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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Output decreases for first time in three months

Key findings

Flash Composite Output Index, November: 48.9
(October Final: 51.8)

Flash Services Business Activity Index, November:
50.0 (October Final: 53.2)

Flash Manufacturing Output Index, November:
46.3 (October Final: 48.7)

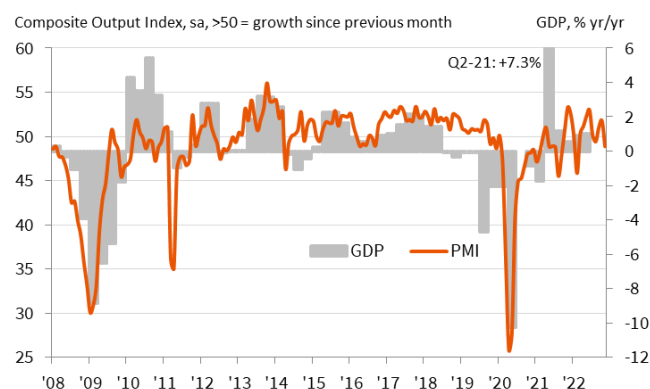
Today sees the latest release of the au Jibun Bank Flash Japan Composite PMI®. Published on a monthly basis approximately one week before final PMI data are released, this makes the PMI the earliest available indicator of private sector operating conditions in Japan. The estimate is typically based on 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, Laura Denman, Economist at S&P Global Market Intelligence, said:

“Activity at Japanese private sector firms declined for the first time in three months, according to November flash PMI data. Central to the latest downturn was a poor performance at Japanese manufacturing firms. Cooling demand conditions and acute inflationary pressures reportedly continued to hamper output and new orders, which both saw solid reductions that were the strongest in 26 and 27 months, respectively. Manufacturing firms also seem to be increasingly wary about their future as indicated by a drop in business sentiment which put the index at its lowest level since May.

“Meanwhile, services firms signalled no change in activity levels from the month prior. Despite this, inflows of new business increased for the third month running as firms reportedly continued to benefit from a boost in tourism volumes following the roll-out of the National Travel Discount Programme in early October. Firms are likely to continue to benefit from the scheme up until it is due to end in December so we can hope to see activity across the service sector pick back up in the coming months.”

au Jibun Bank Japan Composite Output Index



Sources: au Jibun Bank, S&P Global, Cabinet Office.

Index summary

| Index | Sector | Interpretation |
|---------------------------|------------------|--------------------------------|
| Output | Composite | Decline, from growth |
| | Manufacturing | Stronger decline |
| | Services | No change, from growth |
| New Orders | Composite | Weaker growth |
| | Manufacturing | Stronger decline |
| | Services | Weaker growth |
| New Export Orders | Composite | Stronger decline |
| | Manufacturing | Stronger decline |
| | Services | Stronger growth |
| Employment | Composite | Weaker growth |
| | Manufacturing | Growth, unchanged |
| | Services | Weaker growth |
| Backlogs of Work | Composite | Decline, from growth |
| | Manufacturing | Stronger decline |
| | Services | Weaker growth |
| Output Prices | Composite | Weaker inflation |
| | Manufacturing | Weaker inflation |
| | Services | Stronger inflation |
| Input Prices | Composite | Weaker inflation |
| | Manufacturing | Weaker inflation |
| | Services | Weaker inflation |
| Future Output | Composite | Weaker positive outlook |
| | Manufacturing | Weaker positive outlook |
| | Services | Weaker positive outlook |
| Stocks of Purchases | Manufacturing | Stronger growth |
| Stocks of Finished Goods | Manufacturing | Weaker growth |
| Quantity of Purchases | Manufacturing | Stronger 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)® – which measures the overall health of the manufacturing sector – posted at 49.4 in November to indicate the first contraction in the Japanese manufacturing sector since January 2021. Despite being only marginal, the downturn was also the strongest in two years. Solid reductions in output and new orders were central to the latest decline with the rates of contraction the most pronounced since September 2020 and August 2020, respectively. The reductions were reportedly reflective of weak demand conditions resulting from severe inflationary pressures. That said, there was some evidence of easing cost pressures as indicated by the rate of input price inflation dipping to a 14-month low. Meanwhile, business sentiment regarding the coming 12 months was the weakest in six months amid ongoing concerns surrounding the current global economic situation.

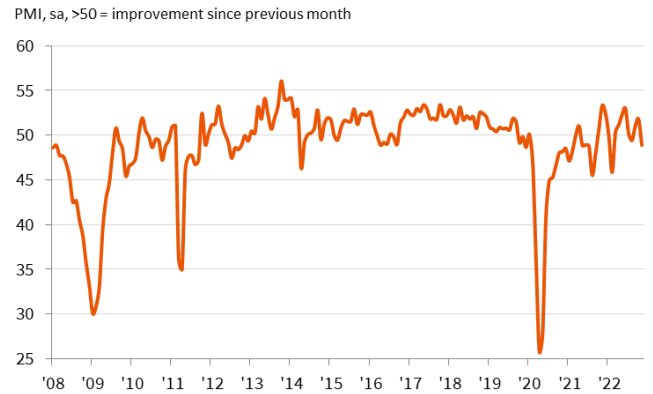
au Jibun Bank Flash Japan Services PMI®

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 fell from a final reading of 53.2 in October to 50.0 in November to signal no change in business activity in Japan's service sector from the month before. That said, recovery within the tourism industry, following October's launch of the National Travel Discount Programme, reportedly continued to support growth in order books which expanded for a third consecutive month. Inflationary pressures, meanwhile, remained acute with firms reportedly continuing to pass-on increasing cost burdens to their clients in the form of higher selling prices. The level of positive sentiment was the lowest in eight months with a number of firms citing

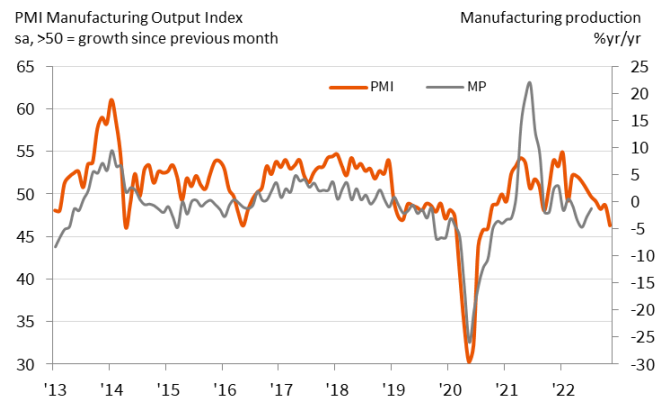
concerns surrounding future labour shortages and general economic uncertainty.

au Jibun Bank Japan Composite Output PMI®



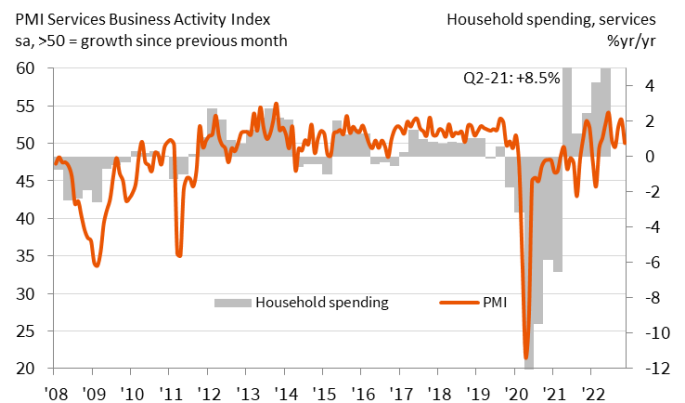
Sources: au Jibun Bank, S&P Global.

Manufacturing output



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

Services business activity



Sources: au Jibun Bank, S&P Global, Cabinet Office.

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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.

November 2022 flash data were collected 11-21 November 2022. 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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