

Embargoed until 0930 JST (0030 UTC) 24 October 2023

# au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

## Private sector activity stagnates

### Key findings

Flash Composite Output Index, October: 49.9  
(September Final: 52.1)

Flash Services Business Activity Index, October:  
51.1 (September Final: 53.8)

Flash Manufacturing Output Index, October: 47.6  
(September Final: 48.7)

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.

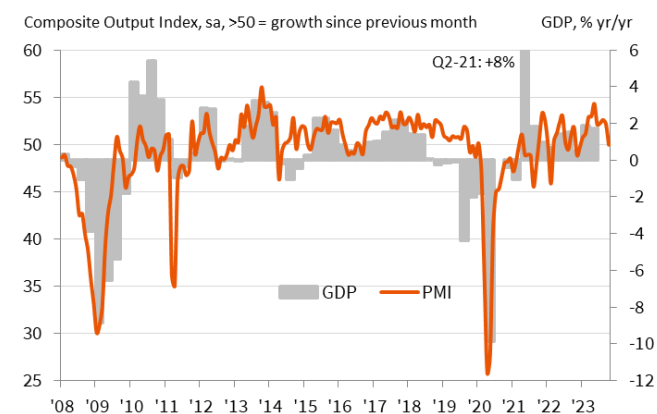
Commenting on the latest survey results, Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

*“After having progressively lost growth momentum in the past months, the Japanese private sector economy saw its first fall in business activity since December 2022, albeit one that was only marginal. This was primarily attributed to a sharper fall in manufacturing output, the quickest in eight months. Services activity meanwhile remained in expansion but grew at the weakest pace in the year-to-date amid reports of worsening economic conditions in October.*

*“Firms were also the least upbeat since January, reflecting reduced optimism with regards to future output. Such an outlook was reinforced by other forward-looking indicators from the survey, including the new orders and new export business indices, which both pointed to contractions from September, thereby signalling weaker business activity performance ahead.*

*“One bright spot was the renewed rise in employment, though driven entirely by higher service sector staffing levels amid indications of labour shortages. Firms across both the manufacturing and service sectors also faced reduced cost pressures, which led to overall output prices rising at the slowest rate since February 2022 within the Japanese private sector economy.”*

### 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
<b>Output</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Stronger decline
	Services	Weaker growth
<b>New Orders</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Weaker decline
	Services	Weaker growth
<b>New Export Orders</b>	<b>Composite</b>	<b>Stronger decline</b>
	Manufacturing	Stronger decline
	Services	Decline, from neutral
<b>Employment</b>	<b>Composite</b>	<b>Growth, from decline</b>
	Manufacturing	Decline, from growth
	Services	Growth, from decline
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Stronger decline</b>
	Manufacturing	Stronger decline
	Services	Weaker growth
<b>Output Prices</b>	<b>Composite</b>	<b>Weaker inflation</b>
	Manufacturing	Unchanged rate of inflation
	Services	Weaker inflation
<b>Input Prices</b>	<b>Composite</b>	<b>Weaker inflation</b>
	Manufacturing	Weaker inflation
	Services	Weaker inflation
<b>Future Output</b>	<b>Composite</b>	<b>Weaker positive outlook</b>
	Manufacturing	Weaker positive outlook
	Services	Weaker positive outlook
Stocks of Purchases	Manufacturing	Growth, from decline
Stocks of Finished Goods	Manufacturing	Decline, from growth
Quantity of Purchases	Manufacturing	Weaker decline
Suppliers' Delivery Times	Manufacturing	Stronger lengthening

## 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.

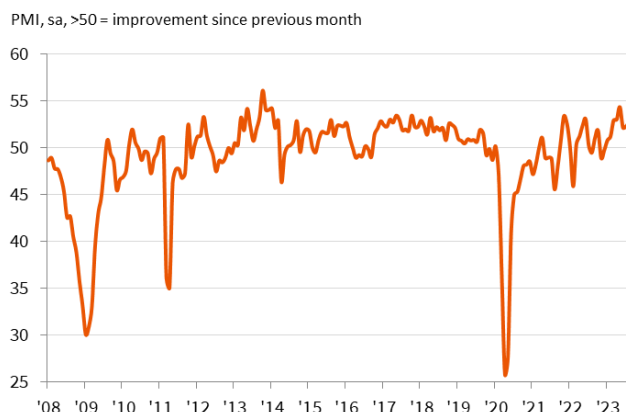
The headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® stayed unchanged at 48.5 in October, signalling a fifth consecutive deterioration in operating conditions. A sustained reduction in new orders led to production shrinking at the fastest rate in eight months. In turn, purchasing activity declined while lower capacity pressures led to employment levels falling for the first time since February 2021. Price pressures faced by Japanese manufacturers remained elevated during October, though the rate of input price inflation eased to a three-month low. Finally, overall confidence in the manufacturing sector softened at the start of the fourth quarter.

## 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.

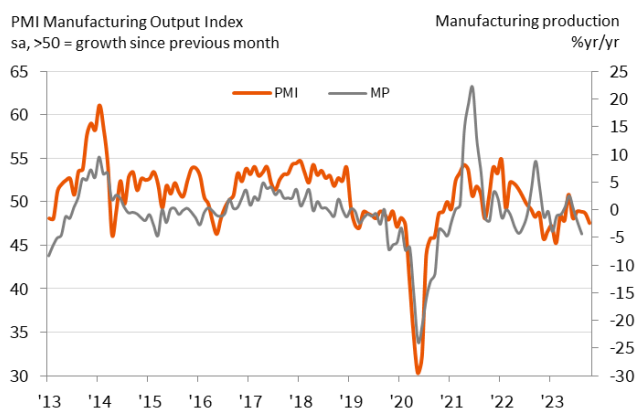
The au Jibun Bank Flash Japan Services Business Activity Index posted 51.1 in October, down from 53.8 in September. Although a fourteenth consecutive month of business activity expansion was signalled, the rate of growth was the slowest in the year-to-date. New business rose at a weaker rate in October while foreign demand for Japanese services declined for the first time in 14 months. Optimism with regards to future activity and indications of staff shortages nevertheless led to a solid increase in employment. On prices, inflationary pressures remained elevated in the service sector but both input costs and charges rose at slower rates in October.

## au Jibun Bank Japan Composite Output PMI®



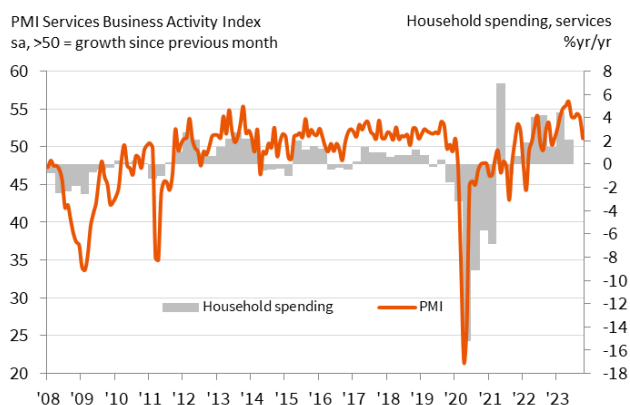
Sources: au Jibun Bank, S&P Global PMI.

### 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.

## Contact

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

Jingyi Pan  
 Economics Associate Director  
 S&P Global Market Intelligence  
 T: +65-6439-6022  
[jingyi.pan@spglobal.com](mailto:jingyi.pan@spglobal.com)

SungHa Park  
 Corporate Communications  
 S&P Global Market Intelligence  
 T: +82 2 6001 3128  
[sungha.park@spglobal.com](mailto:sungha.park@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.

September 2023 flash data were collected 12-20 September 2023. 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://www.ihsmarkit.com/products/pmi.html).

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