

S&P Global Japan Services PMI[®]

Solid rise in business activity supported by quicker increase in sales

November 2025

Faster rise in overall new work, despite further drop in export sales

Input costs increase at sharpest rate in six months

Employment expands at quickest pace since January as confidence improves

Japan's service sector continued to perform strongly in November, with firms signalling a further solid increase in activity alongside a faster upturn in new orders. Staff numbers meanwhile rose at a quicker pace amid greater optimism around the 12-month outlook.

Japanese services companies continued to see their operating expenses rise in November, with the rate of inflation edging up to a six-month high. As a result, output prices increased again and at a solid pace.

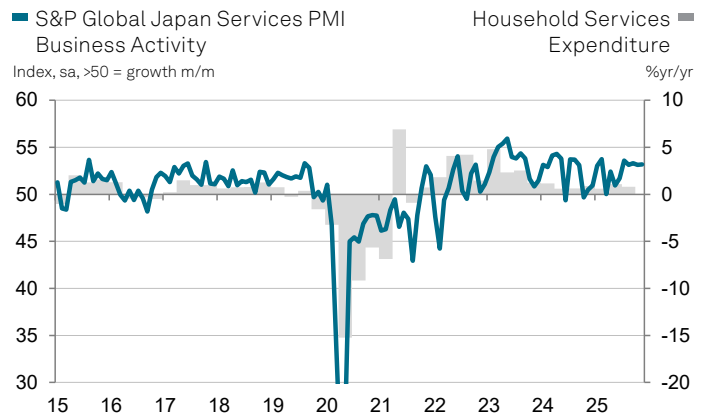
The S&P Global Japan Services PMI is compiled by S&P Global from survey responses from a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

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.

The headline index posted 53.2 in November, up fractionally from 53.1 in October and signalled a further solid expansion of business activity across Japan's service sector. Activity has now risen for eight successive months. Finance & Insurance firms posted the strongest performance of all five monitored sub-sectors, though business activity expanded across the board.

There were reports that business development efforts and improved amounts of new work had lifted activity levels in November. Though expanding modestly overall, the latest survey pointed to the first acceleration in new order growth for three months. This was despite a decline in new export business for the fifth straight month.

Companies were confident that new orders and business activity would increase further over the next year. Furthermore, optimism around future activity improved to the highest since January and was above the long-run trend. Panel members often expected that firmer demand conditions, planned company expansions and events would boost output.



Data were collected 12-25 November 2025.
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:

"Latest PMI data signalled a further modest expansion of private sector output in Japan, as a solid increase in service sector activity offset a slight reduction in factory output.

"The service sector has now driven growth in each of the past five months, with the latest survey highlighting a number of positive developments. Notably, the indicators monitoring optimism around the outlook and staff hiring moved to their highest levels since the start of 2025. New orders also rose at a quicker pace (though mildly overall), marking the first acceleration of growth for three months.

"The sustained improvements in activity and new business were accompanied by stronger inflationary pressures, however. Average input costs rose at the sharpest rate since May, which led to another solid increase in selling prices as firms looked to protect their margins.

"With a new economic stimulus package now approved by Japan's new government - which aims to boost economic growth and help ease the impact of rising costs - it will be important to see if this feeds through to further improvements in demand and output in the months ahead."

Upbeat forecasts for the year ahead also contributed to another increase in employment across the service sector in November. Though modest, the rate of job creation was the best recorded in ten months. Higher headcounts helped to alleviate some pressure on capacity, as backlogs of work expanded at the slowest rate in six months. Nevertheless, unfinished workloads have now increased in each month since March.

Prices charged by Japanese services companies rose again in November. The rate of increase slowed from October but remained solid overall. Panellists often commented on raising their charges due to higher input prices. Expenses increased at the sharpest pace in six months amid reports of higher staff, energy and construction costs.

S&P Global Japan Composite PMI®

Composite business activity growth improves to three-month high

At 52.0 in November, the S&P Global Japan Composite PMI Output Index rose from 51.5 in October and signalled an increase in private sector output for the eighth month in a row. Though modest, the rate of expansion was the best recorded since August. A fractionally quicker rise in service sector activity and much slower decline in factory output had helped to lift the headline index reading.

Composite new orders meanwhile declined again, driven by a fall in manufacturing sector sales, but the overall rate of reduction was only marginal. However, there was a further reduction in foreign demand for both Japanese goods and services. Employment expanded at the quickest rate in five months, while business confidence improved to the highest since January. On prices, input costs rose at the sharpest rate in six months, and output charges rose solidly.

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.

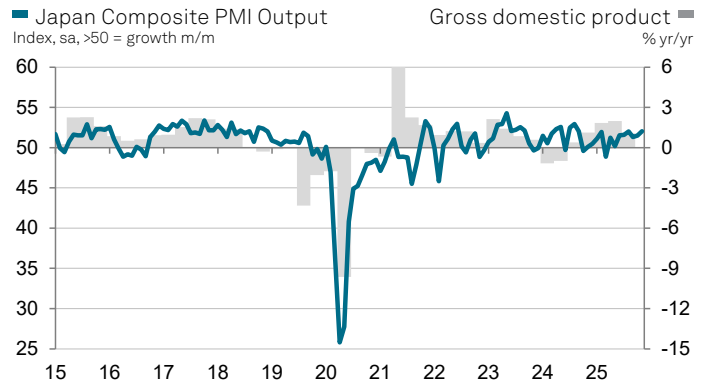
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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