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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Output growth quickens amid solid service sector expansion

Key findings

Flash Composite Output Index, August: 52.6
(July Final: 52.2)

Flash Services Business Activity Index, August: 54.3
(July Final: 53.8)

Flash Manufacturing Output Index, August: 49.0
(July Final: 48.9)

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.

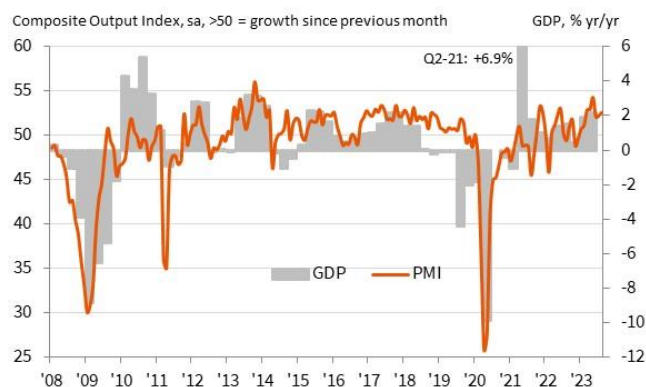
Commenting on the latest survey results, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

“Growth across the Japanese private sector picked up pace during August, with the service sector again driving the overall expansion amid ongoing improvements in new orders. Manufacturing continued to disappoint, however, again failing to generate growth. Nevertheless, the rates of reduction in output and new orders were less pronounced than in July.

“With overall new orders continuing to rise, firms upped their staffing levels accordingly. The weakness in manufacturing demand acted to deter hiring there, however, with no change in employment ending a 28-month sequence of factory job creation.

“Rising oil prices were a key feature across the latest survey, with firms across both manufacturing and services reporting an impact on input costs. Overall, input prices increased at the fastest pace in four months. Another area of common ground across the two monitored sectors was with regards to business confidence, which waned across the board amid concerns around longer-term economic conditions.”

au Jibun Bank Japan Composite Output Index



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

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	Weaker growth
Employment	Composite	Stronger growth
	Manufacturing	Unchanged, from growth
	Services	Growth, from decline
Backlogs of Work	Composite	Weaker decline
	Manufacturing	Stronger decline
	Services	Unchanged, from decline
Output Prices	Composite	Weaker inflation
	Manufacturing	Weaker inflation
	Services	Stronger inflation
Input Prices	Composite	Stronger inflation
	Manufacturing	Stronger inflation
	Services	Stronger inflation
Future Output	Composite	Weaker positive outlook
	Manufacturing	Weaker positive outlook
	Services	Weaker positive outlook
Stocks of Purchases	Manufacturing	Weaker growth
Stocks of Finished Goods	Manufacturing	Decline, from growth
Quantity of Purchases	Manufacturing	Weaker decline
Suppliers' Delivery Times	Manufacturing	Decline, from improvement

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.

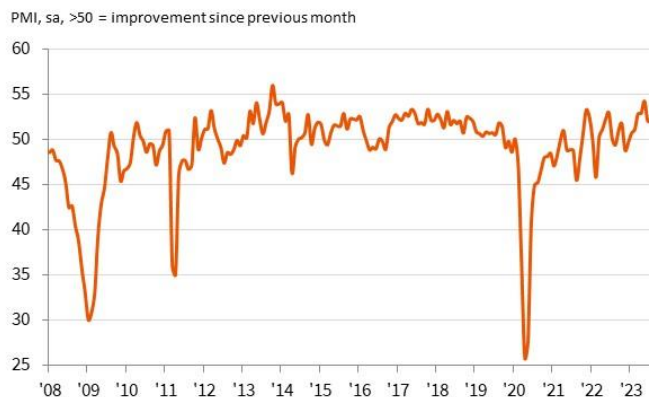
The headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® ticked up to 49.7 in August from 49.6 in July, but still posted below the 50.0 no-change mark. As such, the index signalled a third successive monthly deterioration in business conditions, albeit one that was only marginal. Output, new orders and exports all continued to decrease midway through the third quarter. Meanwhile, employment was unchanged, ending a 28-month sequence of job creation. Input prices increased at the fastest pace in three months, with a number of firms reporting higher costs for crude oil. On the other hand, the rate of output price inflation softened, easing to the weakest in just over two years. Meanwhile, suppliers' delivery times lengthened for the first time in four months.

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.

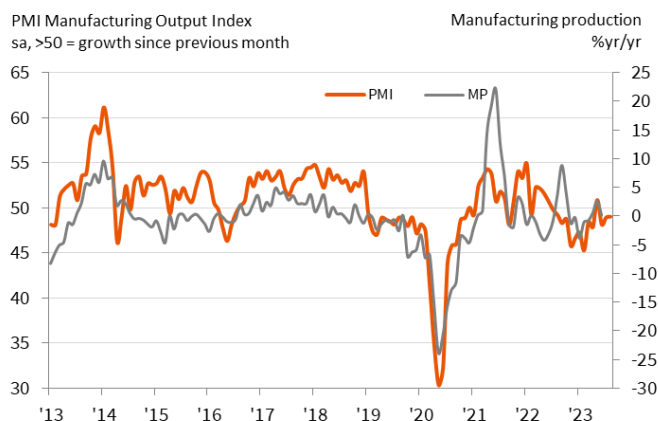
The au Jibun Bank Flash Japan Services Business Activity Index rose to a three-month high of 54.3 in August, from 53.8 in July. The reading pointed to a solid monthly expansion in services activity, with output now having risen on a monthly basis throughout the past year. Growth of activity was supported by a solid rise in new orders, with new business from abroad also up. Companies responded to higher new orders by expanding employment, following a fractional reduction in July. Higher fuel prices were reportedly central to a sharp increase in input costs, with the rate of inflation quickening to a six-month high. In turn, output prices also rose at a faster pace. Although the sector remained in growth territory in August, business sentiment continued to slide, dropping for the fourth month running to the weakest since January.

au Jibun Bank Japan Composite Output PMI®



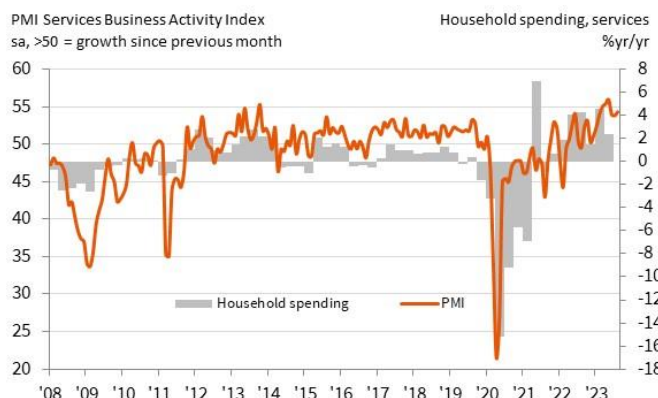
Sources: au Jibun Bank, S&P Global PMI.

Manufacturing output



Sources: au Jibun Bank, S&P Global PMI, METI via S&P Global Market Intelligence.

Services business activity



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

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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.

August 2023 flash data were collected 10-21 August 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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