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au Jibun Bank Flash Japan Composite PMI[®]

Including au Jibun Bank Flash Japan Manufacturing and Services PMI[®]

Service economy drives further upturn in business activity in April

Key findings

Flash Composite Output Index, April: 52.5
(March Final: 52.9)

Flash Services Business Activity Index, April: 54.9
(March Final: 55.0)

Flash Manufacturing Output Index, April: 47.5
(March Final: 48.4)

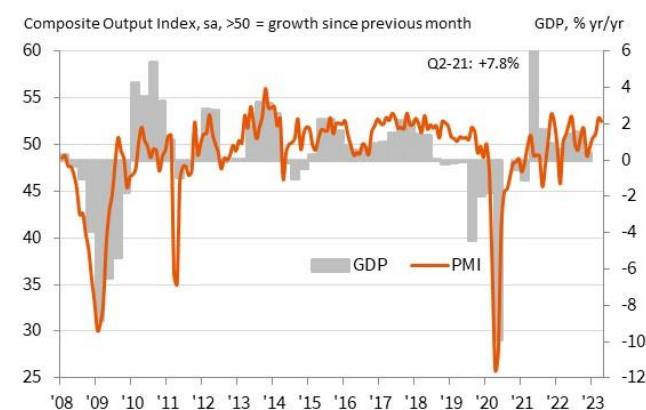
Today sees the latest release of the au Jibun Bank Flash Japan Composite PMI[®]. Published on a monthly basis approximately one week before final PMI data are released, this makes the PMI the earliest available indicator of private sector operating conditions in Japan. The estimate is typically based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

“Japan’s private sector continued to expand solidly at the start of Q2, according to latest Flash PMI data, with a resurgent service economy helping to offset a weak manufacturing sector performance. Furthermore, inflows of total new business increased at the quickest pace for nearly a year-and-a-half as services companies registered a steep upturn in sales amid reports of stronger demand conditions and improved customer numbers. There were also signs of cost pressures easing, with overall input costs rising to the weakest extent in 15 months in April. However, the sustained and strong increases in expenses in recent months fed through to another round of selling price inflation, with output charges rising at the joint-quickest rate on record.

“When assessing the year-ahead, optimism across the service sector hit a record-high in April but weakened at manufacturers. While service providers anticipate further improvements in demand and operating conditions as the impact of COVID-19 fades, a number of manufacturers expressed concerns over the economic outlook, rising costs and component shortages.”

au Jibun Bank Japan Composite Output Index



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

Index summary

Index	Sector	Interpretation
Output	Composite	Weaker growth
	Manufacturing	Stronger decline
	Services	Weaker growth
New Orders	Composite	Stronger growth
	Manufacturing	Weaker decline
	Services	Stronger growth
New Export Orders	Composite	Weaker decline
	Manufacturing	Weaker decline
	Services	Stronger growth
Employment	Composite	Stronger growth
	Manufacturing	Growth, rate unchanged
	Services	Stronger growth
Backlogs of Work	Composite	Growth, from decline
	Manufacturing	Weaker decline
	Services	Stronger growth
Output Prices	Composite	Stronger inflation
	Manufacturing	Stronger inflation
	Services	Stronger inflation
Input Prices	Composite	Weaker inflation
	Manufacturing	Weaker inflation
	Services	Stronger inflation
Future Output	Composite	Stronger positive outlook
	Manufacturing	Weaker positive outlook
	Services	Stronger positive outlook
Stocks of Purchases	Manufacturing	Weaker growth
Stocks of Finished Goods	Manufacturing	Weaker growth
Quantity of Purchases	Manufacturing	Stronger decline
Suppliers' Delivery Times	Manufacturing	Weaker 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.

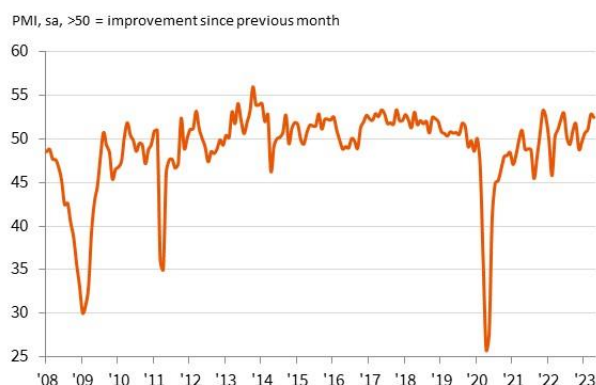
At 49.5 in April, the headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® increased from 49.2 in March to signal only a marginal decline in the health of the manufacturing sector that was the weakest in six months. While output declined at a slightly quicker pace compared to the previous month, the downturn in new business eased notably. Moreover, sales declined at the weakest rate since the current period of contraction began last July, in part due to a softer fall in foreign demand. At the same time, average input cost inflation eased to a 22-month low and there were further signs of supply chains moving closer to stabilisation, but output charge inflation ticked higher. Business confidence softened to a four-month low but remained stronger than the series average.

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.

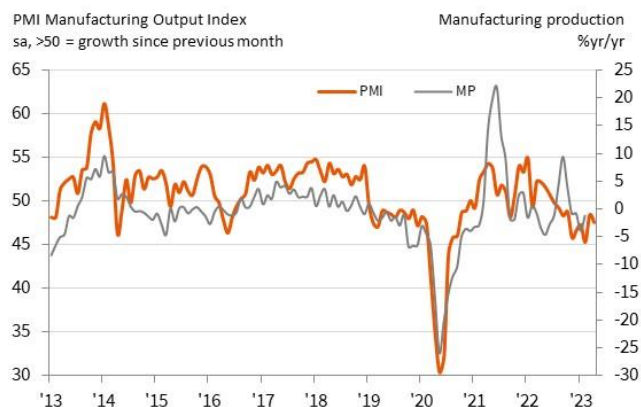
The au Jibun Bank Flash Japan Services Business Activity Index posted 54.9 in April, little-changed from 55.0 in March and the second-highest reading since October 2013. The robust increase in services activity was supported by the sharpest rise in new orders since the survey began in September 2007. New export business likewise expanded at a record pace (series began in September 2014). Cost pressures remained strong, with the rate of input price inflation quickening slightly since March. Consequently, fees charged by services firms increased again and at the second-fastest rate in the survey history. Finally, expectations around the 12-month outlook for activity improved notably, with firms expressing the strongest degree of optimism on record in April.

au Jibun Bank Japan Composite Output PMI®



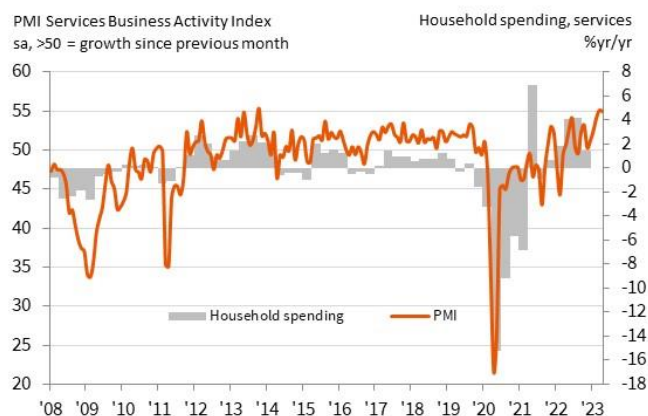
Sources: au Jibun Bank, S&P Global.

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.

April 2023 flash data were collected 12-19 April 2023. 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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