

# S&P Global Flash Japan PMI<sup>®</sup>

## Japanese private sector output expands at quickest rate for nearly a year-and-a-half in January

January 2026

Flash Japan Composite PMI Output Index: 52.8  
(December: 51.1)

Flash Japan Services PMI Business Activity Index: 53.4 (December: 51.6)

Flash Japan Manufacturing PMI: 51.5 (December: 50.0)

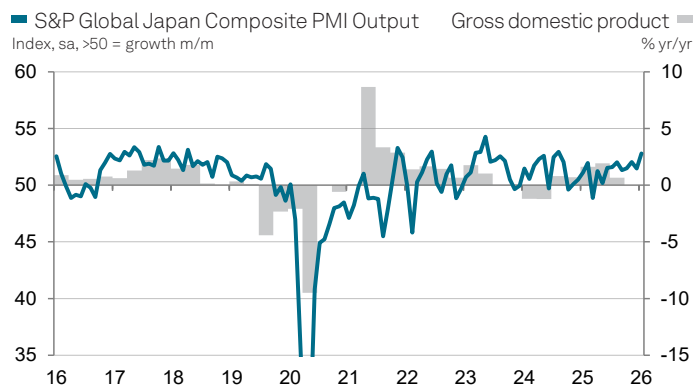
Flash Japan Manufacturing PMI Output Index: 51.2  
(December: 49.9)

The latest S&P Global Flash PMI<sup>®</sup> data indicated that total Japanese private sector output expanded at the quickest rate in 17 months in January. The improved performance at the start of the year coincided with a stronger increase in new business, which contributed to a record rise in the volume of outstanding work. Companies responded to this by raising their staffing levels to the greatest extent since April 2019. Prices data meanwhile showed a further sharp upturn in operating expenses, which led to a marked rise in selling prices.

The headline seasonally adjusted **S&P Global Flash Japan PMI Composite Output Index** rose from 51.1 in December to 52.8 in January, to signal a solid and accelerated rise in overall business activity across Japan's private sector. Notably, the rate of growth was the best recorded since August 2024 and extended the current period of expansion to ten months. The upturn was supported by the steepest increase in services activity since last July, but also the first rise in manufacturing output for seven months, albeit one that was only modest.

A similar trend was observed for composite new business, which rose at a pace that, though mild, was the fastest since May 2024. Services companies signalled the strongest increase in new work for four months, while manufacturers posted the first upturn in sales since May 2023. Foreign demand for Japanese goods and services meanwhile increased for the first time since last March, which was supported by stronger growth at services companies and the first increase in goods exports for nearly four years.

Greater customer demand led to a stronger accumulation of outstanding workloads at the start of the year. At the composite level, backlogs expanded at the quickest rate since the series began in September 2007. A solid rise in unfinished work at services companies coincided with the first upturn in outstanding business at manufacturers for three-and-a-half years.



Sources: S&P Global PMI, Cabinet Office Japan via S&P Global Market Intelligence.  
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Data were collected 9-21 January 2026.

### Comment

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

*"The latest PMI data signalled a solid start to 2026 for Japanese private sector firms, with output rising at the quickest pace for nearly a year-and-a-half. This was supported by a solid performance of the service sector, which saw growth momentum accelerate since December. However, an important development this month was the return to growth of the manufacturing industry. The survey showed that goods producers posted the first increase in output since last June amid the first upturn in sales for over three-and-a-half years. Furthermore, new export orders for manufactured goods increased for the first time since early-2022.*

*"Growing customer demand led to greater pressure on capacity, however, as outstanding business rose at the fastest rate since composite data were first available in late-2007. This has fed through to increased staff recruitment, with employment across Japan rising at the steepest rate since April 2019.*

*"Although the year began positively, firms became less optimistic about future output in January due to concerns around rising costs, global economic uncertainty, labour shortages and an ageing population."*

Companies responded to greater capacity pressures by raising their staffing levels again in January, with the overall rate of job creation the most pronounced since April 2019. Similarly solid increases in employment were seen across both the manufacturing and service sectors.

While the overall rate of input cost inflation across Japan's private sector slowed from December's eight-month high, it remained historically sharp in January. Underlying data indicated that a softer increase in expenses at services companies offset a sharper rise in costs at manufacturers. At the composite level, selling prices rose at the quickest rate in 20 months, with both goods producers and service providers raising their charges at steeper rates.

Although growth momentum improved in January, the overall level of optimism towards the 12-month outlook for output slipped to the lowest seen since last October, though was broadly in line with the survey's long-run average. While stronger customer demand (particularly across the semiconductor industry), new product releases and company expansion plans are forecast to support growth, there were concerns around rising costs, staff availability, an ageing demographic and uncertainty over future global economic conditions.

## Methodology

Final January data are published on 2 February for manufacturing and 4 February for services and composite indicators.

The S&P Global Flash Japan PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

**Manufacturing:** Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

**Services:** Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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 for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

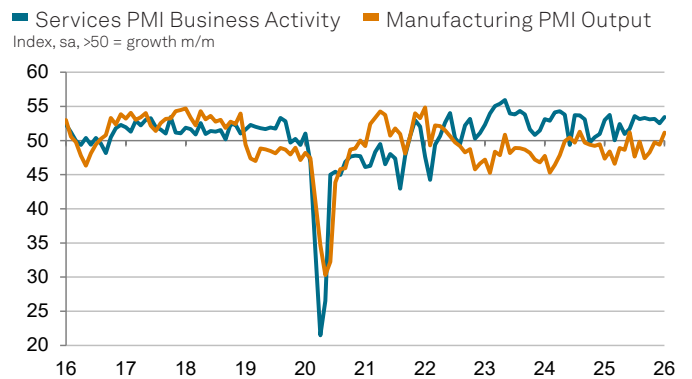
The headline manufacturing figure is the Manufacturing Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The 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.

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Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.1 (absolute difference 0.5)

Services Business Activity Index = 0.2 (absolute difference 0.7)

Manufacturing PMI = 0.1 (absolute difference 0.3)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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