

S&P Global Japan Services PMI[®]

New order growth hits 22-month high in February

February 2026

Stronger upturn in sales drives further solid increase in activity

Job creation slows as cost pressures pick up

Selling prices increase at fastest rate since April 2014

Services companies in Japan signalled another solid increase in business activity in February, with growth supported by an accelerated rise in new work. The improved demand environment led firms to express greater optimism around the 12-month outlook for business activity. However, job creation slowed across the sector amid signs of stronger cost pressures. At the same time, prices charged by service providers increased at the quickest pace for nearly 12 years.

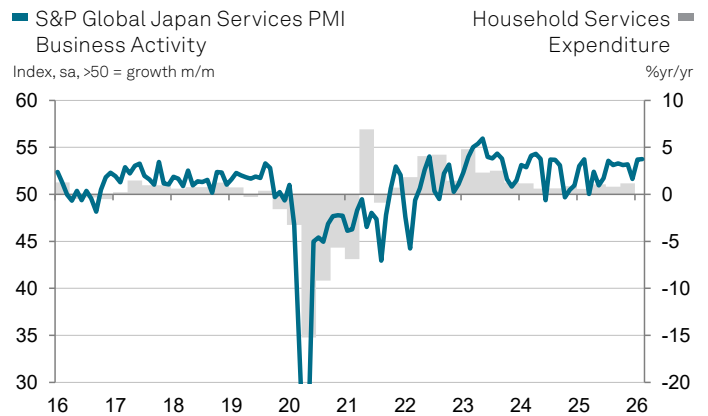
The S&P Global Japan Services PMI is compiled by S&P Global from survey responses from a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

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 50.0 indicates an overall increase compared to the previous month, and below 50.0 an overall decrease.

At 53.8 in February, the headline index rose fractionally from 53.7 at the start of 2026 and pointed to an expansion of Japanese service sector activity for the eleventh successive month. The rate of growth was the best recorded since May 2024 and solid. Detailed sector data indicated that business activity rose across all five monitored sub-industries, led by Finance & Insurance.

Helping to lift business activity higher across Japan's service sector was a sustained upturn in overall new business. Notably, the rate of new order growth was the most pronounced since April 2024. Firms often commented that an improvement in demand conditions and new client wins had pushed up sales. Underlying data suggested the upturn was largely driven by stronger domestic demand, as new work from abroad rose at a weaker and only marginal rate.

Although customer demand continued to strengthen, firms recorded a softer increase in payrolls midway through the first quarter. The rate of job creation eased to a three-month low, but remained above the survey's long-run average. Some firms noted that staff resignations and difficulties filling vacancies had dampened the overall rate of employment growth.



Data were collected 9-24 February 2026.
Sources: S&P Global PMI, Cabinet Office Japan via S&P Global Market Intelligence.
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Comment

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

"Japan's service sector continued to expand at a solid rate in February, with firms signalling the quickest rise in sales for nearly two years.

"When combined with a robust manufacturing sector performance, the PMI data indicate that Japan's private sector is expanding at its fastest pace in almost three years.

"Rising workloads added strain on capacity, especially within the services industry, resulting in another solid increase in outstanding business. Consequently, companies across both manufacturing and services continued to expand their workforce numbers in February. However, the rate of hiring slowed from January's multi-year peak, as firms contended with labour shortages and heightened cost pressures.

"Overall, input costs for Japanese private sector firms climbed at a faster and historically sharp rate. Yet, with demand conditions improving, businesses felt more able to pass on these higher costs to customers, leading to the quickest rise in selling prices for nearly 12 years."

A combination of higher new orders and slower payroll growth contributed to a further accumulation of outstanding business in February. Backlogs of work rose at a solid pace that was the fastest since June 2023.

Prices data pointed to a sharper rise in input costs in February, with the rate of inflation well above the series' average. At the same time, prices charged by service providers increased to the greatest extent since April 2014 as more firms sought to pass on higher expenses to customers.

Business confidence regarding the one-year outlook for activity improved across Japan's service sector in February. Firms were often hopeful that customer demand will continue to rise, while investment in new capacity also bolstered expectations.

S&P Global Japan Composite PMI®

Private sector activity in Japan rises at quickest pace in 33 months

The S&P Global Japan Composite PMI Output Index increased from 53.1 at the start of 2026 to 53.9 in February, signalling a solid and quicker rise in overall private sector output across Japan. Notably, the rate of growth was the steepest recorded since May 2023. Underlying data showed that a further solid gain in service sector activity was accompanied by a notably quicker rise in factory output. Composite new orders also expanded at the strongest rate in 33 months, with both manufacturers and service providers seeing solid rates of sales growth. Overall new export business meanwhile rose at the fastest pace in eight years, largely due to an improvement in external demand for manufactured goods. Japanese companies added to their payrolls at a slower but still solid rate in February. Firms signalled a sharper rise in input costs, while selling prices increased to the greatest extent since May 2024.

Methodology

The S&P Global Japan Services PMI® is compiled by S&P Global from responses to questionnaires sent to 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 panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in September 2007.

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 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 Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

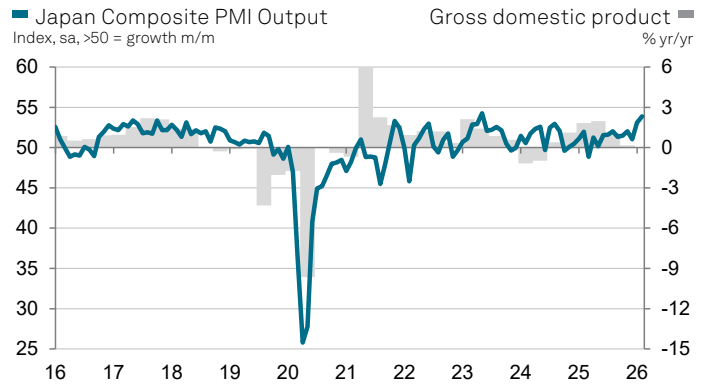
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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Contact

Annabel Fiddes
Economics Associate Director
S&P Global Market Intelligence
T: +44-1491-461-010
annabel.fiddes@spglobal.com

Eri Amano
APAC Senior Communications Manager
+81 (0) 80 3714 7658
eri.amano@spglobal.com
press.mi@spglobal.com

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