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# Jibun Bank Flash Japan Composite PMI®

Including Jibun Bank Flash Japan Manufacturing and Services PMI®

## Japanese economy rebounds at the start of 2020

### Key findings

Flash Composite Output Index, Jan: 51.1  
(Dec Final: 48.6)

Flash Services Business Activity Index, Jan: 52.1  
(Dec Final: 49.4)

Flash Manufacturing PMI, Jan: 49.3  
(Dec Final: 48.4)

Today sees the latest release of the 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.

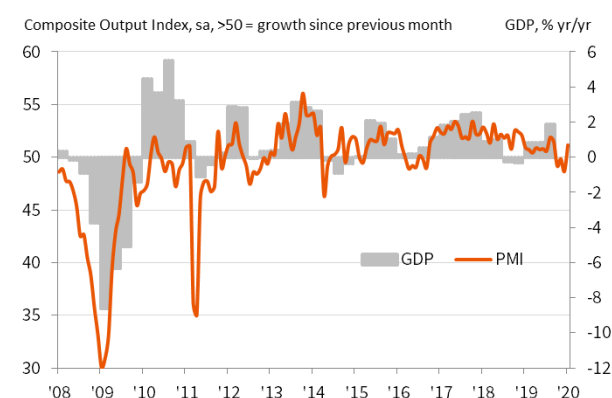
Commenting on the latest survey results, Joe Hayes, Economist at IHS Markit, said:

*“Positive signs have emerged for Japan’s economy at the start of 2020, with flash PMI data pointing to a domestic-led economic recovery. While official data are yet to confirm it, the fourth quarter looks on track to register an ugly decline in GDP. The January flash numbers will certainly allay fears for now of an impending technical recession in Japan.*

*“The recovery was driven by the services economy, where demand improved solidly in January. Consumer-driven growth will once again be a vital force in 2020 as PMI data suggest industrial sector weakness still lingers.*

*“Nevertheless, manufacturing confidence edged up in January in the wake of easing US-China tensions and some optimism regarding Japanese relations with South Korea. Panel comments suggesting that demand conditions in the semi-conductor industry have picked up is a promising sign.”*

### Jibun Bank Japan Composite Output Index



### Index summary

Index	Sector	Interpretation
<b>Output</b>	<b>Composite</b>	<b>Increase, from decline</b>
	Manufacturing	Weaker decline
	Services	Growth, from decline
<b>New Orders</b>	<b>Composite</b>	<b>Expansion, from no change</b>
	Manufacturing	Weaker decline
	Services	Stronger growth
<b>New Export Orders</b>	<b>Composite</b>	<b>Unchanged, from contraction</b>
	Manufacturing	Growth, from decline
	Services	Weaker decline
<b>Employment</b>	<b>Composite</b>	<b>Stronger expansion</b>
	Manufacturing	Stronger growth
	Services	Stronger growth
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Stronger decline</b>
	Manufacturing	Stronger decline
	Services	Stronger decline
<b>Output Prices</b>	<b>Composite</b>	<b>Inflation, from deflation</b>
	Manufacturing	Inflation, from deflation
	Services	Inflation, from deflation
<b>Input Prices</b>	<b>Composite</b>	<b>Stronger inflation</b>
	Manufacturing	Weaker inflation
	Services	Stronger inflation
<b>Future Output</b>	<b>Composite</b>	<b>Stronger positive outlook</b>
	Manufacturing	Stronger positive outlook
	Services	Weaker positive outlook
Stocks of Purchases	Manufacturing	Weaker decline
Stocks of Finished Goods	Manufacturing	Weaker decline
Quantity of Purchases	Manufacturing	Weaker decline
Suppliers' Delivery Times	Manufacturing	Quicker, from slower

## Jibun Bank Flash Japan Manufacturing PMI®

The Jibun Bank Japan Manufacturing PMI® is compiled by IHS Markit 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 Jibun Bank Japan Manufacturing Purchasing Managers' Index™ (PMI)® increased to 49.3 in January, up from a previous reading of 48.4, thereby signalling continued contraction of the goods-producing sector. However, the decline was the slowest since last August and only mild overall.

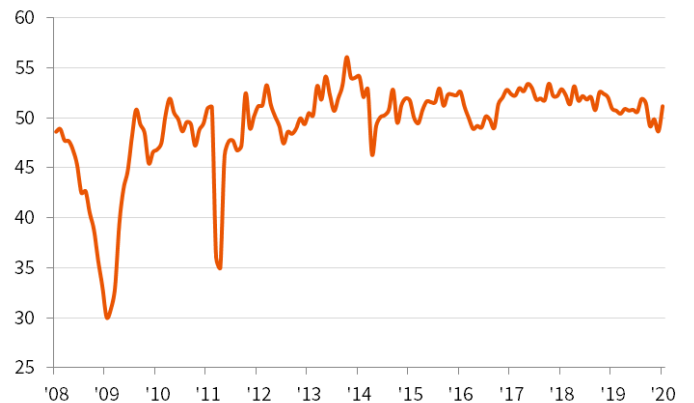
## Jibun Bank Flash Japan Services PMI®

The Jibun Bank Japan Services PMI® is compiled by IHS Markit 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 headline Business Activity Index moved above the neutral 50.0 mark during January, rising to 52.1 from 49.4 in December. This signalled a rebound of services activity and the quickest output expansion in four months. Stronger increases were also recorded for new business and employment, while output charges moved up into inflation territory.

### Jibun Bank Japan Composite Output PMI®

PMI, sa, >50 = improvement since previous month

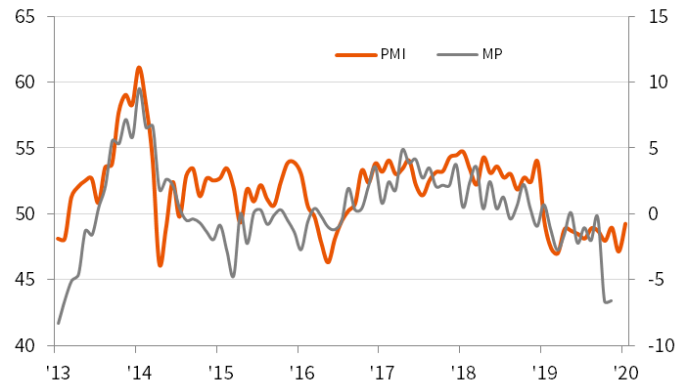


Sources: Jibun Bank, IHS Markit.

### Manufacturing output

PMI Manufacturing Output Index sa, >50 = growth since previous month

Manufacturing production %yr/yr

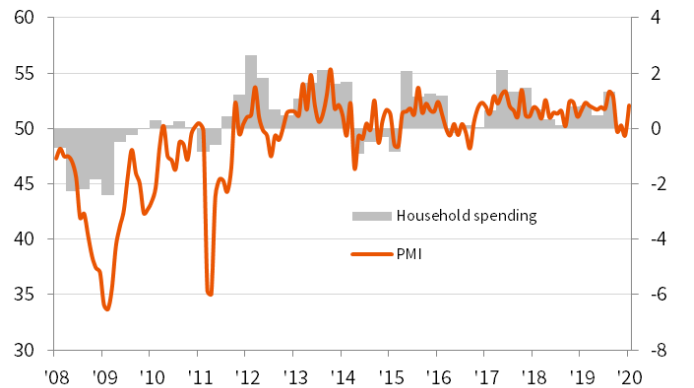


Sources: Jibun Bank, IHS Markit, METI.

### Services business activity

PMI Services Business Activity Index sa, >50 = growth since previous month

Household spending, services %yr/yr



Sources: Jibun Bank, IHS Markit, Cabinet Office.

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## Methodology

The Jibun Bank Japan Composite PMI® is compiled by IHS Markit 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.

January 2020 flash data were collected 13-22 January 2020. For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## Jibun Bank Japan PMI is sponsored by Jibun Bank Corporation

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", Jibun Bank has over 3.4 million customer accounts and focuses on providing high-quality financial services via smartphones.

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", 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 IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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](https://ihsmarkit.com/products/pmi.html).

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