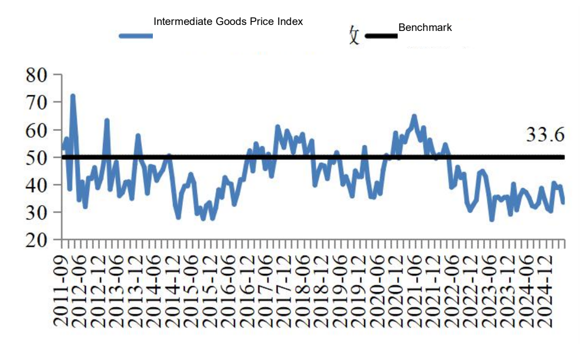
Now, let's delve into the pricing landscape. The Consumer Goods Price Index registered a slight increase this month, rising from 42.8 last month to 45.2 (**Figure 8**). Meanwhile, the Intermediate Goods Price Index experienced a notable decline, falling from 39.3 last month to 33.6 this month (**Figure 9**). Currently, both the Consumer Goods Price Index and the Intermediate Goods Price Index linger at subdued levels, underscoring China's persistent and significant pricing pressures.

Figure 8



Source: CKGSB Case Center and Big Data Economic Research Center.

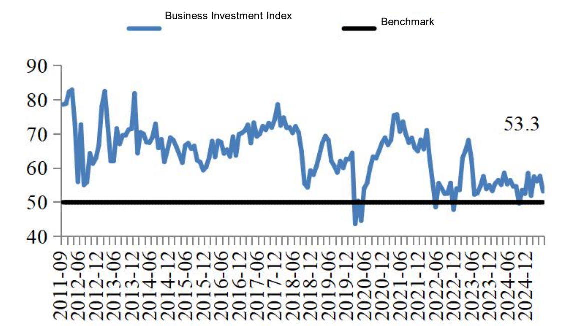
Figure 9



Source: CKGSB Case Center and Big Data Economic Research Center.

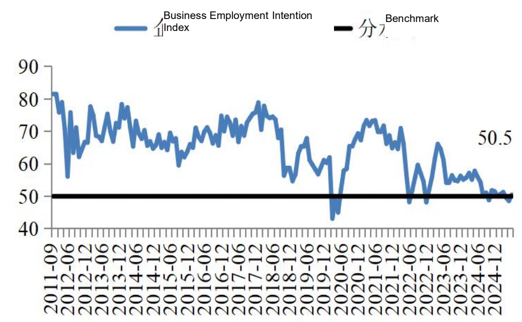
Having reviewed the cost and price indices, we now turn our attention to the Investment and Employment Intention Indices as the following focal points of discussion. Since the inception of our survey, the Investment Index and the Employment Intention Index had consistently maintained high levels; however, both indices have now dipped into a period of stagnation. Considering that China's economy is predominantly fueled by investment and the strong correlation between investment and employment, the current scenario is particularly noteworthy. This month, the Investment Index has seen a slight decrease, falling to 53.3 from 57.7 last month (**Figure 10**); Meanwhile, the Employment Intention Index experienced a slight uptick, ascending to 50.5 from 48.6 last month (**Figure 11**).

Figure 10



Source: CKGSB Case Center and Big Data Economic Research Center.

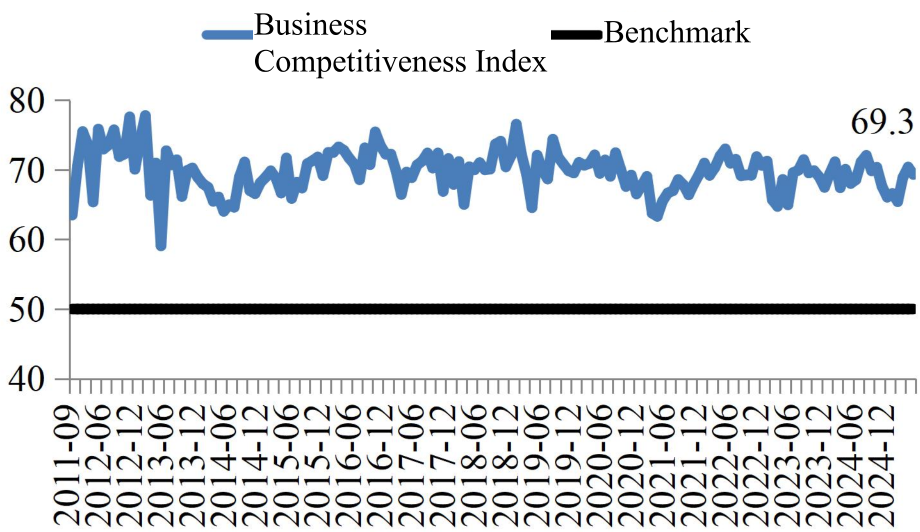
Figure 11



Source: CKGSB Case Center and Big Data Economic Research Center.

Lastly, our survey included a question designed to gauge business competitiveness. It specifically asks businesses to assess their standing within their respective industries—whether they are above, below, or on par with the industry average. Utilizing the responses to this question, we have developed the Business Competitiveness Index; a higher index value denotes a more dominant position of the business within its industry. The survey data reveals that most sampled enterprises rank among the elite in their industries (**Figure 12**). This implies that our sample comprises relatively high-performing small and medium-sized private enterprises. In contrast, it suggests that the overall state of Chinese enterprises may be direr than what is indicated by our indices.

Figure 12



Source: CKGSB Case Center and Big Data Economic Research Center.

Notes:

1. Survey Introduction

In June 2011, Cheung Kong Graduate School of Business (CKGSB) initiated the "CKGSB Business Conditions Index" project. This project aims to collect first-hand data on business operations through questionnaire surveys and create a series of indices reflecting the overall trends of China's macro economy. The survey targets CKGSB's executive education participants.

Starting in July 2011, under the guidance of Professor Wei Li, the Case Center and the Big Data Economic Research Center began the preliminary work, including questionnaire design and testing. In September 2011, the first round of the survey was successfully launched. From then until May 2025, the Case Research Center and the Big Data Economic Research Center conducted 162 rounds of surveys among participants (with a 3-month hiatus during the early stages of the project). As of now, the centers have published 157 rounds of survey results, covering the period from May 2012 to May 2025.

2. Index Explanation

All indices discussed in this report are diffusion indices, with the majority being forward-looking, thereby offering strong predictive capabilities. The indices use 50 as the benchmark: values above 50 indicate improvement or positive trends, while values below 50 signify deterioration or negative trends. This standard aligns with the Purchasing Managers' Index (PMI).

In the survey, we ask companies whether their products are consumer-facing or producer-facing, as well as their expectations regarding the price trends of their primary products over the next six months. By synthesizing the responses to these two questions, we can determine the future price trends for consumer goods and intermediate goods. The price trend index for consumer goods is referred to as the Consumer Goods Price Index, while that for intermediate goods is termed the Intermediate Goods Price Index.

Additionally, the survey asked companies to evaluate their performance relative to their industry—whether they are performing better, worse, or similarly compared to the industry average. Based on these responses, we calculate the Business Competitiveness Index. A higher index indicates a more significant proportion of sampled companies outperforming the overall industry conditions.

3. Calculation Methodology

In the survey, we asked all respondents (the sample population) whether a specific operational index of their company is expected to "increase", "remain unchanged", or "decrease" over the next six months compared to the same period last year. Based on the collected data, we calculated the percentages of responses for "increase", "remain unchanged", or "decrease". We then computed the diffusion index for each question, which is the percentage of "increase" responses plus half of the percentage of "remain unchanged" responses. It is important to note that an "increase" sometimes signifies an improvement in the index, such as in the case of the Business Sales Index, but at other times, it indicates a deterioration, such as with the Business Labor Cost Index.

Among all the indices, the CKGSB Business Conditions Index (BCI) is the most important. This index is derived from the arithmetic mean of four sub-indices: sales, profit, financing, and inventory. Due to multiple adjustments in the composition of the sub-indices throughout the survey, the statistical caliber has varied over time, making simple comparisons inappropriate. However, the specific calculation method for this index has remained consistent: First, the BCI is calculated for each questionnaire, and then the index for the entire round of surveys is computed as the arithmetic mean of all individual indices.

About CKGSB

Cheung Kong Graduate School of Business (CKGSB) is a non-profit educational institution established with a donation from the Li Ka Shing Foundation and officially approved by the Chinese government. It holds independent legal entity status and is a member of the Association to Advance Collegiate Schools of Business (AACSB) and the European Foundation for Management Development (EFMD). CKGSB is also accredited by the Academic Degrees Committee of the State Council as a “Master of Business Administration Degree-Granting Institution” (including EMBA and MBA programs). Since its inception, CKGSB has been committed to “cultivating a group of world-class business leaders with global vision, the ability to integrate global resources, a sense of social responsibility, and an innovative spirit for China and the world”. The school strives to build a new generation of global business schools by fostering new perspectives, innovative thinking, broader horizons, higher aspirations, and value-driven orientations while actively promoting and leading the development of a new business civilization.

The establishment of CKGSB aims to seize the opportunities presented by China's sustained and rapid economic growth. Through its strategic approach of “capturing trends, understanding principles, and refining practices” and its educational philosophy of “integrating Chinese and Western perspectives”, CKGSB seeks to create a world-class business school with global recognition. The school promotes integrating the latest Western management research with cutting-edge local practices by attracting a group of internationally renowned professors to reside at CKGSB and immerse themselves in China. This approach aims to nurture a large number of world-class business leaders for the Greater China region and provide new thinking, perspectives, and strategies for Chinese enterprises as they expand globally.

Disclaimer

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