Caixin BBD China New Economy Index

Overview

In January 2025, the Caixin BBD New Economy Index (NEI) reading came in at 33.8, indicating that the new economy accounted for 33.8% of overall economic input activities that month, up 0.3 ppts from December 2024 (Chart 1). NEI shows a fluctuating upwards trend since 2021.

Chart 1: China Monthly New Economy Index
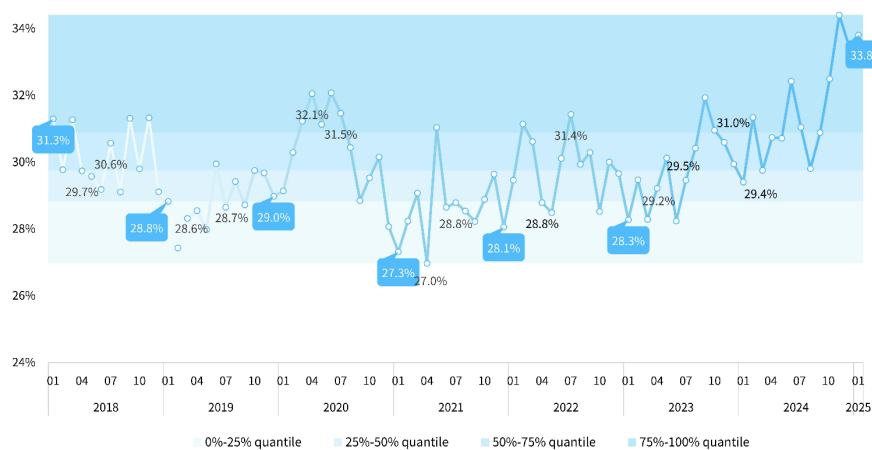
Source：BBD、Caixin Insight

The NEI includes labor, capital, and technology inputs that account for 40%, 35% and 25% of the total weights of the index, respectively. The increasing NEI was attributed to the increases in capital input. Capital input index came in at 49.0, with 2.0 MoM increase. Labor input index came in at 19.4, with 0.9 MoM increase. Technology input index came in at 35.5 this month, with 3.1 MoM decrease (Chart 2). Taking the weights into account, percentage changes in labor, capital and technology inputs were 0.4, 0.7 and -0.8 ppts, respectively. The net NEI change was approximately 0.3 ppts in total.

Chart 2: NEI Primary Input Index
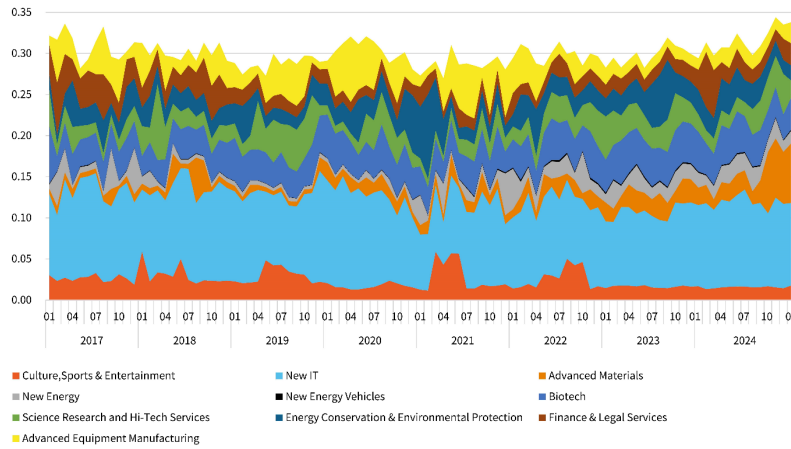

Labor — Capital — Technology
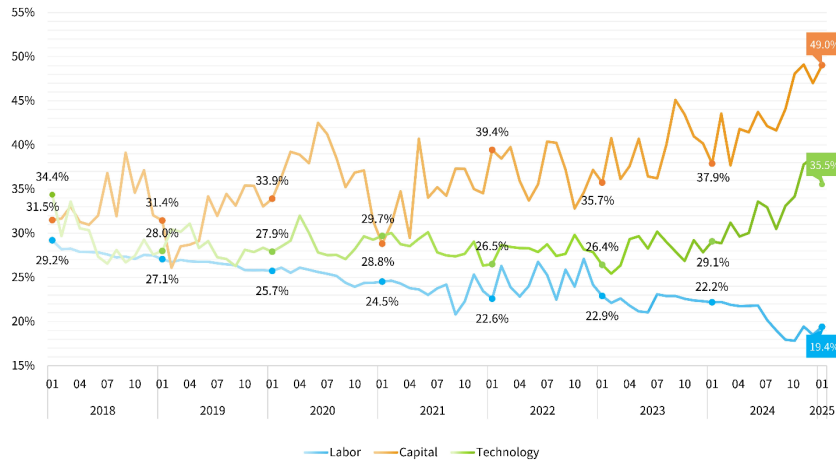
The capital input index is composites of four sub-indicators: the ratio of venture capital in new economy industries, the ratio of invitation for bid in new economy industries, the ratio of capitalization of enterprises applying for the "New Three Board" in new economy industries, and scale of new enterprises in new economy industries. This month, the ratio of venture capital in new economy industries increased significantly, which accounted for the major increase in NEI.

New Economy Sector

New economy is defined as following: 1) human capital intensive, technology intensive and capital light, 2) sustainable rapid growth, and 3) in line with the strategic new industries defined by the government. New economy covers 10 categories (Energy Conservation & Environmental Protection, New IT, Biotech, Advanced Equipment Manufacturing, New Energy, Advanced Materials, New Energy Vehicles, Science Research and Hi-tech Services, Finance & Legal Services, Culture, Sports & Entertainment) and 145 sub-industries. Please refer to our previous reports (March 2016 and March 2017) for the list of NEI sectors.

As for sectors, the New IT industry contributed 10.1 ppts to New Economy Index, accounting for the largest proportion of the New Economy Index (Chart 3). The Advanced Materials industry significantly increased this month, with 0.9 ppts increase. Detailed data indicated that, the increase of the Advanced Materials industry was due to the increase of the ratio of invitation for bid.

Chart 3: New Economy Sector Contribution Breakdown

Culture,Sports & Entertainment ■ New IT ■ Advanced Materials
New Energy ■ New Energy Vehicles ■ Biotech
Science Research and Hi-Tech Services ■ Energy Conservation & Environmental Protection ■ Finance & Legal Services
Advanced Equipment Manufacturing

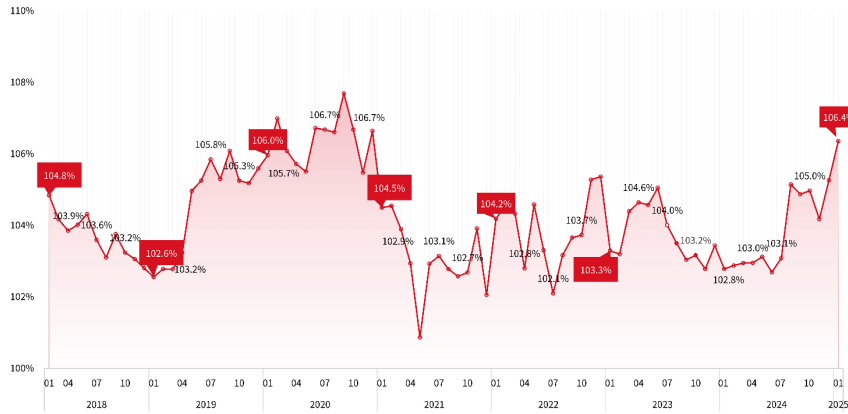Source：BBD、Caixin Insight

New Economy Employment

In January 2025, the average monthly entry-level salary of the new economy was 12925 RMB, up 335 RMB from last month (Chart 4). And the entry-level salary premium of the new economy which is the ratio of average entry salary level of new economy to that of the whole economy, came in at 6.4%, up 1.1 ppts from last month (Chart 5). The wages are compiled from online websites of career platforms and recruitment services where job openings are listed.

Chart 4: New Economy Avg. Monthly Entry-level Salaries
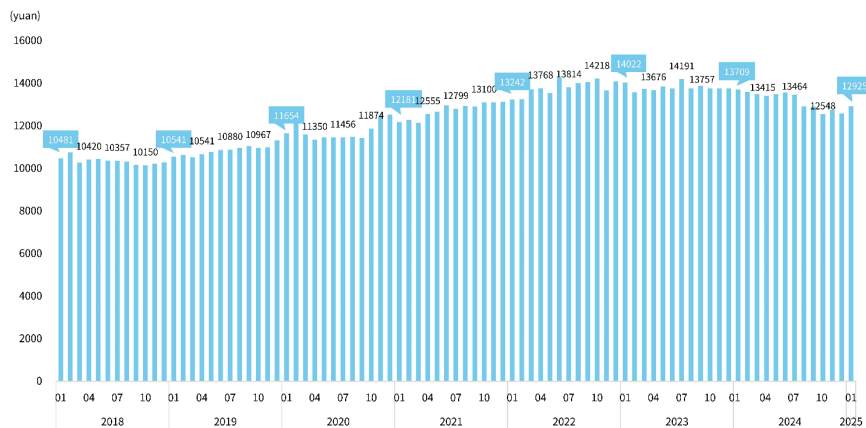
Source：BBD、Caixin Insight

Chart 5: New Economy Entry-level Salary Premium over Economy-wide Entry level Salaries

Source：BBD、Caixin Insight

City Rankings of the New Economy

Overall new economy rankings are based on a weighted average of the percentile ranks of indicators for the city in the past six months. The top twenty cities were shown in Chart 6. In January, the top five cities were Beijing, Shanghai, Shenzhen, Hangzhou and Guangzhou.

Chart 6: China's Top 20 Cities Ranked by New Economy Sector Output

Average Percentiles for Aggregate New Economy Inputs（Jul 2024 – Jan 2025）
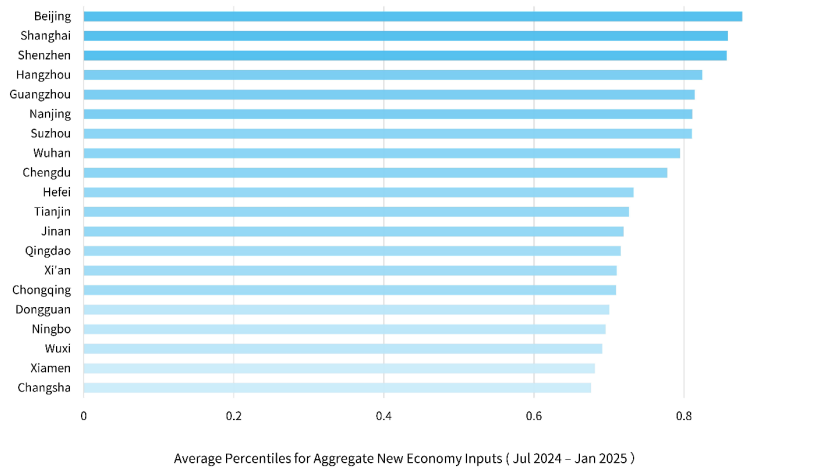
Source：BBD、Caixin Insight

Chart 7 showed the average NEI city rankings between July 2024 and January 2025. The top five cities were Beijing, Nanjing, Wuhan, Hefei and Hangzhou.

Chart 7: China's Top 20 Cities Ranked by Average NEI

NEI by City（Jul 2024 – Jan 2025）
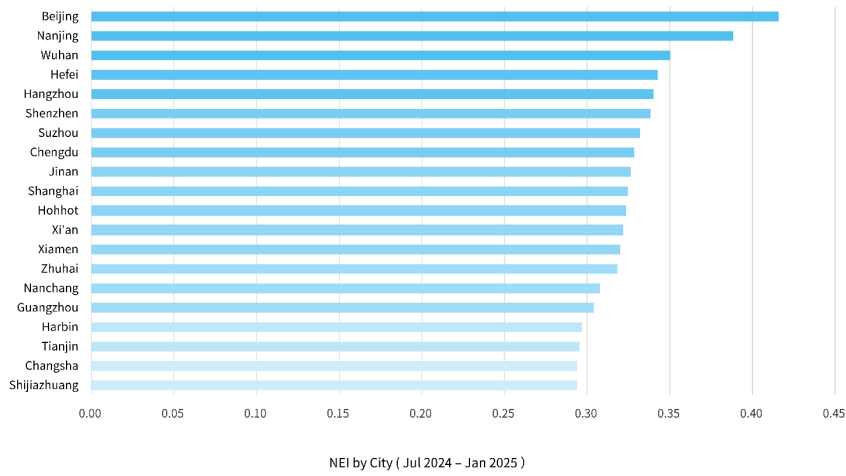
Source：BBD、Caixin Insight

In addition, we showed the city rankings adjusted by living cost by taking housing price, minimum wage, and disposable income per capita into account (Chart 8). After the adjustment, the top five cities were Beijing, Shanghai, Chengdu, Wuhan and Chongqing, following by Shenzhen and Nanjing.

Chart 8: China's Top 20 Cities Ranked by New Economy Sector Output Adjusted by Living Cost

Average Percentiles for Aggregate New Economy Inputs Adjusted by Living Cost(Jul 2024 – Jan 2025)
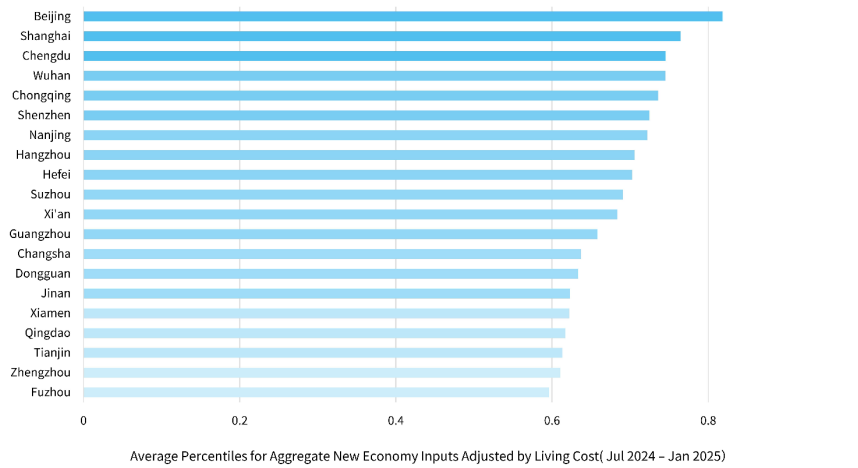
Source：BBD、Caixin Insight

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The Caixin BBD China New Economy Index is the fruit of a research partnership between Caixin Insight Group and BBD, in collaboration with the National Development School, Peking University. The subject of a year of research, the NEI was first publically released on March 2, 2016 and will be issued the 2nd of every month at 10:00am China Standard Time.

About Caixin

Caixin Media is China's leading media group dedicated to providing financial and business news through periodicals, online content, mobile applications, conferences, books and TV/video programs. Caixin Media aims to blaze a trail that helps traditional media prosper in the new media age through integrated multimedia platforms. Caixin Insight Group is a high-end financial data and analysis platform. For more information, please visit www.caixin.com.

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BBD is a leading Big Data and quantitative business analytics firm specializing in the analysis of the high-growth industries emerging in Mainland China. Through dynamic data tracking, credit analysis, risk pricing and economic index construction, BBD provides its clients with a wide range of services at both the macro and micro level. For more information, please visit http://www.bbdservice.com/.