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# au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

## Strongest rise in private sector output in seven months

### Key findings

Flash Composite Output Index, June: 53.2  
(May Final: 52.3)

Flash Services Business Activity Index, June: 54.2  
(May Final: 52.6)

Flash Manufacturing Output Index, June: 51.0  
(May Final: 51.5)

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.

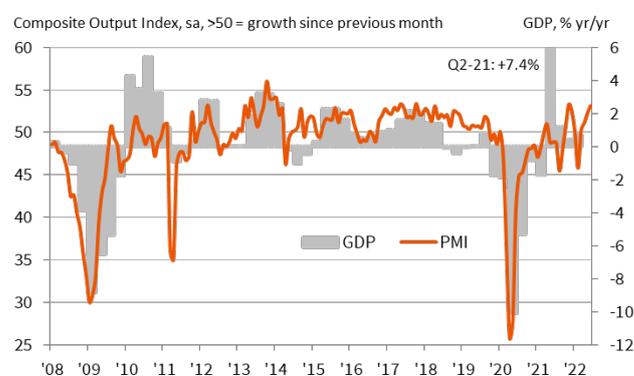
Commenting on the latest survey results, Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

*“Activity at Japanese private sector businesses rose solidly at the midway point of 2022 as border restrictions related to the COVID-19 pandemic were eased. The rise was the fourth in as many months and the sharpest recorded since last November amid the strongest expansion in the services sector since October 2013, with firms relating the increase to the return of international visitors. Concurrently, manufacturers signalled the softest upturn in the current four-month growth sequence as COVID-19 restrictions in mainland China contributed to further supply chain disruption and exacerbated existing supply and demand pressures.*

*“Private sector firms also noted a further robust increase in prices in June. While the rate of input price inflation remained broadly similar to May’s series record, the slight easing in inflation was the first for five months and provided tentative evidence that the rise in input prices had peaked. That said, prices charged for Japanese goods and services rose at an unprecedented rate for the second successive month as higher material and staff cost burdens were partially passed through to customers.*

*“Companies were increasingly optimistic that activity would improve in the year ahead, with the easing of border restrictions pushing optimism to a seven-month high.”*

### au Jibun Bank Japan Composite Output Index



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

### Index summary

Index	Sector	Interpretation
<b>Output</b>	<b>Composite</b>	<b>Stronger growth</b>
	Manufacturing	Weaker growth
	Services	Stronger growth
<b>New Orders</b>	<b>Composite</b>	<b>Weaker growth</b>
	Manufacturing	Decline, from growth
	Services	Weaker growth
<b>New Export Orders</b>	<b>Composite</b>	<b>Weaker decline</b>
	Manufacturing	Weaker decline
	Services	Weaker decline
<b>Employment</b>	<b>Composite</b>	<b>Weaker growth</b>
	Manufacturing	Stronger growth
	Services	Decline, from growth
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Weaker growth</b>
	Manufacturing	Weaker growth
	Services	Weaker growth
<b>Output Prices</b>	<b>Composite</b>	<b>Stronger inflation</b>
	Manufacturing	Stronger inflation
	Services	Stronger inflation
<b>Input Prices</b>	<b>Composite</b>	<b>Weaker inflation</b>
	Manufacturing	Weaker inflation
	Services	Stronger inflation
<b>Future Output</b>	<b>Composite</b>	<b>Stronger positive outlook</b>
	Manufacturing	Unchanged positive outlook
	Services	Stronger positive outlook
Stocks of Purchases	Manufacturing	Weaker growth
Stocks of Finished Goods	Manufacturing	Growth, from decline
Quantity of Purchases	Manufacturing	Weaker growth
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)® – which measures the overall health of the manufacturing sector – eased slightly from 53.3 in May to 52.7 in June, signalling a moderate improvement in operating conditions that was nonetheless the joint-softest since last September. Output rose at the slowest rate in the current four-month sequence of growth while new orders contracted for the first time in nine months. Panel members associated weaker demand to the impact of COVID-19 restrictions in mainland China, which placed additional pressure on supply chains. A further marked lengthening of delivery times exacerbated material shortages and contributed to a sustained, rapid rise in cost burdens that were increasingly passed to clients through a record increase in factory gate prices.

## 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.

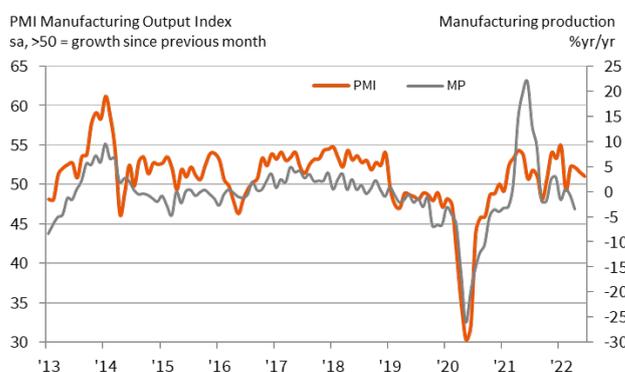
At 54.2 in June, the au Jibun Bank Flash Japan Services Business Activity Index rose from 52.6 in May to indicate the strongest expansion since October 2013 amid the lifting of remaining COVID-19 restrictions on international visitors. At the same time, new business rose at a moderate pace for the second successive month as demand conditions were bolstered by the resumption of activity in the tourism sector. That said, the services sector was not immune to inflationary pressures as businesses recorded a fresh series record increase in input prices. This contributed to an accelerated rise in output prices, which rose at the strongest rate since October 2019.

### au Jibun Bank Japan Composite Output PMI®



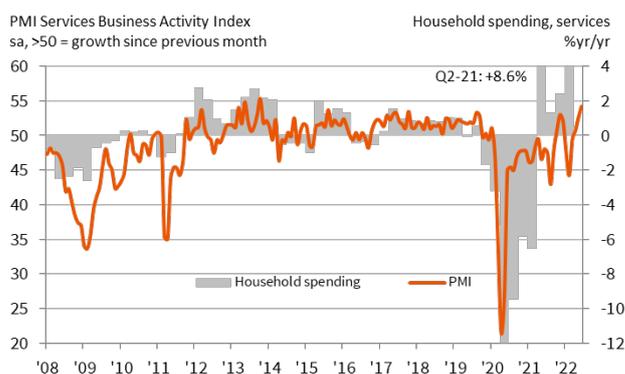
Sources: au Jibun Bank, S&P Global.

### Manufacturing output



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

### Services business activity



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

## Contact

au Jibun Bank

[Grp-S-I-Room@jibunbank.co.jp](mailto:Grp-S-I-Room@jibunbank.co.jp)

Usamah Bhatti

Economist

S&P Global Market Intelligence

T: +44 1344 328370

[usamah.bhatti@spglobal.com](mailto:usamah.bhatti@spglobal.com)

Joanna Vickers

Corporate Communications

S&P Global

T: +44 207 260 2234

[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

## 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.

June 2022 flash data were collected 13-21 June 2022. For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto: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.

## About S&P Global

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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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