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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Output increases at fastest rate for nine months as services activity growth accelerates further

Key findings

Flash Composite Output Index, March: 51.9
(February Final: 51.1)

Flash Services Business Activity Index, March: 54.2
(February Final: 54.0)

Flash Manufacturing Output Index, March: 47.4
(February Final: 45.3)

Today sees the latest release of the au Jibun Bank Flash Japan Composite PMI®. Published on a monthly basis approximately one week before final PMI data are released, this makes the PMI the earliest available indicator of private sector operating conditions in Japan. The estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate indication of final PMI data.

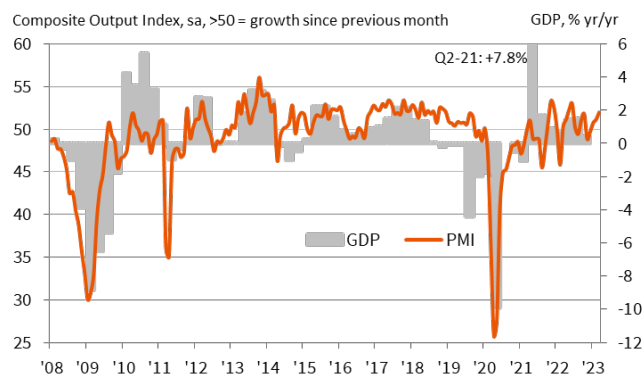
Commenting on the latest survey results, Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

“Activity at Japanese private sector firms increased for the third consecutive month, according to March flash PMI data. Central to the upturn was a solid improvement at Japanese service providers. Stronger demand conditions were reported as the sustained government support for the sector continued and held up both activity and new orders, while the lifting of remaining COVID-19 restrictions in mainland China supported service providers further, notably in the form of inbound tourism. The increase in services business activity was the steepest since October 2013 and contributed to the strongest rise in composite output for nine months.

“Meanwhile, manufacturing firms signalled further downbeat figures at the end of the first quarter, with sustained reductions in both output and new orders. While the rates of contraction eased from February, they were still solid and extended the current sequence of weakness to nine months. That said, manufacturers reported that supply chains had continued their path to

normalisation, as supplier delivery times lengthened to the least extent since October 2020.”

au Jibun Bank Japan Composite Output Index



Sources: au Jibun Bank, S&P Global, Cabinet Office.

Index summary

Index	Sector	Interpretation
Output	Composite	Stronger growth
	Manufacturing	Weaker decline
	Services	Stronger growth
New Orders	Composite	Stronger growth
	Manufacturing	Weaker decline
	Services	Stronger growth
New Export Orders	Composite	Weaker decline
	Manufacturing	Weaker decline
	Services	Stronger growth
Employment	Composite	Stronger growth
	Manufacturing	Weaker growth
	Services	Stronger growth
Backlogs of Work	Composite	Stronger decline
	Manufacturing	Stronger decline
	Services	Weaker growth
Output Prices	Composite	Stronger inflation
	Manufacturing	Weaker inflation
	Services	Stronger inflation
Input Prices	Composite	Weaker inflation
	Manufacturing	Weaker inflation
	Services	Weaker inflation
Future Output	Composite	Stronger positive outlook
	Manufacturing	Stronger positive outlook
	Services	Stronger positive outlook
Stocks of Purchases	Manufacturing	Stronger growth
Stocks of Finished Goods	Manufacturing	Growth, from decline
Quantity of Purchases	Manufacturing	Weaker decline
Suppliers' Delivery Times	Manufacturing	Weaker lengthening

PMI®

by S&P Global

au Jibun Bank Flash Japan Manufacturing PMI®

The au Jibun Bank Japan Manufacturing PMI® is compiled by S&P Global from survey responses from a panel of around 400 manufacturers. The headline figure is the Purchasing Managers' Index (PMI), a composite single-figure indicator of manufacturing performance. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

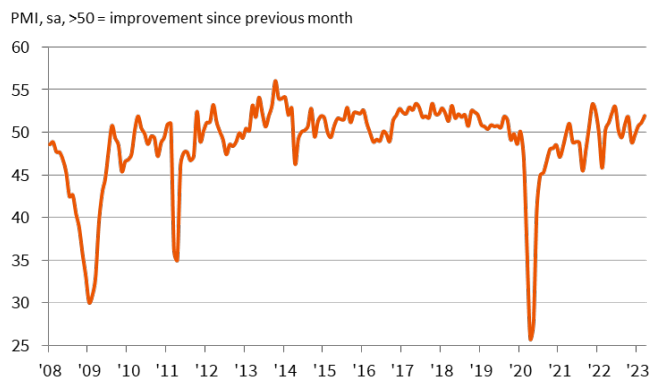
The headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® rose from 47.7 in February to 48.6 in March to signal a sustained, albeit softer, contraction in the Japanese manufacturing sector. Both output and new orders were scaled back further in the latest survey period, although the respective rates of reduction were the softest for five months. Moreover, there was some evidence of easing cost pressures as indicated by the rate of input price inflation dipping to the lowest since August 2021, while manufacturers were also buoyed by improving supply chains with average lead times for inputs extending to the lowest extent for 29 months. Concurrently, business sentiment strengthened at the end of the first quarter to reach the strongest since last October.

au Jibun Bank Flash Japan Services PMI®

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 indicates an overall increase compared to the previous month, and below 50 an overall decrease.

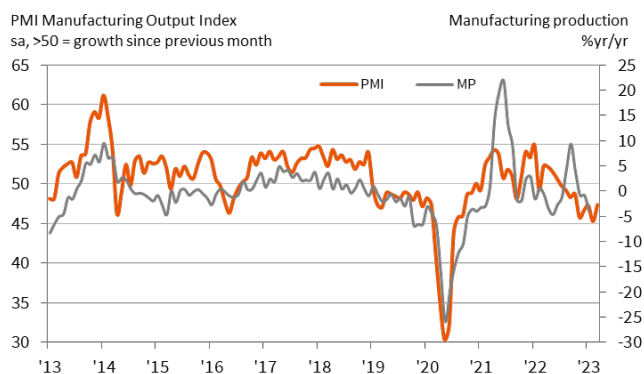
The au Jibun Bank Flash Japan Services Business Activity Index rose from a final reading of 54.0 in February to 54.2 in March to signal a solid expansion in business activity in Japan's service sector. Moreover, the latest reading was the strongest since October 2013, and came amid a further increase in total new business received by service providers that was the steepest for ten months. Meanwhile, new export business rose at the joint-quickest rate since the series began in September 2014. Stronger demand conditions meanwhile encouraged firms to raise selling prices for the eleventh month in a row, and at the fastest rate since October 2019.

au Jibun Bank Japan Composite Output PMI®



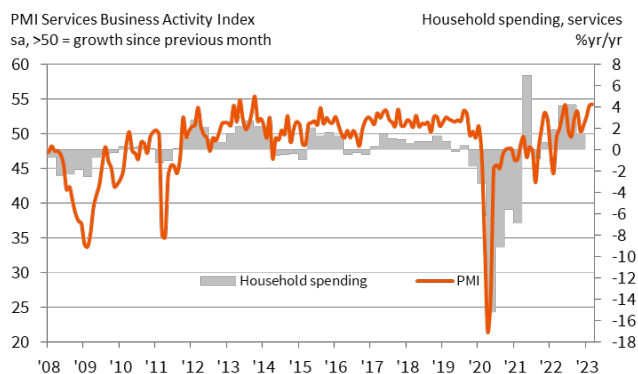
Sources: au Jibun Bank, S&P Global.

Manufacturing output



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

Services business activity



Sources: au Jibun Bank, S&P Global, Cabinet Office.

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Methodology

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

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

The headline figure is the Composite Output Index. This index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

The headline services 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 headline manufacturing figure is the Purchasing Managers' Index (PMI), a composite single-figure indicator of manufacturing performance. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Flash indices are released approximately one week before the 'final' indices. Flash indices are typically based on approximately 85%–90% of total PMI survey responses each month and are designed to provide an accurate indication of final indices.

Final 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.

March 2023 flash data were collected 10-22 March 2023. For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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.

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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. To learn more, go to ihsmarkit.com/products/pmi.html.

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