

Embargoed until 0930 JST (0030 UTC) 4 June 2025

au Jibun Bank Japan Services PMI®

Including au Jibun Bank Japan Composite PMI®

Business activity growth slows in May

Key findings

Firms signal slower increases in business activity, sales and employment

Input price inflation eases but remains sharp

Business confidence edges up to three-month high

Latest PMI® data signalled a loss of growth momentum across Japan's service sector in May, with businesses posting softer increases in both business activity and new orders. As a result, firms added to their payrolls at a slower rate, and backlogs of work accumulated at a weaker pace. The rate of input price inflation eased from April's recent high, but remained historically sharp overall and led to another solid increase in output charges.

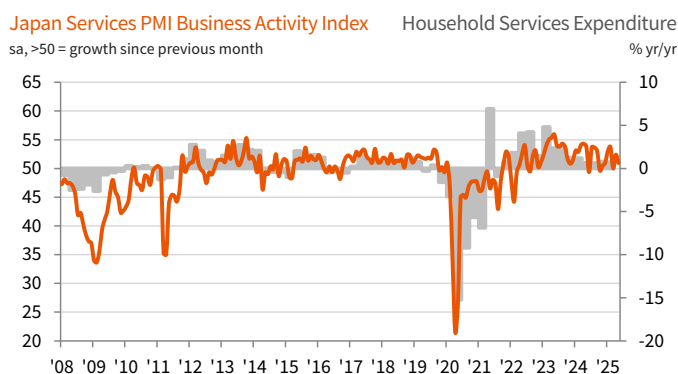
Although growth momentum slowed, companies expressed stronger optimism towards the one-year outlook for business activity in May.

The au Jibun Bank Japan Services PMI is compiled by S&P Global from survey responses from a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

The headline figure is the Services Business Activity Index, which tracks changes in the volume of business activity compared with one month previously. A reading above 50.0 indicates an overall increase compared to the previous month, and below 50.0 an overall decrease.

The headline au Jibun Bank Japan Services Business Activity Index fell from 52.4 in April to 51.0 in May, but remained above the neutral 50.0 level to signal an increase in service sector activity across Japan. Business activity has now risen in six of the past seven months, though the latest upturn was only marginal. Data split by sub-sector indicated that output increased across all segments bar Information & Communication.

Companies that reported higher activity levels often mentioned that this reflected improved customer numbers and higher intakes



Sources: au Jibun Bank, S&P Global PMI, Cabinet Office Japan via S&P Global Market Intelligence. Data were collected 12-27 May 2025.

of new work. Overall new business likewise expanded at a softer pace than in April, with some firms noting relatively subdued client spending. New export orders meanwhile expanded at the weakest rate in five months.

Japanese services companies added to their workforce numbers again in May, thereby stretching the current period of job creation to 20 months. However, in line with the trends seen for activity and new work, the rate of payroll growth eased since April. Notably, the latest increase in headcounts was the least pronounced since December 2023.

The slowdown in new order inflows meanwhile led to the softest upturn in backlogs of work for three months.

The rate of input cost inflation slowed from April's 26-month record in May, but remained historically sharp overall. A variety of inputs were cited as having increased in price, including energy, labour and transport. As a result, service providers hiked their average output charges again and at a solid pace.

After falling to the lowest level in over four years in April, business confidence regarding the 12-month outlook for activity improved in May. A number of firms were hopeful that new store openings, new product releases and stronger demand conditions will support growth of activity. However, worries around the outlook included uncertain global economic conditions, rising costs, staff shortages and an ageing population.

au Jibun Bank Japan Composite PMI®

Composite output expands marginally in May

The au Jibun Bank Japan Composite PMI Output Index* slipped from 51.2 in April to 50.2 in May. The above 50.0 index reading signalled a back-to-back monthly rise in overall Japanese private sector output, albeit one that was marginal overall. Underlying data showed that service sector business activity expanded at a weaker pace, while there was a sustained drop in manufacturing output.

Composite new business followed a similar trend, and rose only fractionally in May. This reflected a softer increase in new work across the service industry, as the downturn in factory orders eased. Private sector employment across Japan remained on an upward trend in May, supported by increases across both the manufacturing and service sectors. Though modest, the overall rate of job creation remained stronger than the series average. Overall input price inflation slipped to a 14-month low in May, with softer rises in expenses seen at both factories and service providers. Nevertheless, inflation remained historically strong overall, and contributed to a further solid rise in selling prices.

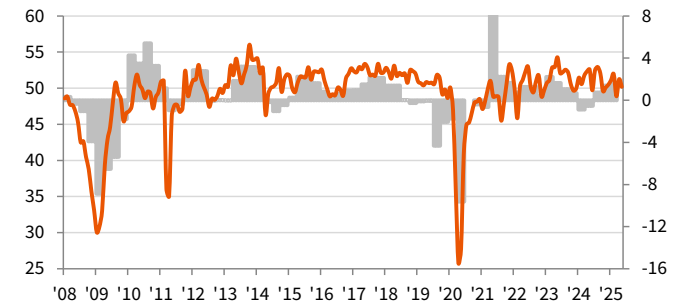
After dropping to the lowest level since August 2020 in April, business confidence at the composite level picked up in May amid improved expectations at both manufacturers and services companies. However, the respective index remained lower than that seen on average over 2024.

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

Japan Composite Output Index

sa, >50 = growth since previous month

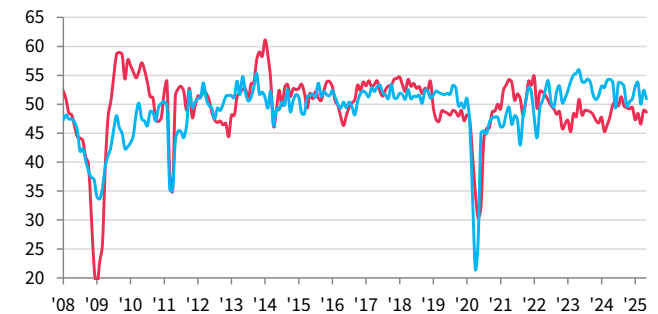
GDP % yr/yr



Sources: au Jibun Bank, S&P Global PMI, Cabinet Office Japan via S&P Global Market Intelligence.

Japan Manufacturing Output Index
Japan Services Business Activity Index

sa, >50 = growth since previous month



Sources: au Jibun Bank, S&P Global PMI.

Comment

Commenting on the latest survey results, Annabel Fiddes, Economics Associate Director at S&P Global Market Intelligence, said:

"Japan's private sector lost momentum in May, with latest PMI data signalling only a fractional rise in overall business activity."

"A weaker increase in services activity combined with a slightly quicker drop in manufacturing output, leaving overall output up only slightly on the month."

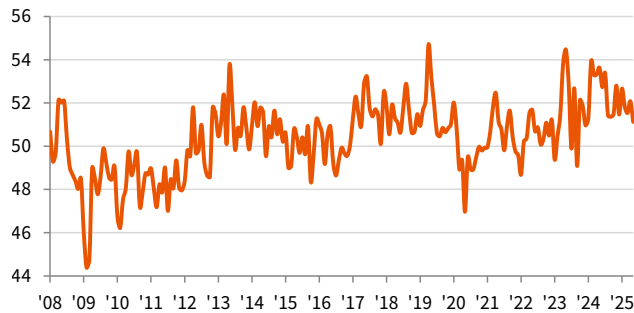
"Total new orders meanwhile moved closer to stagnation, as service sector sales expanded at the weakest rate in six months and factory orders declined further. The weaker demand picture suggests that the private sector may struggle to bounce back in the near-term, and could translate into more cautious staff hiring in the months ahead."

"Although firms were slightly more optimistic around the year-ahead than in April, when sentiment hit its lowest level in over four years, expectations were still below the post-pandemic average."

"Concerns over the outlook often stemmed from uncertainty over future global demand, as well as labour shortages and rising costs. The latter was highlighted by a further steep increase in input prices, to suggest that official inflation data will remain strong."

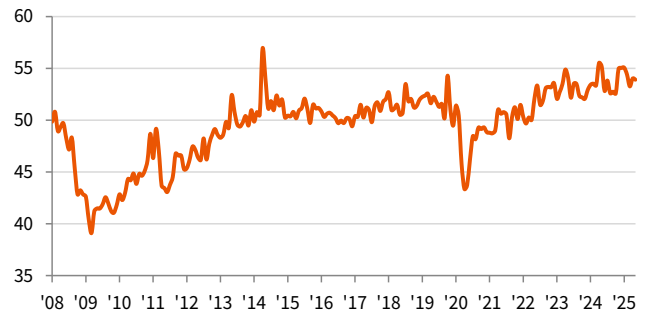
Japan Services Employment Index

sa, >50 = growth since previous month



Japan Services Prices Charged Index

sa, >50 = inflation since previous month



Contact

Annabel Fiddes
Economics Associate Director
S&P Global Market Intelligence
T: +44 1491 461 010
annabel.fiddes@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

Methodology

The au Jibun Bank Japan Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Data were collected 12-27 May 2025.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global and au Jibun Bank shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global or au Jibun Bank be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trademarks of Markit Economics Limited or licensed to Markit Economics Limited. S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

The au Jibun Bank Japan PMI is sponsored by au Jibun Bank Corporation

The au Jibun Bank is an internet retail bank established in 2008 by a joint investment of KDDI – a major telecommunication service provider – and MUFG Bank – Japan's largest bank –. As a "smartphone-centric-bank", au Jibun Bank focuses on providing high-quality financial services via smartphones.

The au Jibun Bank provides unique services such as "Smartphone ATM", a service allowing to deposit and withdraw money from teller machine without cash card by just scanning a QR code shown on the smartphone app, and "AI Foreign Currency Forecast", a foreign currency trading support tool that predict the rise of foreign exchange rate based on past trend deep learned by an AI (artificial intelligence).

As a member of the "au Financial Group", au Jibun Bank aims to play a major role in providing comprehensive smartphone-centric banking services in line with the "Smart Money Concept" and enhance customer experience.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).