

S&P Global Japan Manufacturing PMI[®]

Operating conditions deteriorate slightly in August

August 2025

Output falls at softer pace, while overall new work declines modestly

New export business contracts at sharpest rate since March 2024

Selling prices rise at slowest rate in over four years

Business conditions across Japan's manufacturing sector moved closer to stabilisation in August. Firms registered only a fractional drop in output, while staff hiring picked up slightly. However, total new orders continued to fall, with the downturn in new export orders picking up pace since July, which drove a further reduction in purchasing activity. The rate of input price inflation meanwhile held close to a four-and-a-half-year low, while competition for new business led to the softest increase in selling prices for over four years.

The headline S&P Global Japan Manufacturing Purchasing Managers' Index™ (PMI[®]) – a composite single-figure indicator of manufacturing performance – rose from 48.9 in July to 49.7 in August, to signal a slower and only marginal deterioration in business conditions. Nevertheless, the health of the sector has now weakened in 13 of the past 14 months.

Underlying data revealed that a deterioration in business conditions at intermediate goods makers offset improvements at producers of consumer and investment goods.

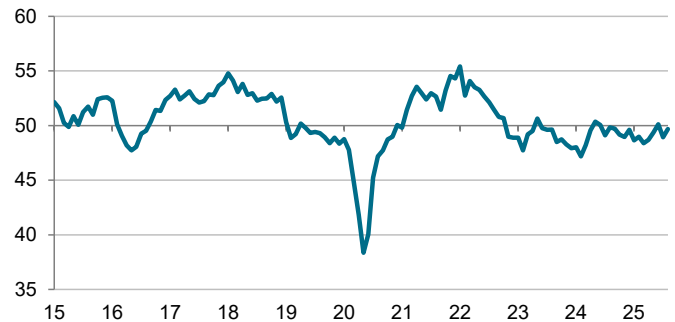
Latest survey data signalled a back-to-back monthly decline in manufacturing production across Japan. That said, the rate of contraction eased to a fractional pace that was slower than the average seen in 2025 to date. Where lower production was reported, this was generally attributed to lower amounts of new work.

Measured overall, new business fell at a modest pace that was unchanged from July. Companies often commented that subdued market conditions had weighed on customer demand. New business from overseas was an area of particular weakness, with new export sales declining at the sharpest pace since March 2024. Reduced orders from key markets such as Europe, China and the US were noted by panel members.

Manufacturers downwardly adjusted their purchasing activity again in August, with the rate of reduction solid overall. Companies also maintained a cautious approach to their inventory levels, with both stocks of purchases and finished goods also declining again in August.

Supply chain performance meanwhile deteriorated again

S&P Global Japan Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 7-21 August 2025.

Source: S&P Global PMI. ©2025 S&P Global.

Comment

Annabel Fiddes, Economics Associate Director at S&P Global Market Intelligence said:

"The latest PMI data signalled that manufacturing conditions in Japan moved closer to stabilisation in August, helped by a softer fall in output.

"Demand conditions remained sluggish, however, with overall new work continuing to fall modestly. Of particular concern was a steeper drop in new export business, which fell at the sharpest pace in nearly a year-and-a-half.

"Employment remained a bright spot, with companies continuing to add to their staffing levels so that they can react quickly when demand conditions pick up in future.

"There were also indications that inflationary pressures have cooled. Notably, the rate of input cost inflation held close to July's four-and-a-half-year low, while selling prices increased at the weakest rate in over four years as competition for new business intensified."

midway through the third quarter. Though marginal, the rate at which delivery times increased was the most pronounced since last September.

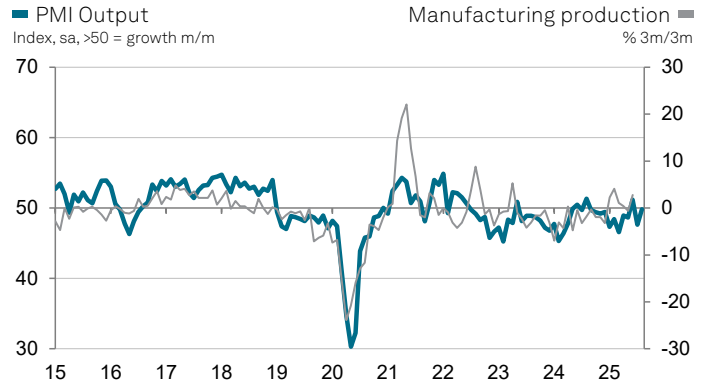
Employment remained on an upward trend in August, with manufacturers in Japan adding to their payroll numbers for the ninth straight month. Though modest, the rate of job creation was above the series long-run trend. According to anecdotal evidence, companies added to their staffing levels to fill vacancies but also to prepare for future increases in customer demand.

Higher headcounts and lower amounts of incoming new work supported a further reduction in outstanding business in August. Furthermore, the rate of backlog depletion was the quickest seen since January and solid.

Average input prices continued to increase sharply in August. That said, the upturn was the second-slowest recorded in just over four-and-a-half years (after July 2024). A variety of factors had increased in cost, according to panellists, including raw materials, labour, utilities and transport.

Prices charged by Japanese manufacturers also rose in August. However, the rate of inflation was the weakest recorded since June 2021 and only modest. There were reports that intense market competition had restricted firms' overall pricing power.

Although Japanese manufacturing firms remained confident that output will rise over the next year, the degree of sentiment slipped to a three-month low in August.



Sources: S&P Global PMI, METI via S&P Global Market Intelligence. ©2025 S&P Global.

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

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](#).

Methodology

The S&P Global Japan Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in October 2001.

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 Purchasing Managers' Index™ (PMI). 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.

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.

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. 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 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 be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc 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.

S&P Global

S&P Global (NYSE: SPGI) 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

PMI by S&P Global

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