

S&P Global Japan Manufacturing PMI[®]

Manufacturing conditions stabilise in June

June 2025

Production rises for first time in ten months...

... but demand conditions remain subdued, as sales decline further

Employment stays on upward trend as confidence builds around year-ahead outlook

Business conditions across Japan's manufacturing sector were broadly stable in June, according to latest PMI data. A fresh increase in output helped to lift the headline index, but signs of demand weakness persisted, with both new orders and export sales declining again. Nevertheless, business confidence improved for the second straight month, and firms added to their payroll numbers amid hopes of rising activity in the months ahead. Average input costs meanwhile rose at a faster rate, which in turn led to a slightly quicker increase in selling prices.

The headline S&P Global Japan Manufacturing Purchasing Managers' Index™ (PMI[®]) – a composite single-figure indicator of manufacturing performance – rose from 49.4 in May to just above the neutral 50.0 level at 50.1 in June. The latest reading was therefore consistent with broadly stable operating conditions following an 11-month period of deterioration.

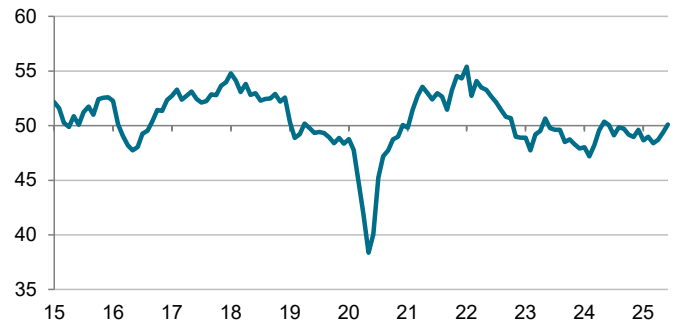
Data split by broad industrial group indicated that business conditions improved for makers of consumer goods, but weakened slightly across both intermediate and investment goods segments.

Helping to push the headline index higher was a fresh rise in output during June. Though modest, it marked the first increase since last August, with some panel members raising production due to hopes of improvements in customer demand in the months ahead. Other firms noted the rise was also to help reduce backlogs.

Overall demand conditions remained subdued in June, with manufacturers recording a further decline in overall new orders. The rate of contraction quickened slightly since May but remained mild. There were reports that US tariffs and lingering uncertainty over the outlook had dampened sales. New export business likewise declined in June and at a solid rate, with lower demand across key markets in Asia, Europe and the US noted by panel members.

Muted customer demand led manufacturers to remain cautious with regards to purchasing activity, which fell further in June. That said, the rate of contraction was the slowest seen in the current nine-month sequence of decline. Companies also remained wary regarding inventory levels,

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



Data were collected 12-23 June 2025.

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

Comment

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

"The latest PMI data signalled that demand conditions remained challenging for Japanese manufacturers in June, with firms recording further drops in sales both at home and overseas. However, companies were more hopeful when looking ahead, which encouraged them to increase their staff numbers and raise production levels for the first time in a year.

"We will need to see a renewed and sustained improvement in customer demand, which remains dampened by ongoing uncertainty regarding US tariffs, in order to see a sustained recovery in production.

"Prices data meanwhile showed that inflationary pressures picked up slightly in June, with both input costs and selling prices rising at rates that were above their historical trends."

with stocks of finished items falling slightly, while inventories of inputs rose only fractionally.

Average supplier performance continued to deteriorate, though lead times lengthened only slightly overall. According to panel members, stock and labour shortages at vendors contributed to delivery delays.

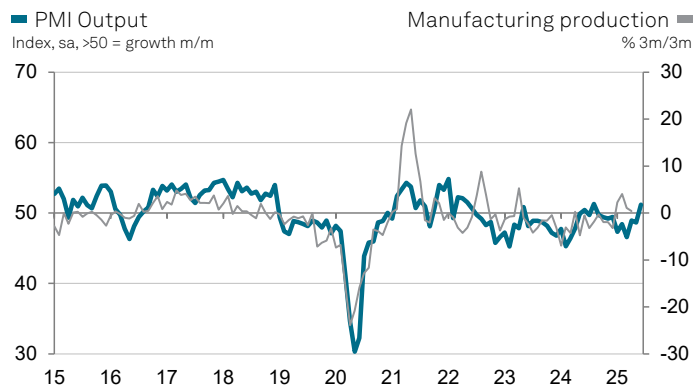
Employment across Japan's manufacturing sector remained on an upward trajectory in June. Though modest, the latest upturn in staff numbers was the most pronounced in 14 months. Companies often noted that staffing levels had increased due to the filling of vacancies and expectations of firmer customer demand.

Alongside higher output, improved staffing capacity supported a further reduction in backlogs of work, which fell solidly overall.

After easing to a 14-month low in May, average input cost inflation accelerated slightly in June and remained sharp overall. Manufacturers noted a variety of inputs had gone up in price, including raw materials, labour, energy and transport.

Companies looked to partially pass on higher cost burdens by raising their selling prices again in June. The rate of output charge inflation was solid, having edged up to a three-month high.

Japanese goods producers generally anticipate production to increase over the next year, with overall optimism improving to the highest level since January. Forecasts of stronger market conditions and increased sales supported growth projections, while some firms also cited company expansion plans and new product releases.



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